interim financial report 2016

SUEZ

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1 message from the Chief Executive Officer

In the first half of 2016, SUEZ posted revenues of EUR7,455.1 million, up 2.2%, in a macroeconomic environment that remained lackluster in Europe and sluggish in France.

This half-year was marked firstly by continued commercial momentum, reflected by the signing of flagship contracts such as the modernization of the San Wai wastewater treatment plant in Hong Kong for EUR353 million, the construction and operation of a desalination plant in Barka (Oman) for EUR550 million, the extension of the operating and maintenance contract for the drinking water treatment plant in Sydney, Australia with total revenues of EUR670 million, and the design and construction of the extension of a drinking water production plant near Colombo, Sri Lanka with total revenues of EUR168 million.

Secondly, to accelerate its growth on the industrial water treatment market, SUEZ acquired a majority stake in the Indian company Driplex, one of the main players on the industrial segment in India, which markets technological water treatment solutions to its industrial clients in India and abroad.

Growth in revenues does, however, rely on various developments within our businesses.

Though the Water Europe business benefited from a slight positive scope effect, it was also affected by a particularly unfavorable climate which exacerbated the price inertia triggered by a deflationary environment. The termination of the Lille contract naturally weighed down on the division's revenues.

Revenues for the Recycling and Recovery Europe business were slightly down due to unfavorable currency effects and weakness in the prices for secondary raw materials and electricity during the first half. Furthermore, the macroeconomic climate remained lackluster in Europe, particularly so in France; this was reflected by very uneven industrial production across the different European countries; the volumes processed by the Group rose slightly by +0.6%.

In the International division, the Group continued the rapid development of its businesses in most countries. The division's revenues stood at EUR2,005.5 million, a sharp increase of +10.5%, thanks to sustained growth in the Middle East, India, and Asia.

In terms of operating performance, EBITDA [(1)] stood at EUR1,271.3 million, down 1.7% on 2015; this was mainly due to the negative impact of currency effects, the fall in the price of electricity and the unfavorable climate during the half-year.

EBIT [(2)] at EUR598.1 million reflected a fall of 1.0% compared to the first half of 2015; its decline is explained by the drop in EBITDA but also to a lesser extent by the impacts of the termination of the Lille drinking water distribution contract.

Net income, Group share, stood at EUR174.0 million compared to EUR140.7 million in 2015, representing an increase of 23.7%.

Meanwhile, net financial debt stood at EUR8,765.2 million, up compared to the end of December 2015 (EUR8,083.2 million) due to the traditional seasonal nature of the working capital requirement variation and the dividend payment. The net debt to EBITDA ratio was 3.2 at the end of the period, versus 3.1 at June 30, 2015.

In a macroeconomic environment in Europe that was more difficult than expected in the early part of the year, SUEZ immediately reacted, deciding on additional measures for the 2016 fiscal year; these include, firstly, a EUR30 million increase in the COMPASS cost optimization program, and secondly, enhanced monitoring of debt levels. Given these results and the expected effects of the corrective actions implemented, SUEZ remains confident in achieving its goals in 2016.

Furthermore, the acceleration of the Group's transformation plan especially in France designed to optimize organizations and strengthen the integration of the various business lines and geographies is under consideration.

SUEZ has strong market positions and a robust development model. With a balanced portfolio of assets and activities in the water and waste segments buoyed by strong growth drivers, SUEZ is taking the necessary steps to preserve its financial strength and future growth.

(1) *EBITDA after taking into account the share in the net income of equity-accounted companies considered as core businesses but before the net impact of IFRIC 21.*

(2) *EBIT after taking into account the share in the net income of equity-accounted companies considered as core businesses but before the net impact of IFRIC 21.*

2 key figures for the first half of 2016

The table below shows extracts of the income statements, statements of financial position and statements of cash flows from the condensed consolidated financial statements for the periods ending June 30, 2016 and June 30, 2015.

The following financial information should be read in conjunction with the interim condensed consolidated financial statements and the interim management report which follow.

In millions of euros	**June 30, 2016**	**June 30, 2015**
Revenues	7,455	7,295
EBITDA [a]	1,271	1,293
Net income Group share	174	141
Free cash flow [b]	179	322
Net debt	8,765	8,083
	at June 30, 2016	*at December 31, 2015*

(a) *The EBITDA indicator is presented without IFRIC 21 impact.*

(b) *Before disposals and development capital expenditures.*

2016 highlights – contracts 3

January 2016

Czech Republic: SUEZ through its subsidiary ŠPVS won the contract to operate the wastewater networks and purification stations in the region of Šumperk. This new 5-year contract, worth EUR25 million, came into effect on January 1, 2016.

France: SUEZ acquired a 52% stake in the Méta Bio Energies waste recycling centre, which belongs to the Chazé Environnement group. The centre is specialised in biowaste-to-energy recovery by methanation and the production of organic soil conditioners.

India: In order to accelerate its growth in the industrial water treatment market, SUEZ announces it has entered into an agreement to acquire the majority stake in Driplex, a well-established Indian company and a leading player in the industrial market for a consideration of EUR21 million. Founded in 1974, and headquartered in New Delhi, Driplex offers value-added water treatment solutions for industrial customers in India and overseas. Driplex generated EUR20 milllion revenues in 2015. The closing of the transaction was on March 1, 2016.

India: SUEZ was awarded six new municipal water and wastewater treatment contracts worth a total of EUR67 million: three new water treatment and distribution network management contracts in Bangalore (state of Karnataka) and three contracts to design, build and operate 150 compact drinking water production units in the state of Rajasthan.

February 2016

France: SUEZ strengthened its industrial partnership with Safran by signing an agreement for waste management and wastewater treatment facility maintenance services on 23 Safran industrial sites in France. The 3-year contract, worth a total of almost EUR10 million, could be renewed for two further years. SUEZ will be tasked with optimising and recovering waste flows and guaranteeing the continuity of service and the maintenance of the wastewater treatment facilities on the Safran sites.

Africa: SUEZ has strengthened its presence in Sub-Saharan Africa by winning several new contracts in six countries (Burkina Faso, Kenya, Mali, Ivory Coast, Nigeria and Benin) for a total revenue of EUR56 million. Thanks to innovative solutions that are adapted to the local issues of growth and urbanisation, the Group will contribute to major water management projects that will supply a total of about 5 million inhabitants.

March 2016

Oman: Oman Power and Water Procurement (OPWP), the company in charge of water and energy supply in the Sultanate of Oman, has chosen the Barka Desalination Company, a consortium made up of SUEZ and its partners to finance, build and operate a new seawater desalination plant in Barka with a capacity of 281,000 m^3 per day. SUEZ is in charge of the construction and operation of the plant for 20 years. The construction phase represents a total amount of EUR276 million.

France: The water authority of the city of Valenciennes, has renewed its trust in SUEZ by signing a new contract to manage its drinking water public service for an amount of EUR16 million per year for 16 years.

France: The town of Poissy (Paris area) has renewed its trust in SUEZ with a 10-year public service contract for the supply of drinking water. This new contract, worth a total of EUR25.4 million, came into effect on January 1, 2016. One of the new services chosen by the town of Poissy consists of deploying remote meter readings within 18 months. This innovative service guarantees that users pay for what they actually consume, based on actual consumption and alerts in cases of suspected leaks or over-consumption.

Sri Lanka: SUEZ, through its Consulting activity, has been awarded two contracts for the rehabilitation and improvement of the performance of the drinking water supply system, for three years.

April 2016

United States: SUEZ wins a contract with the municipality of Putnam (Connecticut) to manage and operate its water and wastewater system for the next 10 years, with two five-year renewal options. This contract is worth roughly USD30 million (EUR27 million) for SUEZ. The company already operates the wastewater system in neighboring Killingly.

Australia: SUEZ announces an agreement for the acquisition of Perthwaste, one of the leading waste management service providers in Western Australia, for AUD87 million (approximately EUR58 million). Perthwaste is established in the Perth metropolitan area and in the southwest of Western Australia State with numerous municipal contracts. The Company should generate above AUD50 million revenues in 2016.

France: SUEZ wins the contract for waste collection and sorting for the Grand Dijon urban community totaling EUR52 million revenues over five years.

China: SUEZ is expanding its business in the industrial market, with three new industrial water treatment contracts in China with major players in the Oil & Gas and Petrochemicals sectors for total revenues of EUR19 million.

The Netherlands: SUEZ and ENGIE Services are joining forces in a study called "ReCharge" that will look into the possibility of reusing used car batteries in the energy chain.

May 2016

France: The SIAAP (Paris area Wastewater treatment syndicate) and SUEZ introduce BioGNVAL, an unprecedented solution to convert wastewater into liquid biofuel. The BioGNVAL industrial demonstrator is the first of its kind in France to reuse the biogas from the treatment of wastewater as liquid biofuel (bioLNG), a renewable energy that is easy to store and transport.

France: SUEZ completed the placement of EUR500 million in bonds maturing May 19, 2028, with a fixed annual coupon of 1.25%. Taking advantage of excellent market conditions, the transaction allowed SUEZ to obtain its lowest ever 12-year coupon. This operation is in line with SUEZ's financing policy to diversify and extend the duration of its debt.

Australia: SUEZ's contract to operate and maintain the Prospect drinking water treatment plant in Sydney has been extended for 14 years, from 2021 to 2035, and is valued at approximately AUD1 billion (approximately EUR670 million).

France: Arkema, one of the world's major players in specialty chemicals and advanced materials, renewed and extended its contract with SUEZ for the next four years, for an amount of EUR42 million. SUEZ will now manage and recover waste on 28 ARKEMA production sites in France.

Switzerland: EPURA, a company owned by the City of Lausanne, has chosen SUEZ and its Swiss partner TECHFINA to build wastewater, micro-pollution and sewage sludge treatment facilities at the purification plant of the Lausanne area (Vidy). This technological and environmental showcase will have a capacity of 400,000 equivalent inhabitants. The total amount of the three contracts is EUR56 million for SUEZ-TECHFINA.

China: In partnership with ATAL and China Harbour, SUEZ won the contract to design and build the extension of the San Wai Sewage Treatment Plant in Hong Kong and operate the plant for 10 years. The 15-year contract is worth a total of EUR353 million, of which SUEZ's share is approximately EUR99 million. This contract strengthens SUEZ's presence in Hong Kong where it has been providing, for almost 30 years, innovative and tangible water and waste management solutions in a circular economy approach.

Azerbaijan: SUEZ wins a contract of soil remediation in Bakou, for an amount of EUR4 million.

Ukraine: SUEZ Consulting wins a contract for the monitoring of the reconstruction work of the wastewater and sludge treatment plant of Kharkiv, for an amount of EUR3 million.

June 2016

Sri Lanka: The National Water Supply and Drainage Board (NWSDB) of Sri Lanka has asked SUEZ to design and build an additional phase of the Kelani Right Bank drinking water production plant, near the capital, Colombo. The aim of the contract is to double the plant's existing capacity, in order to supply the population in the north-eastern zone of the city and its surrounding area (the right bank of the Kelani River). The contract represents total revenues of EUR168 million.

Croatia: The city of Dubrovnik chose SUEZ to build a new drinking water treatment plant. The latter will reach a processing capacity of the water of 25,000 m^3 per day. The total amount of the contract is EUR7.5 million.

Mexico: SUEZ was selected to build and operate the largest desalination plant on the American continent in Rosarito. The plant will be built in two stages: the building work will start in 2017 with a view to producing 190,000 m^3 of drinking water per day within three years. Then in the second phase due to start from 2019, the plant will double its capacity to reach 380,000 m^3 per day by 2024. The contract provides for a 37-year operation period.

July 2016

Poland: SUEZ signed a 33-year contract with the city of Mlawa for the management of the municipal sewage treatment infrastructure. By signing this contract worth EUR77 million, the city entrusts SUEZ to: operate the existing wastewater treatment plant for three years, design, build and finance the new treatment plant within three years and operate the new plant for 30 years.

Morocco: SUEZ and RENAULT sign a 3-year agreement for the sustainable and efficient management of production sites in Morocco.

Spain: In an agreement concluded on July 20, 2016, SUEZ and Criteria sold their stakes in Aguas de Valencia to Fomento Urbano de Castellón. The total value of this transaction, which regards 33.1% of the shares of Aguas de Valencia, amounts to EUR70 million. The stake sold by SUEZ represents 18.5%.

4 Interim management report

SUEZ's business activity increased during the first half of 2016, largely supported by the dynamism of the International division despite a poor macroeconomic context in Europe.

Operating performance appeared to be down compared with 2015 as a result of negative currency effects, the fall in the price of electricity, and the unfavorable climate during the first half.

Indeed, **EBITDA** [(1)] is down by 1.7%. **EBIT** [(1)], meanwhile, fell by 1.0%; its decline is less than that of EBITDA. The impacts of the termination of the drinking water distribution contract in Lille are less significant on this latter financial indicator.

Net income Group share, stood at EUR174.0 million compared to EUR140.7 million in 2015, representing an increase of +23.7%. This significant change is explained by a decrease in restructuring expenses, including the cost of implementation of the single brand, and the net income attributable to minority shareholders.

Free cash flow before disposals and development investments was EUR179 million, down compared to free cash flow in the first half of 2015, which stood at EUR322 million.

Net financial debt amounted to EUR8,765.2 million at June 30, 2016, versus EUR8,083.2 million at December 31, 2015. This increase was partly due to the cash payment of dividends in the first half of the year, in the amount of EUR508 million, and also due to the seasonal nature of the working capital requirement.

Significant events in the first half of 2016

Strengthening of the Group's positions on the industrial water and waste treatment markets

Acquisition of Driplex in India

On March 1, 2016, SUEZ acquired a majority stake of 74% in the Indian company Driplex, one of the largest market players in water treatment for industrial clients in India, for a consideration of EUR21 million.

The company specializes in the engineering, design, manufacturing and commissioning of water production, processing, and wastewater treatment plants for industrial sectors – including the power and oil & gas sectors – and generated revenues of around EUR20 million in 2015.

Acquisition of Perthwaste in Australia

On May 31, 2016, SUEZ finalized the acquisition of Perthwaste, a leading waste treatment service provider in Western Australia for AUD87 million (approximately EUR58 million).

The company, which employs 185 people, is expected to generate revenues of more than AUD50 million in 2016 (approximately EUR34 million).

(1) *After taking into account the share in the net income of equity-accounted companies considered as core business but before the net impact of IFRIC 21.*

Contribution of the SUEZ brand by ENGIE

On March 2, 2016, SUEZ and ENGIE signed a contribution agreement for:

- the contribution by ENGIE to SUEZ of the entire capital of SUEZ IP, which holds all intellectual property rights related to the SUEZ brand;
- the valuation of the contribution of 100% of the capital of SUEZ IP at EUR30 million;
- in consideration for this contribution, the issue of 1,757,778 new ordinary shares in SUEZ, representing 0.3% of the Company's share capital.

This contribution and the associated capital increase were completed on March 23, 2016.

New bond issue

On May 13, 2016, SUEZ completed the placement of EUR500 million in bonds, maturing on May 19, 2028, with a fixed annual coupon of 1.25%.

4.1 Revenues and operational results

SUEZ generated **revenues** of EUR7,455 million in the first half of 2016, up +2.2%. This EUR160 million increase breaks down as follows:

- organic growth of +EUR199 million. The Water Europe division is relatively stable (-EUR2 million, *i.e.,* -0.1%). The performance in the first half of the year was burdened by considerably lower volumes than the medium-term trend, namely in France and Chile; this decrease results from particularly adverse weather conditions with abnormally high rainfall. The termination of the Lille contract and the weak inflationary context in Europe also had an adverse affect on the development of the division's revenues. Finally, political uncertainty in Spain resulted in the postponement of tariff renegotiations. For its part, the Recycling and Recovery Europe division reported a very slight decline of -0.2%, or -EUR6 million, with vast differences between countries: the UK's contribution increased, driven by the commissioning of new treatment capacities; this helped to offset the decline in activity in France, where the fall in the prices of recycled metal and electricity had a significant impact. Finally, the International division posted an increase of +EUR211 million (+11.6%) with growth recorded in Asia, Africa/India/Middle East, Australia, and North America, but reduced revenues in Europe/Latin America, which was largely due to the decline in business conducted in Spain;
- positive scope effects of +EUR77 million, corresponding primarily to the contribution made by Nantaise des Eaux and Driplex;
- unfavorable foreign exchange effects totaling -EUR116 million, mainly due to the Chilean peso (-EUR37 million), the pound sterling (-EUR32 million), and the Australian dollar (-EUR29 million).

EBITDA was down by -EUR22 million to EUR1,271 million, or -1.7%, as a result of the following changes:

- an organic decrease of -EUR25 million, or -1.9%, which primarily results from the impact of the fall in electricity prices on the performance of the Recycling and Recovery Europe division and the termination of the Lille contract in the Water Europe division, which were only partially offset by the upturn in the profitability of the International division;
- positive scope effects of +EUR36 million, linked mainly to the positive contribution of the reversal of a provision as a consequence of the finalization of the Derun Environment transaction. For the record, this operation was carried out in December 2015 by Suyu, a joint venture owned equally by SUEZ and the New World Group, which took a 25.1% stake in Derun Environment. All these different entities being consolidated using the equity method. The net income Group share of Suyu is therefore included in EBITDA and EBIT in accordance with the definitions adopted by SUEZ;
- unfavorable foreign exchange effects totaling -EUR32 million.

EBIT stood at EUR598 million, a fall of -EUR6 million (-1.0%) compared to the first half of 2015; its decline is lower than that of EBITDA, the impacts associated with the termination of the drinking water distribution contract in Lille being less significant on EBIT.

Income from operating activities after the share in net income of equity-accounted companies considered as core business amounted to EUR525 million, compared to EUR502 million in the first half of 2015, an increase of EUR23 million. This change is explained by the reduction of the costs of implementing the single brand and restructuring expenses.

Net income Group share amounted to EUR174 million, compared to EUR141 million in the first half of 2015. This difference mainly results from the change in income from operating activities and the decrease in net income attributable to minority shareholders.

Earnings per share amounted to EUR0.30 in the first half of 2016, versus EUR0.21 per share in the first half of 2015, representing an increase of 42.9%.

4.2 Operating segments

Revenues for the first half of 2016 amounted to EUR7,455 million, up +2.2% compared to 2015 thanks to sustained activity in the International division and a positive scope effect of +1.1%; business slowed in the Water Europe and Recycling and Recovery Europe divisions due to a macroeconomic environment that remained weak and an unfavorable climate. As such, the Group's organic growth amounted to +2.7% (+EUR199 million), with the breakdown by division as follows:

Water Europe was relatively stable on an organic basis, with revenues of -0.1% (-EUR2 million), due to:

- an organic decrease of -3.8% for Water France (-EUR39 million), mainly due to the termination of the Lille contract;
- organic growth of +3.0% at Agbar (+EUR36 million) thanks to tariff increases in Chile and higher volumes in Spain.

The **Recycling and Recovery Europe** division recorded a very slight organic decrease of -0.2% (-EUR6 million) that is largely explained by the decrease in price of certain commodities over the first half, primarily for recycled metal (-23%) and electricity; the United Kingdom's contribution was very positive following the commissioning of new treatment capacities. The organic change by geographic region was -3.7% in France, +7.3% in the United Kingdom and Scandinavia, +0.8% in the Benelux/Germany region, and +1.7% in Central Europe.

The **International** division posted organic growth of +11.6% (+EUR211 million), as a result of the following trends:

- growth in North America (+3.8%, +EUR16 million), due to tariff increases;
- slight decrease in Europe/Latin America (-1.4%, -EUR4 million), resulting in particular from a decline of activity in Spain;
- business dynamism in the Africa/India/Middle East region (+14.3%, +EUR65 million) relating to recently awarded water treatment contracts in the Middle East;
- a sharp increase in business in Australia (+7.8%, +EUR38 million) thanks to the sustained growth of waste activities;
- very strong growth in Asia (+59.5%, +EUR96 million) resulting from the entry into effect of new construction contracts.

EBITDA amounted to EUR1,271 million, representing an organic change of -1.9% (-EUR25 million), which breaks down as follows:

- **Water Europe** posted an organic decrease of -4.6% (-EUR31 million), which is mainly explained by the termination of the Lille contract and the unfavorable weather conditions;
- **Recycling and Recovery Europe** is down by -4.1% (-EUR15 million), which is mainly due to the impact of the fall in electricity prices and some secondary raw materials;
- in the **International** division, EBITDA rose sharply by +12.9% (+EUR39 million) compared to the first half of 2015, as a result of the strong performance in most regions.

EBIT amounted to EUR598 million, representing an organic change of -2.3% (-EUR14 million), which breaks down as follows:

- **Water Europe** posted an organic decrease of -5.9% (-EUR19 million);
- **Recycling and Recovery Europe** reported a decrease of -8.2% (-EUR11 million);
- in the **International** division, EBIT was up by +14.6% (+EUR29 million).

4.3 Other income statement items

Income from operating activities after the share in the net income of equity-accounted companies considered as core business amounted to EUR525 million at June 30, 2016. It includes EBIT of EUR598 million, minus EUR34 million in net non-recurring items, and an impact of -EUR39 million related to the application of the IFRIC 21 interpretation with effect from January 1, 2015. Non-recurring items mainly include -EUR7 million related to the implementation of the new single worldwide brand and -EUR19 million in restructuring costs.

Net financial income at June 30, 2016 showed a net expense of -EUR209 million, compared with -EUR200 million in the first half of 2015. This increase can be explained by the higher net debt level compared to the first half of 2015 related to the buyout of Sembsita's minority interests in the second half of 2015 for EUR312 million; meanwhile, the average cost of net debt decreased from 4.30% in the first half of 2015 to 3.78% in the first half of 2016.

The **income tax expense** was up by EUR7 million compared to the first half of 2015. The effective tax rate was 26.9%, and primarily resulted from many of the Group's operating companies being based in countries with lower tax rates than France. It is also related to the extended scope of Australian consolidation tax group.

Net income attributable to non-controlling interests amounted to +EUR84 million, representing a decline of EUR27 million compared to the first half of 2015.

4.4 Financing

Cash flows from operating activities

Cash flows from operations before financial expenses and income tax amounted to EUR977 million at June 30, 2016, compared to EUR1,030 million in the first half of 2015. This difference mainly reflects the change in EBITDA before taking into account the share in the net income of equity-accounted companies, representing a decrease of -EUR40 million.

Working capital requirements (WCR) had a negative impact of -EUR284 million in the first half of the year, versus -EUR207 million in the first half of 2015.

In total, cash flows from operating activities generated a cash surplus of +EUR634 million in the first half of 2016, down EUR153 million compared to June 30, 2015, owing mainly to the effects described above, in addition to the increase in taxes paid, which totaled EUR59 million (versus EUR36 million in 2015).

Cash flows from investing activities

Cash flows from investing activities included:

- maintenance capital expenditure in the amount of EUR288 million, or 3.9% of the Group's consolidated revenues;
- development capital expenditure of EUR231 million;
- financial investments amounting to EUR133 million, corresponding in particular to the acquisition of shares of the companies Driplex and Perthwaste in the International division;
- disposals amounting to EUR28 million.

In total, cash flows from investing activities generated a cash shortfall of -EUR647 million, versus a shortfall of -EUR586 million in the first half of 2015.

Cash flows from financing activities

Dividends paid in cash amounted to EUR508 million at June 30, 2016.

In total, cash flows from financing activities generated a cash surplus of EUR132 million over the first six months of 2016, compared to EUR79 million in 2015.

Net debt at June 30, 2016

Net debt at June 30, 2016 amounted to EUR8,765 million, versus EUR8,083 million at the end of 2015. This change is mainly explained by:

- the payment of dividends in the first half of 2016 for EUR508 million;
- the change in working capital requirements of -EUR284 million, which corresponds to the traditionally unfavorable effect of seasonality during the first half of the year.

At June 30, 2016, the Group had confirmed undrawn credit facilities of EUR2,097 million, including EUR946 million in commercial paper backup lines.

4.5 Other statement of financial position items

Net intangible assets and goodwill amounted to EUR7,647 million, down EUR46 million compared to December 31, 2015, resulting primarily from changes in scope over the period totaling EUR134 million, acquisitions worth EUR93 million, foreign exchange effects (-EUR92 million), and depreciation and impairment losses for the period (-EUR199 million).

Net property, plant and equipment amounted to EUR8,250 million, versus EUR8,275 million at December 31, 2015. This decrease of EUR25 million is primarily due to acquisitions during the period for EUR306 million, and depreciation and impairment losses during the period (-EUR356 million).

Investments in associates are down by EUR24 million while **investments in joint ventures** are up EUR34 million.

Total shareholders' equity amounted to EUR6,380 million, down EUR425 million compared to December 31, 2015, primarily due to the distribution of dividends.

Provisions were up by EUR110 million at June 30, 2016 to EUR2,062 million, versus EUR1,952 million at December 31, 2015. This increase results mainly from changes in actuarial gains and losses (+EUR163 million) recorded in provisions for post-employment benefits and other long-term benefits, as well as net reversal positions for each of the different nature of provision (-EUR67 million).

Deferred tax amounted to a net asset of EUR286 million, versus EUR196 million at December 31, 2015.

4.6 Related party transactions

Note 14 to the condensed consolidated interim financial statements hereafter provides details on significant related party transactions. These transactions are essentially with ENGIE (mainly as part of the synthetic Argentinean contract).

4.7 Description of the main risks and uncertainties for the remaining six months of the year

The chapter on Risk factors (chapter 4) of the 2015 SUEZ Reference Document provides for a detailed description of the risk factors to which the Group is exposed. No risks or uncertainties are expected other than those presented in this document.

4.8 Outlook for 2016

In a macroeconomic environment in Europe that was more difficult than expected in the early part of the year and which effects were stressed by an adverse climate in the second quarter, SUEZ immediately reacted, deciding on additional measures for the 2016 fiscal year; these include, firstly, a EUR30 million increase in the COMPASS cost optimization program, and secondly, enhanced monitoring of debt levels. Thus, SUEZ remains fully mobilized to achieve its goals in 2016 [1].

These objectives and the outlook have been prepared using accounting principles established by the Group for the purpose of preparing the condensed consolidated financial statements featured in chapter 5 of this Interim Financial Report.

(1) *Based on stable industrial production in Europe in 2016 and the stability of commodity prices compared to budget assumptions.*

consolidated financial statements of SUEZ at June 30, 2016 5

5.1 Consolidated statements of financial position

In millions of euros	Note	June 30, 2016	December 31, 2015
Non-current assets			
Intangible assets, net	6	4,131.3	4,213.6
Goodwill	6	3,515.7	3,479.5
Property, plant and equipment net	6	8,249.9	8,274.9
Available-for-sale securities	8.1	175.9	180.1
Loans and receivables carried at amortized cost	8.1	760.1	767.4
Derivative financial instruments	8.4	192.4	197.0
Investments in joint ventures	7.1	618.6	584.6
Investments in associates	7.2	736.1	760.4
Other assets		285.1	302.9
Deferred tax assets	4.4	880.2	832.1
TOTAL NON-CURRENT ASSETS		**19,545.3**	**19,592.5**
Current assets			
Loans and receivables carried at amortized cost	8.1	107.4	130.3
Derivative financial instruments	8.4	62.9	6.1
Trade and other receivables	8.1	4,503.2	3,966.5
Inventories		282.2	274.0
Other assets		1,559.2	1,523.3
Financial assets measured at fair value through income	8.1	71.8	59.9
Cash and cash equivalents	8.1	2,214.2	2,079.0
TOTAL CURRENT ASSETS		**8,800.9**	**8,039.1**
TOTAL ASSETS		**28,346.2**	**27,631.6**
Shareholders' equity, Group share		4,984.1	5,419.8
Non-controlling interests	10	1,395.9	1,385.6
TOTAL SHAREHOLDERS' EQUITY		**6,380.0**	**6,805.4**
Non-current liabilities			
Provisions	11	1,549.2	1,458.0
Long-term borrowings	8.3	8,828.7	8,501.1
Derivative financial instruments	8.4	68.8	45.1
Other financial liabilities	8.2	8.1	3.0
Other liabilities		904.5	911.5
Deferred tax liabilities	4.4	594.2	636.6
TOTAL NON-CURRENT LIABILITIES		**11,953.5**	**11,555.3**
Current liabilities			
Provisions	11	512.5	493.8
Short-term borrowings	8.3	2,385.8	1,853.9
Derivative financial instruments	8.4	57.9	40.1
Trade and other payables	8.2	2,848.6	2,991.2
Other liabilities		4,207.9	3,891.9
TOTAL CURRENT LIABILITIES		**10,012.7**	**9,270.9**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**28,346.2**	**27,631.6**

NB: The values in the tables are generally expressed in millions of euros. Rounding may in some cases produce a non-material discrepancy in totals or variances.

5.2 Consolidated income statements

In millions of euros	Note	June 30, 2016	June 30, 2015
Revenues	3.2	7,455.1	7,294.7
Purchases		(1,476.6)	(1,438.3)
Personnel costs		(1,998.5)	(1,911.4)
Depreciation, amortization and provisions		(535.4)	(548.9)
Other operating expenses		(3,093.9)	(3,031.1)
Other operating income		105.0	111.5
CURRENT OPERATING INCOME	**4.2**	**455.7**	**476.5**
Mark-to-market on operating financial instruments		(1.2)	1.6
Impairment on property, plant and equipment, intangible and financial assets		(16.2)	(14.1)
Restructuring costs		(19.3)	(27.5)
Scope effects		2.9	(6.6)
Other gains and losses on disposals and non-recurring items		6.4	5.9
Costs incurred by the rebranding and change in visual identity		(6.5)	(18.4)
INCOME FROM OPERATING ACTIVITIES	**4.2**	**421.8**	**417.4**
Share in net income of equity-accounted companies considered as core business		102.7	84.2
of which: share in net income (loss) of joint ventures	*7.1*	*61.8*	*37.2*
of which: share in net income (loss) of associates	*7.2*	*40.9*	*47.0*
INCOME FROM OPERATING ACTIVITIES AFTER SHARE IN NET INCOME OF THE EQUITY-ACCOUNTED COMPANIES CONSIDERED AS CORE BUSINESS		**524.5**	**501.6**
Financial expenses		(244.7)	(238.5)
Financial income		35.3	38.8
Net financial income (loss)	**4.3**	**(209.4)**	**(199.7)**
Income tax expense	4.4	(57.1)	(50.2)
NET INCOME		**258.0**	**251.7**
Group share	5	174.0	140.7
Non-controlling interests		84.0	111.0
Net income (Group share) per share *(in euros)*	**5**	**0.30**	**0.21**
Net diluted income (Group share) per share *(in euros)*	**5**	**0.29**	**0.21**

5.3 Consolidated statements of comprehensive income

In millions of euros	June 30, 2016	June 30, 2016 of which Group share	June 30, 2016 of which non controlling interests	June 30, 2015	June 30, 2015 of which Group share	June 30, 2015 of which non controlling interests
Net income	**258.0**	**174.0**	**84.0**	**251.7**	**140.7**	**111.0**
Available-for-sale securities	(2.2)	(2.1)	(0.1)	0.5	0.4	0.1
Net investment hedges	49.7	49.7	-	(97.7)	(97.7)	-
Cash flow hedges (excluding commodities)	(24.7)	(25.7)	1.0	23.6	19.9	3.7
Commodity cash-flow hedges	4.5	4.5	-	4.5	4.5	-
Deferred taxes on items above	(0.4)	(0.1)	(0.3)	0.1	1.2	(1.1)
Share of joint ventures in reclassifiable items, net of taxes	(7.8)	(7.8) [(a)]	-	137.4	137.4 [(a)]	-
Share of associates in reclassifiable items, net of taxes	(14.2)	(14.2)	-	(6.9)	(6.9)	-
Translation adjustments	(75.9)	(121.3) [(b)]	45.4	223.1	180.6 [(b)]	42.5
Total reclassifiable items	**(71.0)**	**(117.0)**	**46.0**	**284.6**	**239.4**	**45.2**
Actuarial gains and losses	(164.4)	(161.7)	(2.7)	64.9	72.1	(7.2)
Deferred taxes on actuarial gains and losses	36.6	35.9	0.7	(40.3)	(42.2)	1.9
Share of joint ventures in non-reclassifiable items, net of taxes	-	-	-	-	-	-
Share of associates in non-reclassifiable items, net of taxes	(7.7)	(7.7)	-	(1.6)	(1.6)	-
Total non-reclassifiable items	**(135.5)**	**(133.5)**	**(2.0)**	**23.0**	**28.3**	**(5.3)**
COMPREHENSIVE INCOME	**51.5**	**(76.5)**	**128.0**	**559.3**	**408.4**	**150.9**

(a) *This variation mainly relates to the revaluation of Chongqing Water Group's shares which are no longer recognized in comprehensive income, but rather in income following the acquired significant influence at December 31, 2015. At June 30, 2015, the variation was due to the variation of the fair value of these shares. See Note 7.1.*

(b) *This change is primarily explained by the depreciation of the American dollar and the British pound.*

5.4 Statements of changes in consolidated shareholders' equity

In millions of euros	Number of shares	Share Capital	Pre-miums	Conso-lidated reserves	Change in fair value and other	Trans-lation adjust-ments	Trea-sury shares	Undated deeply subordina-ted notes	Share-holders' equity, Group share	Non controlling interests	Total
Shareholders' equity at December 31, 2014 published	**540,233,829**	**2,160.9**	**4,417.4**	**(2,154.0)**	**(7.4)**	**159.7**	**(37.0)**	**938.3**	**5,477.9**	**1,518.5**	**6,996.4**
IFRIC 21 restatements [(a)]				8.3					8.3		8.3
Shareholders' equity at December 31, 2014 restated	**540,233,829**	**2,160.9**	**4,417.4**	**(2,145.7)**	**(7.4)**	**159.7**	**(37.0)**	**938.3**	**5,486.2**	**1,518.5**	**7,004.7**
Net income				140.7					140.7	111.0	251.7
Other comprehensive income items				28.9	12.8	226.0			267.7	39.9	307.6
Comprehensive income				**169.6**	**12.8**	**226.0**	**-**	**-**	**408.4**	**150.9**	**559.3**
Share-based payment				4.6					4.6	-	4.6
Dividends distributed in cash				(350.3)					(350.3)	(133.4)	(483.7)
Partial redemption of undated deeply subordinated note issues 2010 (including redemption premium)				(7.9)				(450.0)	(457.9)		(457.9)
Issue of new undated deeply subordinated note								500.0	500.0		500.0
Issuance fees of new Undated deeply subordinated note								(5.3)	(5.3)		(5.3)
Interests of undated deeply subordinated notes issue				(26.4)					(26.4)		(26.4)
Purchase/sale of treasury shares				(6.2)			4.6		(1.6)		(1.6)
Capital increase/(reduction)	895,111	3.6	(3.9)	0.3					-		-
Transactions between shareholders				(1.2)					(1.2)	(11.0)	(12.2)
Other changes				1.2					1.2	(0.1)	1.1
SHAREHOLDERS' EQUITY AT JUNE 30, 2015	**541,128,940**	**2,164.5**	**4,413.5**	**(2,362.0)**	**5.4**	**385.7**	**(32.4)**	**983.0**	**5,557.7**	**1,524.9**	**7,082.6**
Shareholders' equity at December 31, 2015	**542,643,468**	**2,170.5**	**4,406.8**	**(2,260.1)**	**(171.5)**	**320.6**	**(29.4)**	**982.9**	**5,419.8**	**1,385.6**	**6,805.4**
Net income				174.0					174.0	84.0	258.0
Other comprehensive income items				(133.0)	16.9	(134.4)			(250.5)	44.0	(206.5)
Comprehensive income				**41.0**	**16.9**	**(134.4)**	**-**	**-**	**(76.5)**	**128.0**	**51.5**
Share-based payment				2.1					2.1		2.1
Dividends distributed in cash				(352.6)					(352.6)	(140.6)	(493.2)
Interests of undated deeply subordinated notes issue				(27.4)					(27.4)		(27.4)
Purchase/sale of treasury shares				(1.2)			0.6		(0.6)		(0.6)
Capital increase/(reduction) [(b)]	1,757,778	7.0	22.1	0.7					29.8		29.8
Subcription by non controlling interest									-	17.8	17.8
Transactions between shareholders				(8.9)					(8.9)		(8.9)
Business combinations										4.9	(4.9)
Other changes				(1.6)					(1.6)	0.2	(1.4)
SHAREHOLDERS' EQUITY AT JUNE 30, 2016	**544,401,246**	**2,177.5**	**4,428.9**	**(2,608.0)**	**(154.6)**	**186.2**	**(28.8)**	**982.9**	**4,984.1**	**1,395.9**	**6,380.0**

(a) *The shareholders' equity at December 31, 2014 has been adjusted for comparability purposes to reflect the application of IFRIC 21 interpretation.*
(b) *Capital increase of EUR30 million in compensation for the contribution of the SUEZ brand by ENGIE and -EUR0.2 million for set up costs. See Note 2.2.*

5.5 Consolidated statements of cash flows

In millions of euros	Note	June 30, 2016	June 30, 2015
Net income		258.0	**251.7**
- Share in net income (loss) of joint ventures	7.1	(61.8)	(37.2)
- Share in net income (loss) of associates	7.2	(40.9)	(47.0)
+ Dividends received from joint ventures and associates		53.9	76.7
- Net depreciation, amortization and provisions		513.3	540.6
- Scope effects, other gains and losses on disposal and non-recurring items		(16.5)	(8.4)
- Other items with no cash impact		4.3	3.3
- Income tax expense	4.4	57.1	50.2
- Financial income	4.3	209.4	199.7
Cash flows from operations before financial income/(expense) and income tax		**976.8**	**1,029.6**
+ Tax paid		(58.8)	(35.9)
Change in working capital requirements		**(284.3)**	**(206.5)**
Cash flows from operating activities		**633.7**	**787.2**
Investments in property, plant and equipment and intangible assets	3.4.3	(519.0)	(571.3)
Takeover of subsidiaries net of cash and cash equivalents acquired	3.4.3	(92.9)	(35.1)
Acquisitions of interests in associates and joint ventures	3.4.3	(19.3)	(7.8)
Acquisitions of available-for-sale securities	3.4.3	(17.8)	(29.7)
Disposals of property, plant and equipment and intangible assets		21.1	20.2
Loss of controlling interests in subsidiaries net of cash and cash equivalents sold		0.2	29.6
Disposals of interests in associates and joint ventures		-	5.1
Disposals of available-for-sale securities		7.1	7.0
Interest received/(paid) on non-current financial assets		(3.6)	1.3
Dividends received on non-current financial assets		0.9	2.8
Change in loans and receivables issued by the Company and others		(24.0)	(8.4)
Cash flows from investing activities		**(647.3)**	**(586.3)**
Dividends paid [(a)]		(545.7)	(545.1)
Repayment of borrowings	8	(329.1)	(342.4)
Change in financial assets at fair value through income		(11.5)	(10.4)
Financial interest paid		(182.4)	(175.2)
Financial interest received on cash and cash equivalents		17.5	16.2
Flows on financial derivatives qualifying net investment hedges and compensation payments on financial derivatives		35.0	(108.0)
Increase in financial debt	8	1,133.3	1,220.8
Capital increase/reduction		17.8	-
Partial redemption of undated deeply subordinated note	8.3.2	-	(457.9)
Issue of undated deeply subordinated notes net of costs	8.3.2	-	494.7
Purchase/sale of treasury shares		(0.5)	(1.7)
Change in share of interests in controlled entities	3.4.3	(2.6)	(12.2)
Cash flows from financing activities		**131.8**	**78.8**
Impact of changes in exchange rates and other		17.0	10.8
TOTAL CASH FLOWS FOR THE PERIOD		**135.2**	**290.5**
Opening cash and cash equivalents		**2,079.0**	**2,248.8**
Closing cash and cash equivalents	8	**2,214.2**	**2,539.3**

(a) *Including withholding tax and interests of undated deeply subordinated notes.*

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5.6 Notes to the consolidated financial statements

NOTE 1 Basis of presentation, principles and accounting policies

1.1 Basis of presentation

SUEZ, the parent company of the Group, is a *société anonyme* (French corporation) that is subject to the provisions of Book II of the French Commercial Code *(Code de commerce)*, as well as to all other provisions of French law applicable to commercial companies. It was established in November 2000. Its headquarters are located at Tour CB 21 – 16 place de l'Iris – Paris La Défense (92040), France.

The Group is a global player in the management of water cycle and waste cycle. During the Shareholders' Meeting of April 28, 2016, the legal name of SUEZ ENVIRONNEMENT COMPANY became SUEZ. SUEZ has been listed on the Euronext Paris (Compartment A) and Euronext Brussels markets since July 22, 2008.

On July 27, 2016, the interim condensed consolidated financial statements of SUEZ and its subsidiaries at June 30, 2016 were presented to the Board of Directors of SUEZ, which authorized their publication.

1.2 Accounting standards

In accordance with European Regulation of July 19, 2002 relating to the application of international accounting standards (IFRS), the Group's annual consolidated Financial Statements are prepared in accordance with IFRS as issued by the IASB and endorsed by the European Union [(1)].

The Group's interim condensed consolidated financial statements for the six months ended June 30, 2016 were prepared in compliance with the provisions of IAS 34 "Interim Financial Reporting", which allows entities to present selected explanatory notes. The interim condensed consolidated financial statements for the six months ended June 30, 2016 do not therefore incorporate all of the notes and disclosures required by IFRS for the annual consolidated financial statements, and accordingly must be read in conjunction with the consolidated financial statements for the year ended December 31, 2015 subject to specific provisions relating to the preparation of interim financial information as described hereafter.

(1) *Available on the European Commission's website: http://ec.europa.eu/internal_market/accounting/index_en.htm.*

1.3 Accounting policies

The accounting policies used to prepare the Group's interim condensed consolidated financial statements for the six months ended June 30, 2016 are consistent with those used to prepare the consolidated financial statements for the year ended December 31, 2015 in accordance with IFRS as published by the IASB and endorsed by the European Union (EU), with the exception of the items mentioned below in paragraph 1.3.1.

1.3.1 Standards, amendments and interpretations applied by the Group starting January 1, 2016

The standards and amendments applied by the Group for the first time starting January 1, 2016 are the following:

- Annual improvements to IFRS – 2012-2014 Cycle;
- Amendments to IAS 1 – Disclosure Initiative;
- Amendments to IAS 16 and IAS 38 – Clarification of the principle for the basis of depreciation and amortization;
- Amendments to IFRS 11 – Accounting treatment for the acquisition of an interest in a joint operation;

Application of these new amendments does not have any impact on the Group's interim condensed consolidated financial statements.

1.3.2 IFRS standards and amendments applicable after June 30, 2016 that the Group has elected not to early adopt

STANDARDS AND AMENDMENTS PUBLISHED BY THE IASB AND NOT ADOPTED YET BY THE EUROPEAN UNION

- IFRS 9 – Financial Instruments [1];
- IFRS 15 – Revenue from Contracts with Customers [1];
- IFRS 16 – Leases [1];
- Amendments to IAS 7 – Disclosure Initiative [1];
- Amendments to IAS 12 – Recognition of deferred tax assets for unrealised losses [1];
- Amendments to IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its associate or joint venture [1];
- Amendments to IFRS 15 – Clarification to the standard [1].

The impact resulting from the application of these standards and these amendments is currently being assessed.

- IFRS 14 – Regulatory Deferral Accounts [1].

This standard will have no impact on the Group's accounts since it is intended to first-time adopters of IFRS.

1.4 Use of judgment and estimates

As the economic and financial crisis continues, the Group maintains its risk management procedures of its financial instruments. The significant market volatility caused by the crisis is taken into account by the Group in the estimates made such as for its business plans and in the various discount rates used in impairment testing and computing provisions.

1.4.1 Estimates

The preparation of consolidated financial statements requires the use of estimates and assumptions to determine the value of assets and liabilities, and contingent assets and liabilities at the statement of financial position reporting date, as well as revenues and expenses reported during the period.

Due to uncertainties inherent in the estimation process, the Group regularly revises its estimates in light of currently available information. Final outcomes could differ from those estimates.

The key estimates used in preparing the Group's consolidated financial statements relate mainly to:

- the measurement of the fair value of assets acquired and liabilities assumed in a business combination;
- the measurement of the recoverable amount of goodwill, property, plant and equipment and intangible assets;
- the measurement of provisions, particularly for legal and arbitration proceeding and for pensions and other employee benefits;
- the measurement of capital renewal and replacement liabilities;
- the measurement of financial instruments;
- the measurement of unmetered revenue;
- the measurement of margin at termination relating to construction contracts;
- the measurement of capitalized tax loss carry-forwards.

Detailed information related to the use of estimates is provided in Note 1 to the consolidated financial statements for the year ended December 31, 2015.

1.4.2 Judgment

As well as relying on estimates, Group management also makes judgments to define the appropriate accounting policies to apply to certain activities and transactions, particularly when the effective IFRS standards and interpretations do not specifically deal with related accounting issues.

In particular, the Group exercised its judgment in determining the accounting treatment applicable to concession contracts and the classification of arrangements which contain a lease.

In compliance with IAS 1, the Group's current and non-current assets and liabilities are shown separately on the consolidated statement of financial position. For most of the

(1) *These standards and amendments have not yet been endorsed by the European Union.*

Group's activities, the breakdown into current and non-current items is based on when assets are expected to be realized, or liabilities extinguished. Assets expected to be realized or liabilities extinguished within 12 months of the statement of financial position date are classified as current, while all other items are classified as non-current.

1.5 Interim financial reporting

Seasonality of operations

Although the Group's operations are intrinsically subject to seasonal fluctuations, key performance indicators and income from operating activities are more influenced by changes in climatic conditions than by seasonality. Consequently, the interim results for the six months ended in June 30, 2016 are not necessarily indicative of those that may be expected for full-year 2016.

Income tax expense

Current and deferred income tax expense for interim periods is consolidated at the level of each tax entity, by applying the average estimated annual effective tax rate for the current year, to income for the period.

Pension benefit obligations

Pension costs for interim periods are calculated on the basis of the actuarial valuations performed at the end of the prior year. If necessary, these valuations are adjusted to take into account curtailments, settlements or other major non-recurring events during the period. Furthermore, amounts recognized in the statement of financial position in respect of defined benefit plans are adjusted, if necessary, in order to reflect material changes impacting the yield on investment-grade corporate bonds in the geographic area concerned (the benchmark used to determine the discount rate) and the actual return on plan assets.

Provisions for site restoration

These provisions are measured once a year in order to establish the statement of financial position at December 31 (see Note 17.4 to the consolidated financial statements at December 31, 2015).

NOTE 2 Major transactions

2.1 Acquisition of Driplex in India

On March 1, 2016, SUEZ acquired a majority stake of 74% in Driplex, one of the largest market players in water treatment for industrial clients in India, for a consideration of EUR21 million.

The company specializes in the engineering, design, manufacturing and commissioning of water production, processing, and wastewater treatment plants for industrial sectors such as the Power, Oil & Gas and the company achieved revenues in 2015 for about EUR20 million.

2.2 ENGIE's contribution to SUEZ of the SUEZ brand

On March 2, 2016, ENGIE and SUEZ signed an agreement under which:

- ENGIE contributes to SUEZ all the shares it holds in SUEZ IP, which owns all intellectual property rights related to the SUEZ brand;
- The valuation of the entire SUEZ IP share capital is estimated at EUR30 million;
- 1,757,778 ordinary shares of SUEZ, representing 0.3% of its share capital, have been issued as compensation to this contribution.

On March 23, 2016, the transaction as well as the corresponding capital increase was finalized.

2.3 New bond issue

On May 13, 2016, SUEZ completed the placement of EUR500 million in bonds maturing May 19, 2028, with a fixed annual coupon of 1.25%.

2.4 Acquisition of Perthwaste in Australia

On May 31, 2016, SUEZ completed the acquisition of Perthwaste, one of the leading waste management service providers in Western Australia, for AUD87 million (approximately EUR58 million).

The company employs185 people and should generate a revenue above AUD50 million in 2016 (approximately EUR34 million).

NOTE 3 Operating segments information

In accordance with the provisions of IFRS 8 – "Operating Segments", the segments used below to present segment information have been identified based on internal reporting, in particular those segments monitored by the Management Committee, comprised of the Group's key operational decision-makers.

The Group uses four operating segments:

- Water Europe;
- Recycling and Recovery Europe;
- International;
- Other.

A distinction is made between the water distribution and water treatment services and the waste collection and waste treatment services in Europe.

The activities conducted internationally are grouped together and separated from those conducted in the Europe region. This specific segmentation reflects the difference in development strategy implemented internationally compared to the strategy pursued in Europe and is consistent with the Group's internal organizational systems and management structure.

3.1 Operating segments

SUEZ's subsidiaries are divided into the following operating segments:

- **Water Europe:** water distribution and treatment services, particularly under concession contracts (water management). These services are rendered to individuals, local authorities and industrial clients;
- **Recycling and Recovery Europe:** waste collection and treatment services for local authorities and industrial clients. These services include collection, sorting, recycling, composting, energy recovery and landfilling for both non-hazardous and hazardous waste;
- **International:** the Group is expanding in these business segments, depending on the opportunities that may arise, in the areas of water, waste and engineering services, with a special focus on risk management resulting from specific local environments by setting up partnerships, entering into hedges, and limiting invested capital or other investments in highly regulated environments;
- The **"Other"** segment is made up of holding companies, including SUEZ, as well as SUEZ Consulting, a consulting subsidiary of the Group.

The accounting principles and valuation methods used to prepare internal reporting are the same as those used to prepare the consolidated financial statements. The EBITDA, capital employed and investments indicators are reconciled with the consolidated financial statements. The EBITDA and EBIT indicators are presented without IFRIC 21 impact.

3.2 Key indicators by operating segment

Revenues

	June 30, 2016			June 30, 2015		
In millions of euros	Non-Group	Group	Total	Non-Group	Group	Total
Water Europe	2,271.8	24.4	2,296.2	2,260.9	23.2	2,284.1
Recycling and Recovery Europe	3,128.6	21.0	3,149.6	3,166.7	17.1	3,183.8
International	2,005.5	24.4	2,029.9	1,814.6	8.6	1,823.2
Other	49.2	52.6	101.8	52.5	48.5	101.0
Intercompany eliminations		(122.4)	(122.4)		(97.4)	(97.4)
TOTAL REVENUES	**7,455.1**	**-**	**7,455.1**	**7,294.7**	**-**	**7,294.7**

EBITDA

In millions of euros	June 30, 2016	June 30, 2015
Water Europe	617.1	661.6
Recycling and Recovery Europe	361.4	368.4
International	364.5	303.4
Other	(71.7)	(40.5)
TOTAL EBITDA	**1,271.3**	**1,292.9**

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EBIT

In millions of euros	June 30, 2016	June 30, 2015
Water Europe	286.6	316.9
Recycling and Recovery Europe	135.7	137.2
International	253.8	201.9
Other	(78.0)	(52.0)
TOTAL EBIT	**598.1**	**604.0**

Depreciation and amortization

In millions of euros	June 30, 2016	June 30, 2015
Water Europe	(230.3)	(227.5)
Recycling and Recovery Europe	(218.1)	(224.0)
International	(98.3)	(98.6)
Other	(6.2)	(5.5)
TOTAL DEPRECIATION AND AMORTIZATION	**(552.9)**	**(555.6)**

Capital employed

In millions of euros	June 30, 2016	December 31, 2015
Water Europe	6,874.4	6,598.2
Recycling and Recovery Europe	4,029.1	4,041.7
International	4,072.7	4,229.4
Other	391.0	138.5
TOTAL CAPITAL EMPLOYED	**15,367.2**	**15,007.8**

Investments in property, plant and equipment, intangible assets and financial assets

In millions of euros	June 30, 2016	June 30, 2015
Water Europe	(246.2)	(254.1)
Recycling and Recovery Europe	(204.0)	(235.8)
International	(188.6)	(160.5)
Other	(12.8)	(5.7)
TOTAL INVESTMENTS	**(651.6)**	**(656.1)**

Financial investments included in this indicator include the acquisitions of additional interests net of disposal in still remaining controlled entities, which are accounted for in cash flows used in financing activities in the consolidated statement of cash flows under the item "Change in share of interest in controlled entities". Reconciliation with the cash flow statement is made in paragraph 3.4.3.

3.3 Key indicators by geographical area

The indicators below are analyzed by:

- destination of products and services sold for revenues;
- geographical location of consolidated companies for capital employed.

	Revenues		Capital Employed	
In millions of euros	June 30, 2016	June 30, 2015	June 30, 2016	December 31, 2015
France	2,471.8	2,511.0	2,970.2	2,411.6
Europe	2,608.3	2,602.1	8,090.8	8,123.0
International	2,375.0	2,181.6	4,306.2	4,473.2
TOTAL	**7,455.1**	**7,294.7**	**15,367.2**	**15,007.8**

3.4 Reconciliation of indicators with consolidated financial statements

3.4.1 Reconciliation of EBIT and EBITDA with current operating income

In millions of euros	June 30, 2016	June 30, 2015
Current operating income	**455.7**	**476.5**
(+) Share in net income of equity-accounted companies considered as core business	102.7	84.2
(-) IFRIC 21 impacts	39.0	43.3
(-) Others	0.7	-
EBIT	**598.1**	**604.0**
(-) Net depreciation, amortization and provisions	535.4	548.9
(-) Share-based payments [a]	4.3	3.3
(-) Disbursements under concession contracts	133.5	136.7
EBITDA	**1,271.3**	**1,292.9**

(a) *The impact of Share Appreciation Rights is disclosed after hedging by warrants. Moreover, this amount does not include long-term incentive plans in the form of cash bonuses.*

3.4.2 Reconciliation of capital employed with the items of the statement of financial position

In millions of euros	June 30, 2016	December 31, 2015
(+) Tangible and intangible assets, net	12,381.2	12,488.5
(+) Goodwill, net	3,515.7	3,479.5
(+) Available-for-sale securities (excluding marketable securities and impact of revaluation of available-for-sale securities to fair value)	180.7	182.9
(+) Loans and receivables carried at amortized cost (excluding assets related to financing)	867.5	897.8
(+) Investments in joint ventures (excluding Other comprehensive income net of taxes)	619.8	586.1
(+) Investments in associates (excluding Other comprehensive income net of taxes)	736.1	762.5
(+) Trade and other receivables	4,503.2	3,966.5
(+) Inventories	282.2	274.0
(+) Other current and non-current assets	1,844.3	1,826.2
(-) Provisions and actuarial losses/gains on pensions plans	(1,594.4)	(1,658.6)
(-) Trade and other payables	(2,848.6)	(2,991.2)
(-) Other current and non-current liabilities	(5,112.4)	(4,803.4)
(-) Other financial liabilities	(8.1)	(3.0)
CAPITAL EMPLOYED	**15,367.2**	**15,007.8**

3.4.3 Reconciliation of investments in tangible, intangible assets and financial investments with items in the statement of cash flows

In millions of euros	June 30, 2016	June 30, 2015
Investments in property, plant and equipment and intangible assets	(519.0)	(571.3)
Takeover of subsidiaries net of cash and cash equivalents acquired	(92.9)	(35.1)
Acquisitions of interests in associates and joint ventures	(19.3)	(7.8)
Acquisitions of available-for-sale securities	(17.8)	(29.7)
Change in share of interests in controlled entities	(2.6)	(12.2)
TOTAL INVESTMENTS	**(651.6)**	**(656.1)**

NOTE 4 Income statement

4.1 Current operating income and EBIT

Changes in EBIT are discussed in the interim management report (see chapter 4 of the present document).

4.2 Income from operating activities

In millions of euros	June 30, 2016	June 30, 2015
CURRENT OPERATING INCOME	**455.7**	**476.5**
Mark-to-market on operating financial instruments	(1.2)	1.6
Impairment on property, plant and equipment, intangible and financial assets	(16.2)	(14.1)
Restructuring costs	(19.3)	(27.5)
Scope effects	2.9	(6.6)
Other gains and losses on disposals and non-recurring items	6.4	5.9
Costs incurred by the rebranding and change in visual identity	(6.5)	(18.4)
INCOME FROM OPERATING ACTIVITIES	**421.8**	**417.4**

4.2.1 Impairment on property, plant and equipment, intangible and financial assets

In millions of euros	June 30, 2016	June 30, 2015
Impairments:		
Goodwill	-	-
Property, plant and equipment and other intangible assets	(1.5)	(3.2)
Financial assets	(16.5)	(16.2)
Total	**(18.0)**	**(19.4)**
Write-back of impairments:		
Property, plant and equipment and other intangible assets	0.4	3.9
Financial assets	1.4	1.4
Total	**1.8**	**5.3**
TOTAL	**(16.2)**	**(14.1)**

In addition to the systematic annual impairment tests on goodwill and non-amortizable intangible assets performed in the second half of the year, tests are occasionally performed on all goodwill, property, plant and equipment and intangible assets when there is an indication of potential impairment. Any impairment loss is determined by comparing the carrying value of the asset concerned with its recoverable value (*i.e.* its value in use as determined by calculating the discounted future cash flows, or the market value).

4.2.1.1 IMPAIRMENT ON GOODWILL

At June 30, 2016 as at June 30, 2015, no loss of value was detected during occasional impairment tests on goodwill.

4.2.1.2 IMPAIRMENT ON PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

As at June 30, 2015, there is no significant impairment at June 30, 2016.

4.2.1.3 IMPAIRMENT ON FINANCIAL ASSETS

At June 30, 2016, this items includes especially impairments on financial receivables related to a concession contract in the International segment and financial assets in Recycling and Recovery Europe.

At June 30, 2015, this item includes especially impairments on financial receivables related to a concession contract in the International segment and financial assets in Water Europe segment.

The remeasurement at fair value of available-for-sale securities is presented in Note 8 to the interim condensed consolidated financial statements.

4.2.2 Restructuring costs

As at June 30, 2015, this item mainly includes the costs of the adaptation plans linked to the activity slowdown that were decided upon in the Recycling and Recovery Europe, Water Europe and International segments.

4.2.3 Scope effects

As at June 30, 2015, no significant scope effect on the scope of consolidation to be noticed at June 30, 2016.

4.2.4 Other gains and losses on disposals and non-recurring items

As at June 30, 2015, there were no significant non-recurring items at June 30, 2016.

4.2.5 Costs linked to changes in the brand and visual identity

In 2015, external service providers worked on the rebranding and change of visual identity. The fees for this work and the costs incurred through the rebranding and change of visual identity reached a total of EUR18.4 million as at June 30, 2015.

Expenses of an unusual nature and a significant amount are presented on a separate line in the income statement, between the current operating income and the income from operating activities.

In the first half of 2016, expenses directly linked to the rebranding reach EUR6.5 million.

4.3 Financial result

	June 30, 2016			June 30, 2015		
In millions of euros	Expenses	Income	Total	Expenses	Income	Total
Cost of net debt	**(204.4)**	**19.4**	**(185.0)**	**(194.5)**	**23.7**	**(170.8)**
Interest expense on gross borrowings	(176.3)	-	(176.3)	(171.2)	-	(171.2)
Exchange gain/(loss) on borrowings and hedges	(20.5)	-	(20.5)	(15.0)	-	(15.0)
Unrealized income/(expense) from economic hedges on borrowings	-	0.4	0.4	0.7	-	0.7
Income/(expense) on cash and cash equivalents, and financial assets at fair value through income	-	18.2	18.2	-	21.6	21.6
Capitalized borrowing costs		0.8	0.8		2.1	2.1
Financial income (expense) relating to a financial debt or receivable restructuring	(7.6)	-	(7.6)	(9.0)	-	(9.0)
Other Financial Income and Expenses	**(40.3)**	**15.9**	**(24.4)**	**(44.0)**	**15.1**	**(28.9)**
Net interest expenses related to post employment and other long term benefits	(9.2)	-	(9.2)	(9.9)	-	(9.9)
Unwinding of discounting adjustment to long term provisions (except post employment)	(18.1)	-	(18.1)	(22.3)	-	(22.3)
Change in fair value of derivatives not included in net debt	-	0.6	0.6	(1.6)	-	(1.6)
Income from available-for-sale securities	-	3.7	3.7	-	3.5	3.5
Other	(13.0)	11.6	(1.4)	(10.2)	11.6	1.4
FINANCIAL INCOME/(LOSS)	**(244.7)**	**35.3**	**(209.4)**	**(238.5)**	**38.8**	**(199.7)**

The increase of the cost of net debt between June 30, 2016 and June 30, 2015 is primarily explained by the increase in long-term outstanding financial debt and the change in foreign exchange losses on the Group's financial debt (mainly the depreciation of the Chilean peso compared with the euro).

4.4 Income tax

4.4.1 Income tax expense in the income statement

In millions of euros	June 30, 2016	June 30, 2015
Net income (A)	258.0	251.7
Income tax expense (B)	(57.1)	(50.2)
Share in net Income of joint ventures and associates (C)	102.7	84.2
Income before income tax and before share in net income of joint ventures and associates (A) - (B) - (C) = (D)	**212.4**	**217.7**
THEORETICAL INCOME TAX EXPENSE - (B)/(D)	**26.9 %**	**23.1 %**

At June 30, 2016, the Group's effective tax rate is 26.9% compared to 23.1% at June 30, 2015.

At June 30, 2016, this rate is primarily explained by the fact that a large number of the Group's operating companies are established in countries where the tax rates are lower than in France and by the integration of SUEZ R&R Australia in the Australian tax group. It is also explained by the impact of the tax credit for competitiveness and employment (CICE) in France and other tax credits. Restated only for these tax credits in France, the effective rate as at June 30, 2016 would have been 30.6%.

At June 30, 2015, this rate is primarily explained by the fact that a large number of the Group's operating companies are established in countries where the tax rates are lower than in France and by a tax credit perceived in Spain. It is also explained by the impact of the tax credit for competitiveness and employment (CICE) in France and other tax credits. Restated only for these tax credits in France, the effective rate as at June 30, 2015 would have been 26.4%.

In addition, net deferred tax assets within the French tax consolidation group, including all temporary differences, totaled EUR286.6 million at June 30, 2016, compared to EUR301.4 million at December 31, 2015.

4.4.2 Deferred taxes in the statement of financial position

In millions of euros	Assets	Liabilities	Net Balances
At December 31, 2015	**832.1**	**(636.6)**	**195.5**
From income statement	38.6	(8.8)	29.8
From other comprehensive income	(10.2)	45.6	35.4
Scope effects	2.7	(0.1)	2.6
Translation adjustments	(0.8)	0.2	(0.6)
Other impacts	(1.9)	25.2	23.3
Deferred tax netting off by tax entity	19.7	(19.7)	-
At June 30, 2016	**880.2**	**(594.2)**	**286.0**

NOTE 5 Earnings per share

	June 30, 2016	June 30, 2015
Numerator *(in millions of euros)*		
Net income, Group share	**174.0**	**140.7**
coupon attributable to holders of undated deeply subordinated notes issued by SUEZ in September 2010		(6.4)
coupon attributable to holders of undated deeply subordinated notes issued by SUEZ in June 2014	(7.5)	(7.5)
coupon attributable to holders of undated deeply subordinated notes issued by SUEZ in March 2015	(6.3)	
(+) expenses related to the redemption of the undated deeply subordinated notes		(12.6)
Adjusted Net Income, Group share	**160.2**	**114.2**
Denominator *(in millions)*		
Weighted average number of outstanding shares	**541.5**	**538.4**
Earnings per share *(in euros)*		
Net income Group share per share	**0.30**	**0.21**
Net diluted income Group share per share	**0.29**	**0.21**

The Group's dilutive instruments included in the calculation of diluted earnings per share are as follows:

- the SUEZ bonus share plans;
- the SUEZ stock option plans;
- the OCEANE 2020 convertible bonds, *i.e.* 19,052,803 securities issued in 2014, which generate financial expenses of EUR3.2 million at June 30, 2016.

NOTE 6 Goodwill, intangible assets and property, plant and equipment

In millions of euros	Goodwill	Intangible assets	Property, plant and equipments
A. Gross amount at December 31, 2015	**3,576.3**	**7,405.5**	**16,233.0**
Acquisitions	-	92.5	305.6
Disposals	-	(5.6)	(131.1)
Changes in scope of consolidation	101.3	36.1 [a]	51.1
Translation adjustments	(73.7)	(25.4)	(79.0)
Other	8.0	10.6	5.0
at June 30, 2016	**3,611.9**	**7,513.7**	**16,384.6**
B. Accumulated depreciation and impairment at December 31, 2015	**(96.8)**	**(3,191.9)**	**(7,958.1)**
Depreciation and impairment losses	-	(198.8)	(355.6)
Disposals	-	6.8	114.8
Changes in scope of consolidation	-	(3.3)	(13.6)
Translation adjustments	2.1	4.8	96.5
Other	(1.5)	-	(18.7)
at June 30, 2016	**(96.2)**	**(3,382.4)**	**(8,134.7)**
C. Carrying amount = A + B			
at December 31, 2015	3,479.5	4,213.6	8,274.9
at June 30, 2016	**3,515.7**	**4,131.3**	**8,249.9**

(a) *Of which EUR30 million corresponding to the SUEZ brand contribution. Please refer to Note 2.2.*

The scope effects for goodwill correspond mainly to the acquisition of Perthwaste in Australia, Driplex in India, DETS in the UK and Nantaise des Eaux in France.

The acquisitions of Perthwaste and Driplex are also described in Note 2.

With respect to total goodwill, as we did not identify any indicator of impairment over the first half of 2016, no depreciation was accounted for as at June 30, 2016.

The main translation adjustments recorded in relation to the net value of goodwill concern the American dollar (-EUR9 million) and the British pound (-EUR47 million).

NOTE 7 Investments in joint ventures and associates

7.1 Investments in joint ventures

In millions of euros	Carrying amount of investments in joint ventures		Share in net income/(loss) of joint ventures	
	June 30, 2016	Dec. 31, 2015	June 30, 2016	June 30, 2015
SFH group	257.7	259.8	10.2	15.4
Suyu group	287.0	257.0	42.6	11.6
Other	73.9	67.8	9.1	10.2
TOTAL	**618.6**	**584.6**	**61.8**	**37.2**

In millions of euros	June 30, 2016	June 30, 2015
Net income	61.8	37.2
Other comprehensive income (OCI)	(7.8)	137.4
COMPREHENSIVE INCOME	**54.0**	**174.6**

The Group's largest joint ventures are Sino-French Holdings (SFH), based in Hong Kong, in which the Group has a 50% stake and Suyu's group, based in China, held at 50% by the Group.

At June 30, 2016, the other comprenhensive income primarily includes translation adjustments from the conversion of financial statements in euros.

At June 30, 2015, the other comprenhensive income primarily included the fair value remeasurement of the Chongqing Water Group shares held by the joint venture Suyu.

For the record, at December 31, 2015, Suyu acquired a significant influence in Derun Environment, which now owns 50.04% of Chongqing Water Group. At this time, the Chongqing Water Group securities were revalued through income statement.

The summarized financial information at 100% of the SFH group is presented below.

Summarized Statement of financial position at 100%

In millions of euros	June 30, 2016	Dec. 31, 2015
Non-current assets [(a)]	613.3	621.3
Current assets	79.5	81.9
of which Cash and cash equivalents	*50.4*	*53.1*
TOTAL ASSETS	**692.8**	**703.2**
Shareholders' equity, Group share	515.3	519.6
Non-controlling interests	4.6	4.3
Total shareholders' equity	**519.9**	**523.9**
Non-current liabilities	151.4	159.5
Current liabilities	21.5	19.8
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**692.8**	**703.2**

(a) *Includes chinese joint ventures held at 50% and equity accounted.*

Summarized income statement at 100%

In millions of euros	June 30, 2016 [(a)]	June 30, 2015 [(a)]
Revenues	33.5	31.4
Current operating income	(2.1)	(2.8)
Net income – Group share	20.4	30.9
Net income – non-controlling interests	0.5	0.5
Net income	**20.9**	**31.4**
Other comprehensive income (OCI)	(25.2)	44.7
Comprehensive income	**(4.4)**	**76.0**

(a) *Chinese joint ventures are equity-accounted.*

Dividends paid at 100%

In millions of euros	dividends related to 2015	dividends related to 2014
Dividends paid by SFH at June 30	-	59.6

The summarized financial information at 100% of the Suyu's group is presented below.

Summarized Statement of financial position at 100%

In millions of euros	June 30, 2016	Dec. 31, 2015
Non-current assets [(a)]	782.8	806.0
Current assets	3.5	3.8
of which Cash and cash equivalents	*3.5*	*3.8*
TOTAL ASSETS	**786.3**	**809.8**
Shareholders' equity, Group share	574.1	513.9
Non-controlling interests	–	–
Total shareholders' equity	**574.1**	**513.9**
Non-current liabilities	212.2	222.5
Current liabilities	–	73.4
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**786.3**	**809.8**

(a) *Includes Derun Environment held at 25.1% by Suyu and equity accounted.*

Summarized Income Statement at 100%

In millions of euros	June 30, 2016	June 30, 2015
Revenues	-	-
Current operating income	-	-
Net income [(a)]	**85.2**	**23.3**
Other comprehensive income (OCI) [(b)]	(31.7)	225.4
Comprehensive income	**53.5**	**248.7**

(a) *The variation is mostly explained by the finalisation of the acquired significant influence of Derun Environment in the first half 2016 for EUR37 million.*
(b) *The variation as at June 30, 2015 is explained by the reclassification in income of revaluations at fair value of Chongqing Water Group securities previously accounted as an other comprehensive income item.*

Dividends paid at 100%

In millions of euros	Dividends related to 2015	Dividends related to 2014
Dividends paid by Suyu at June 30	-	-

7.2 Investments in associates

	Carrying amount of investments in associates		Share in net income/(loss) of associates	
In millions of euros	June 30, 2016	Dec. 31, 2015	June 30, 2016	June 30, 2015
In Agbar group	281.2	314.6	7.6	18.5
In Acea group	235.3	236.4	12.8	12.0
In the company Aquasure Holding [a]	97.1	100.6	7.3	8.4
In the company Arte SA de CV [a]	8.1	9.0	0.5	0.7
In the company Aquasystema Maribor [a]	5.7	5.8	0.5	0.6
In the company Degrémont WTS Beijing [a]	2.4	2.5	-	-
In the company Brnenske Vodarny A Kanalizace	33.3	34.2	0.6	0.7
In R&R UK group	3.6	7.4	8.2	5.0
In R&R Belgium group	20.1	17.9	3.4	1.9
In SUEZ Water Inc. group	4.0	4.2	-	-
In R&V France group	9.1	7.4	(0.2)	(2.0)
Other	36.2	20.4	0.2	1.2
TOTAL	**736.1**	**760.4**	**40.9**	**47.0**

(a) *These companies were presented under a single line named "Degrémont group" at June 30, 2015.*

In millions of euros	June 30, 2016	June 30, 2015
Net income	40.9	47.0
Other comprehensive income (OCI)	(14.2)	(6.9)
COMPREHENSIVE INCOME	**26.7**	**40.1**

The Group's largest individual associate is the Acea group, based in Rome, in which the Group has a 12.5% stake.

The book value of Acea in the statement of financial position as at June 30, 2016 is EUR235.3 million. Its market value is EUR290.6 million.

The summarized financial information at 100% of the Acea group is presented below.

Summarized statement of financial position at 100%

In millions of euros	March 31, 2016 [a]	Dec. 31, 2015
Non-current assets	4,513.2	4,467.0
Current assets	2,084.1	2,240.0
of which Cash and cash equivalents	*557.3*	*814.7*
TOTAL ASSETS	**6,597.3**	**6,707.0**
Shareholders' equity, Group share	1,581.3	1,523.9
Non-controlling interests	75.1	72.1
Total shareholders' equity	**1,656.4**	**1,596.0**
Non-current liabilities	3,263.4	3,258.1
Current liabilities	1,677.5	1,852.9
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**6,597.3**	**6,707.0**

(a) *The Acea group's consolidated financial statements were not available on the date when the Group's interim condensed consolidated financial statements were published. In compliance with IAS 28 "Investments in Associates and Joint Ventures", the summarized statement of financial position at March 31, 2016 corresponds to the latest available information.*

Summarized Income Statement at 100% – first quarter results

In millions of euros	March 31, 2016 [(a)]	March 31, 2015
Revenues	713.7	761.6
Gross operating profit	207.2	177.4
Operating profit/(loss)	123.6	104.1
Net income – Group share	**66.9**	**50.5**
Net income – non-controlling interests	2.3	3.0
Net income	**69.2**	**53.5**
Other comprehensive income (OCI)	(8.7)	(3.6)
Comprehensive income	**60.5**	**49.9**

(a) *The Acea group's consolidated financial statements were not available on the date when the Group's interim condensed consolidated financial statements were published. In compliance with IAS 28 "Investments in Associates and Joint Ventures", the summarized income statement at March 31, 2016 corresponds to the latest available information.*

For information purposes, the Acea group's 2015 annual revenues amounted to EUR2.9 billion.

Dividends paid at 100%

In millions of euros	dividends related to 2015	dividends related to 2014
Dividends paid by Acea at June 30	106.5	85.1

NOTE 8 Financial instruments

8.1 Financial assets

The following table shows the various financial asset categories and their breakdown as "non-current" and "current":

	June 30, 2016			Dec. 31, 2015		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Available-for-sale securities	175.9	-	175.9	180.1	-	180.1
Loans and receivables carried at amortized cost	760.1	4,610.6	5,370.7	767.4	4,096.8	4,864.2
Loans and receivables carried at amortized cost (excluding trade and other receivables)	760.1	107.4	867.5	767.4	130.3	897.7
Trade and other receivables	-	4,503.2	4,503.2	-	3,966.5	3,966.5
Financial assets measured at fair value	192.4	134.7	327.1	197.0	66.0	263.0
Derivative financial instruments *(see Note 8.4)*	192.4	62.9	255.3	197.0	6.1	203.1
Financial assets measured at fair value through income	-	71.8	71.8	-	59.9	59.9
Cash and cash equivalents	-	2,214.2	2,214.2	-	2,079.0	2,079.0
TOTAL	**1,128.4**	**6,959.5**	**8,087.9**	**1,144.5**	**6,241.8**	**7,386.3**

8.1.1 Available-for-sale securities

Movements during the period are broken down as follows:

In millions of euros	
At December 31, 2015	**180.1**
Acquisitions	17.8
Net book value of disposals	(0.4)
Changes in fair value posted to equity as other comprehensive income	(2.2)
Changes in fair value posted to income statement	(3.8)
Changes in scope, exchange rates and other	(15.6)
At June 30, 2016	**175.9**

The value of available-for-sale securities held by the Group amounts to EUR175.9 million as at June 30, 2016, which is divided between EUR21.9 million for listed securities and EUR154.0 million for unlisted securities.

The Group analyzed the fair value of the various available-for-sale securities, on a case-by-case basis, and taking market context into consideration, to determine whether it was necessary to recognize impairment losses.

Among the factors taken into consideration for listed securities, the Group believes that a decline in the share price of more than 50% below historical cost or a decline in the share price below historical cost for more than 12 months consecutively are indicators of impairment.

Gains and losses on available-for-sale securities are recognized either in equity or in the income statement as follows:

		Post acquisition remeasurement			
In millions of euros	Dividends	Change in fair value	Impact of exchange rates	Impairment	Income/(loss) on disposals
Shareholders' equity [(a)]		(2.2)	-		
Net income	3.7	-		(3.8)	0.1
Total at June 30, 2016	**3.7**	**(2.2)**	**-**	**(3.8)**	**0.1**
Shareholders' equity [(a)]		(0.6)	-		
Net income	9.7	-		(12.6)	2.0
Total at December 31, 2015	**9.7**	**(0.6)**	**-**	**(12.6)**	**2.0**

(a) *Excluding tax impact.*

8.2 Financial liabilities

Financial liabilities are accounted for:

- in "liabilities at amortized cost" for borrowings and debt, trade and other payables and other financial liabilities;
- or in "liabilities measured at fair value through income" for derivative financial instruments.

The following table shows the various financial liability categories as at June 30, 2016, as well as their breakdown as "non-current" and "current":

	June 30, 2016			Dec. 31, 2015		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Borrowings and debts	8,828.7	2,385.8	11,214.5	8,501.1	1,853.9	10,355.0
Derivative financial instruments *(see Note 8.4)*	68.8	57.9	126.7	45.1	40.1	85.2
Trade and other payables	-	2,848.6	2,848.6	-	2,991.2	2,991.2
Other financial liabilities	8.1	-	8.1	3.0	-	3.0
TOTAL	**8,905.6**	**5,292.3**	**14,197.9**	**8,549.2**	**4,885.2**	**13,434.4**

8.3 Net debt

8.3.1 Analysis by type of net debt

In millions of euros	June 30, 2016			Dec. 31, 2015		
	Non-current	Current	Total	Non-current	Current	Total
Outstanding borrowings	8,761.4	2,296.1	11,057.5	8,420.4	1,741.9	10,162.3
Impact of measurement at amortized cost [a]	(77.5)	89.7	12.2	(49.9)	112.0	62.1
Impact of fair value hedge [b]	144.8	-	144.8	130.6	-	130.6
Borrowings and debts	**8,828.7**	**2,385.8**	**11,214.5**	**8,501.1**	**1,853.9**	**10,355.0**
Debt-related derivatives under liabilities [c] *(see Note 8.4)*	4.1	25.3	29.4	6.9	29.4	36.3
Gross debt	**8,832.8**	**2,411.1**	**11,243.9**	**8,508.0**	**1,883.3**	**10,391.3**
Financial assets at fair value through income excluding financial derivative instruments *(see Note 8.1)*	-	(71.8)	(71.8)	-	(59.9)	(59.9)
Cash and cash equivalents	-	(2,214.2)	(2,214.2)	-	(2,079.0)	(2,079.0)
Debt-related derivatives under assets [c] *(see Note 8.4)*	(160.7)	(32.0)	(192.7)	(164.6)	(4.6)	(169.2)
Net cash	**(160.7)**	**(2,318.0)**	**(2,478.7)**	**(164.6)**	**(2,143.5)**	**(2,308.1)**
Net debt	**8,672.1**	**93.1**	**8,765.2**	**8,343.4**	**(260.2)**	**8,083.2**
Outstanding borrowings	8,761.4	2,296.1	11,057.5	8,420.4	1,741.9	10,162.3
Financial assets measured at fair value through income excluding financial derivative instruments *(see Note 8.1)*	-	(71.8)	(71.8)	-	(59.9)	(59.9)
Cash and cash equivalents	-	(2,214.2)	(2,214.2)	-	(2,079.0)	(2,079.0)
NET DEBT EXCLUDING AMORTIZED COST AND IMPACT OF DERIVATIVE FINANCIAL INSTRUMENTS	**8,761.4**	**10.1**	**8,771.5**	**8,420.4**	**(397.0)**	**8,023.4**

(a) *Includes accrued interest on gross debt as well as premiums and fees for setting up borrowings to be amortized.*
(b) *This item corresponds to the revaluation of the interest rate component of debt in a designated fair value hedging relationship.*
(c) *It corresponds to the fair value of debt-related derivatives, regardless of whether or not they are designated as hedges.*

The fair value of borrowings and debts amounts to EUR12,654.3 million at June 30, 2016, compared with a book value of EUR11,214.5 million.

The increase in the current portion of outstanding financial debt at June 30, 2016 is primarily explained by:

- the bond issued by SUEZ and maturing in January 2017, in the amount of EUR200 million;
- the increase in outstanding commercial paper.

As regards the increase in the non-current portion of outstanding financial debt at June 30, 2016, see paragraph 8.3.2.

The sensitivity of the debt (including interest rate and currency derivatives) to interest rate risk and currency risk is presented in Note 9.

8.3.2 Bond and Commercial paper issues

In the context of its EMTN program, SUEZ completed on May 19, 2016 the placement of EUR500 million in bonds maturing on May 19, 2028, with a fixed annual coupon of 1.25%.

SUEZ has a commercial paper program. At June 30, 2016, the outstanding notes totaled EUR945.5 million.

Commercial paper is recognized as current financial debt. However, the Group's policy is to back all commercial paper by available credit lines. Thus, the refinancing of commercial paper is guaranteed even in case of closure of the money market.

At June 30, 2016, outstanding commercial paper is entirely covered by confirmed available for more than one year credit lines.

8.3.3 Assignment of receivables (securitization)

CONTEXT

In 2012, the Group implemented a program for the sales of trade receivables to a special purpose vehicle (SPV) called *fonds commun de titrisation* (or FCT).

This so-called "deconsolidation" program concerns assignors from SUEZ RV France, SUEZ Haz Waste, SUEZ Nederland, SUEZ Recycling and Recovery UK and SUEZ Deutschland.

The aim of the receivable assignment or receivable securitization program is to carry out so-called "deconsolidation" assignments within the meaning of IAS 39.

The main characteristics of the program are as follows:

(a) A compartment dedicated to the Group's receivables was created within a FCT.

(b) The FCT used in the program is financing the compartment by issuing three types of instruments.

- shares known as "senior", issued on the markets through a dedicated channel;
- a deposit known as "mezzanine", underwritten by the Group;
- shares known as "subordinated", underwritten by an investor taking part in the program and with contracted involvement with the Group.

(c) These shares are presented here in order of payment priority related to each other; the senior shares are therefore the first to be reimbursed and the subordinated shares are the last.

(d) The Group subsidiaries involved remain in charge of recovering the receivables transferred against remuneration.

The sales of receivables are made by Group subsidiaries at their nominal value, minus a discount that covers the cost of financing the receivables, the risk of late payment and the credit risk.

The main commitments of the Group towards the securitization fund are the following:

(e) Set-up of a security deposit for the compartment, earning interest, and designed to cover, if the FCT reserves and the "subordinated" shares ever came to run out, any defaults and late payments on transferred receivables exceeding the amount estimated during the transfer and invoiced through the discount applied to the transfer price, to a set maximum limit (Cash Collateral 1 or CC1); this deposit is effective from the launch of the program and corresponds to the "mezzanine" deposit presented above.

(f) Set-up of a security deposit for the compartment, earning interest, and designed to preserve the correct execution of all financial obligations of Group entities party to the program, to a set maximum limit (Cash Collateral 2 or CC2); this deposit is only effective if certain events or triggers occur linked to the downgrading of SUEZ or to the non-respect by the Group of its contractual obligations. At June 30, 2016, this security deposit had not yet been formed.

(g) Existence of a mechanism known as "excess fee" through which, in certain cases, the FCT can give back part of the excess cash accumulated in the compartment when recovering receivables (transferred at discount prices). This mechanism corresponds to a part of the remuneration of Group subsidiaries for collecting receivables (see below).

(h) An option, for all Group subsidiaries, to jointly request buyback at fair value of the receivables held by the compartment in a single and unique transaction, in case of program amortization, planned (with a 5-year term), or accelerated, and after agreement with the holders of "subordinated" shares. To date, accelerated amortization of the program is not expected before its maturity date.

(i) Issue of a guarantee for the risk of modification of tax rules.

(j) Preservation by each Group subsidiary of the follow-up and collection of receivables that it has transferred to the compartment; to this effect, a follow-up and collection agreement was signed by each of the subsidiaries acting as collector and by the compartment, this service being remunerated by FCT.

The Group remains exposed to the risks linked to the receivables transferred within the limit of the security deposits. It also receives part of the benefits from the FCT *via* the collection of an excess fee in its role as servicer.

However, the discount applied to the sales and the sizing of the "subordinated" shares allow almost all possible losses of the compartment to be absorbed. The probability that the "mezzanine" deposit is impacted is very low. Finally, the holders of the "subordinated" shares benefit from almost all the advantages through excess fees more favorable than those attributable to the Group, and the granting of the liquidation profit.

ACCOUNTING TREATMENT

The compartment of the FCT is not controlled by the Group and is therefore not consolidated.

According to IAS 39 and based on the terms of the program and the quantitative analyses implemented, the Group transferred almost all the risks and rewards inherent to the ownership of the receivables sold. The receivables transferred within the scope of the program are therefore fully derecognized from the Group's consolidated statement of financial position.

The loss arising from the sale of these receivables, through the applied discount, is recorded in the income statement under financial expenses (see Note 4).

The security deposit paid and representing the "mezzanine" shares underwritten by the Group is recorded under the item "Loans and receivables carried at amortized cost" on the Group's consolidated statement of financial position. Its remuneration is recorded in the income statement under financial income (see Note 4).

The remuneration of services provided by the Group for follow-up and recovery of receivables transferred is shown in the income statement under financial income (see Note 4).

FIGURES AT JUNE 30, 2016

In millions of euros		
Total of receivables sold over the period	1,181.7	
Gain/(loss) arising from sale over the period	(12.6)	(b)
Remuneration for CC1 over the period	0.6	(c)
Remuneration of services for follow-up and recovery of receivables transferred over the period	5.5	(d)
Outstanding receivables transferred as of June 30, 2016	387.0	(a)
Book value of CC1 as of June 30, 2016	40.7	(e)
Fair value of CC1	40.7	
Book value of CC2	*	
Residual maturity of CC1	11 months	
Impact of sales of derecognized receivables in the sense of IAS 39 on net debt	**339.8**	**(a) + (b) + (c) + (d) - (e)**

* *No security deposit known as "CC2" had been made as of June 30, 2016; payment of this deposit is subject to the conditions described above.*

8.3.4 Change in net debt

During the first half of 2016, net debt increased by EUR682.0 million, primarily for the following reasons:

- the payment of cash dividends to shareholders of SUEZ amounting to EUR363.2 million (tax of 3% on distribution amounting EUR10.6 million included);
- the payment of cash dividends to minority shareholders of subsidiaries amounting to EUR155.0 million;
- the financial investments made during the first half of 2016 which led to an increase of EUR132.6 million in net financial debt;
- besides, a securitization of CICE (tax credit for competitiveness and employment) receivables for fiscal years 2013, 2014 and 2015 was completed, contributing to a reduction of EUR107.2 million in financial debt.

8.3.5 Debt/equity ratio

In millions of euros	June 30, 2016	Dec. 31, 2015
Net debt	8,765.2	8,083.2
Total equity	6,380.0	6,805.4
Debt/equity ratio	**137.4%**	**118.8%**

8.4 Derivative financial instruments

Derivative financial assets

	June 30, 2016			Dec. 31, 2015		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Debt-related derivatives	160.7	32.0	192.7	164.6	4.6	169.2
Derivatives hedging commodities	-	0.2	0.2	-	0.4	0.4
Derivatives hedging other items [(a)]	31.7	30.7	62.4	32.4	1.1	33.5
TOTAL *(see Note 8.1)*	**192.4**	**62.9**	**255.3**	**197.0**	**6.1**	**203.1**

(a) *Includes the change in fair value of net investment hedges.*

Derivative financial liabilities

In millions of euros	June 30, 2016 Non-current	June 30, 2016 Current	June 30, 2016 Total	Dec. 31, 2015 Non-current	Dec. 31, 2015 Current	Dec. 31, 2015 Total
Debt-related derivatives	4.1	25.3	29.4	6.9	29.4	36.3
Derivatives hedging commodities	-	3.1	3.1	-	7.8	7.8
Derivatives hedging other items [(a)]	64.7	29.5	94.2	38.2	2.9	41.1
TOTAL *(see Note 8.2)*	**68.8**	**57.9**	**126.7**	**45.1**	**40.1**	**85.2**

(a) *Includes the change in fair value of net investment hedges.*

These instruments are set up according to the Group's risk management policy and are analyzed in Note 9.

8.5 Fair value of financial instruments by level

8.5.1 Financial assets

AVAILABLE-FOR-SALE SECURITIES

Listed securities are recognized in the consolidated statement of financial position at fair value for EUR21.9 million at June 30, 2016. They have a Level 1 fair value based on stock market prices at that date.

Unlisted securities valued at EUR154.0 million at June 30, 2016 are measured using valuation models based primarily on the most recent transactions, discounted dividends or cash flows and net asset value (fair value Level 3).

As at June 30, 2016, the change in Level 3 available-for-sale securities breaks down as follows:

In millions of euros	
At December 31, 2015	**156.7**
Acquisitions	17.8
Disposals (book value of assets disposed)	(0.4)
Gains and losses posted to equity	(0.1)
Gains and losses posted to income	(3.8)
Changes in scope, exchange rates and other	(16.1)
At June 30, 2016	**154.0**

The main line of unlisted securities is Aguas de Valencia, the value of which is determined based on a multi-criteria analysis (DCF, multiples). A decline of 10% in the total value of Aguas de Valencia shares would result in a -EUR3.7 million decline in equity. The net value of other unlisted securities is not of a significant uniform amount that would have to be presented separately.

LOANS AND RECEIVABLES CARRIED AT AMORTIZED COST (EXCLUDING TRADE AND OTHER RECEIVABLES)

Loans and receivables carried at amortized cost (excluding trade and other receivables) amounting to EUR867.5 million at June 30, 2016, may contain elements that contribute to a fair value hedging relationship.

DERIVATIVE FINANCIAL INSTRUMENTS

The portfolio of derivative financial instruments used by the Group within the context of its risk management consists primarily of interest rate and exchange rate swaps, interest rate options, and forward currency sales and purchases. It is recognized at its fair value at June 30, 2016 for EUR255.3 million. The fair value of virtually all of these contracts is determined using internal valuation models based on observable data. These instruments are considered Level 2.

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH INCOME

Financial assets measured at fair value through the income statement amounting to EUR71.8 million at June 30, 2016, based on observable data, are considered Level 2.

8.5.2 Financial liabilities

The fair value of financial liabilities and financial instruments posted to liabilities are distributed as follows among the various levels of fair value:

	June 30, 2016				Dec. 31, 2015			
In millions of euros	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Borrowings	**12,654.3**	**6,464.4**	**6,189.9**		**11,548.2**	**5,941.2**	**5,607.0**	
Derivative financial instruments	**126.7**		**126.7**		**85.2**		**85.2**	
Debt-related derivatives	29.4		29.4		36.3		36.3	
Derivatives hedging commodities	3.1		3.1		7.8		7.8	
Derivatives hedging other items	94.2		94.2		41.1		41.1	
TOTAL	**12,781.0**	**6,464.4**	**6,316.6**		**11,633.4**	**5,941.2**	**5,692.2**	**-**

BORROWINGS AND DEBTS

Only listed bonds issued by SUEZ are presented in this table at Level 1. Other bonds are shown in this table at Level 2. All of these loans are measured in light of the interest rate risk (interest rate component); their fair value is determined on the basis of observable data.

DERIVATIVE FINANCIAL INSTRUMENTS

See Note 8.5.1 for details on fair value level.

8.6 Offsetting of derivative assets and liabilities

At June 30, 2016, as at December 31, 2015, the Group does not offset financial assets and liabilities in its statement of financial position. Moreover, the Group has subscribed for OTC derivatives with first class banks under agreements that provide for the compensation of amounts due and receivable in the event of failure of one of the contracting parties. These master netting agreements do not meet the criteria of IAS 32 to allow the offsetting of derivative assets and liabilities in the statement of financial position. However, they do fall within the scope of disclosures under IFRS 7 on offsetting:

	June 30, 2016				Dec. 31, 2015			
	Financial derivatives instruments on net debt and others		Financial derivatives instruments on commodities		Financial derivatives instruments on net debt and others		Financial derivatives instruments on commodities	
In millions of euros	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Gross Amount [(a)]	255.1	123.6	0.2	3.1	202.7	77.4	0.4	7.8
Value after offsetting	**220.8**	**89.2**	**0.6**	**3.5**	**180.2**	**54.9**	**0.4**	**7.8**

(a) *Gross amount of recorded assets and liabilities.*

NOTE 9 Management of risks arising from financial instruments

The Group mainly uses derivative instruments to manage its exposure to market risks.

The risk management policy is described in Note 14 to the consolidated financial statements as at December 31, 2015.

9.1 Market risks

9.1.1 Commodity market risks

9.1.1.1 HEDGING OPERATIONS

The Group sets up cash flow hedge on fuel and electricity as defined by IAS 39 by using the derivative instruments available on over-the-counter markets, whether they are firm commitments or options, but always settled in cash. The Group's aim is to protect itself against adverse changes in market prices, which may specifically affect its supply costs.

9.1.1.2 FAIR VALUE OF DERIVATIVE INSTRUMENTS LINKED TO COMMODITIES

The fair values of derivative instruments linked to commodities at June 30, 2016 and at December 31, 2015 are presented in the table below:

	June 30, 2016				Dec. 31, 2015			
	Assets		Liabilities		Assets		Liabilities	
In millions of euros	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Cash flow hedges	0.2	-	3.1	-	0.4	-	7.8	-
TOTAL	**0.2**	**-**	**3.1**	**-**	**0.4**	**-**	**7.8**	**-**

9.1.2 Currency risk

The Group is exposed to financial statement translation risk due to the geographical spread of its activities: its statement of financial position and income statement are impacted by changes in exchange rates when consolidating the financial statements of its non-eurozone foreign subsidiaries (translation risk).

Translation risk is mainly concentrated on equity holdings in the United States, United Kingdom, Chile and Australia. The Group's hedging policy with regard to investments in non-eurozone currencies consists in contracting liabilities denominated in the same currency as the cash flows expected to derive from the hedged assets.

Among the hedging instruments used, borrowings in the relevant currency constitute the most natural hedging tool. The Group also uses foreign currency derivatives (swaps, cross currency swaps...), which allow for the creation of synthetic currency debts.

The sensitivity analysis was based on the net debt position (including derivatives financial instruments), and derivatives designated as net investment hedges at the reporting date.

As regards currency risk, the sensitivity calculation consists in evaluating the impact in the consolidated financial statements of a more or less 10% change in foreign exchange rates compared to closing rates.

IMPACT ON INCOME AFTER THE IMPACT OF FOREIGN EXCHANGE DERIVATIVES

Changes in exchange rates against the euro only affect income through gains and losses on liabilities denominated in a currency other than the functional currency of the companies carrying on their statement of financial position, and to the extent that these liabilities do not qualify as net investment hedges. A uniform +/-10% change in foreign exchange rates against the euro would generate a gain or a loss of EUR9.4 million.

IMPACT ON EQUITY AFTER TAKING INTO ACCOUNT FOREIGN EXCHANGE DERIVATIVES

For financial liabilities (debt and derivatives) designated as net investment hedges, a uniform +/-10% change of foreign exchange currencies against the euro would have a negative or positive impact on equity of EUR145.7 million. This impact is offset by a counter effect on the net investment in the hedged currency.

9.1.3 Interest rate risk

The Group aims to reduce its financing costs by limiting the impact of interest rate fluctuations on its income statement.

The Group's policy is to diversify net debt interest rate references between fixed and floating rates. The Group's aim is to achieve a balanced interest rate structure for its net debt in the medium term (5 to 15 years). The interest rate mix may change depending on market trends.

The Group therefore uses hedging instruments (particularly swaps) to protect itself from increases in interest rates in the currencies in which the debt is denominated.

In 2014 and in 2015, to protect the refinancing of a portion of its debt, the Group set up forward interest pre-rate hedges maturing in nine years with deferred start dates in 2017 and 2018. Following the placement of EUR500 million in bonds on May 19, 2016, the Group cancelled a part of interest pre-rate hedges and backed the resulting balance compensation to this bond.

9.1.3.1 FINANCIAL INSTRUMENTS BY RATE TYPE

The breakdown of the financial debt outstanding and of net debt before and after the inclusion of hedging derivatives by type of interest rate is set out in the tables below:

Outstanding borrowings

In %	June 30, 2016		Dec. 31, 2015	
	Before impact of derivatives	After impact of derivatives	Before impact of derivatives	After impact of derivatives
Floating rate	26%	36%	24%	33%
Fixed rate	65%	55%	67%	58%
Fixed rate indexed to inflation	9%	9%	9%	9%
TOTAL	**100%**	**100%**	**100%**	**100%**

Net debt

In %	June 30, 2016		Dec. 31, 2015	
	Before impact of derivatives	After impact of derivatives	Before impact of derivatives	After impact of derivatives
Floating rate	4%	16%	2%	13%
Fixed rate	84%	72%	87%	76%
Fixed rate indexed to inflation	12%	12%	11%	11%
TOTAL	**100%**	**100%**	**100%**	**100%**

The inflation-linked debt corresponds exclusively to securities Issued by Aguas Andinas in Chile. It involves fixed-rate bonds denominated in Unidad de Fomento (a Chilean monetary adjusted for inflation).

9.1.3.2 ANALYSIS OF INTEREST RATE RISK SENSITIVITY

The sensitivity analysis was based on the net debt position as at the reporting date (including interest rate and currency derivative instruments).

For interest rate risk, sensitivity is calculated based on the impact of a rate change of more or less 1% compared with interest rates at June 30, 2016.

Impact on income after taking into account interest rate derivatives

A +/-1% change in short-term interest rates (for all currencies) on the nominal amount of floating-rate net debt, inflation-linked debt included, and the floating-rate component of derivatives would have a negative or positive impact of EUR23.9 million on net interest expense.

A 1% increase in interest rates (for all currencies) would generate a loss of EUR1.2 million in the income statement due to the change in fair value of non-qualified derivatives. A 1% decrease in interest rates would a contrario generate a gain of EUR1.3 million.

Impact on equity after taking into account interest rate derivatives

An increase of 1% in all interest rates (uniform for all currencies) would generate a gain of EUR29.4 million in equity, linked to the change in fair value for derivatives documented as cash flow hedges and accounted for in the statement of financial position. On the other hand, a decrease of 1% would generate a loss of EUR36.4 million. The asymmetrical impacts are attributable to the low short-term interest rates (less than 1%) applicable to certain financial assets and liabilities.

9.2 Counterparty risk

Through its operational and financial activities, the Group is exposed to the risk of default on the part of its counterparties (customers, suppliers, intermediaries, banks) in the event that they find it impossible to meet their contractual obligations.

9.2.1 Operating activities

The maturity of past-due trade and other receivables is broken down below:

Trade and other receivables *In millions of euros*	Past-due non impaired assets at closing date				Impaired assets [a]	Non-impaired and not past-due assets	
	0-6 months	6-12 months	Over one year	Total	Total	Total	Total
At June 30, 2016	190.2	30.4	27.9	248.5	545.6	4,022.8	4,816.9
At December 31, 2015	183.5	21.5	54.9	259.9	406.9	3,590.0	4,256.8

(a) *This figure corresponds to the nominal value of trade and other receivables that are partially or fully depreciated.*

The Group does not consider that it is exposed to any material credit concentration risk in respect of receivables, taking into account the diversified nature of its customer portfolio.

9.2.2 Financial activities

COUNTERPARTY RISK ARISING FROM LOANS AND RECEIVABLES CARRIED AT AMORTIZED COST (EXCLUDING TRADE AND OTHER RECEIVABLES)

The maturity of past-due loans and receivables carried at amortized cost (excluding trade and other receivables) is analyzed below:

Loans and receivables carried at amortized cost (excluding trade and other receivables) *In millions of euros*	Past-due non impaired assets at closing date				Impaired assets [a]	Non-impaired and not past-due assets	
	0-6 months	6-12 months	Over one year	Total	Total	Total	Total
At June 30, 2016	0.3	-	0.3	0.6	115.5	852.5	968.6
At December 31, 2015	-	1.5	-	1.5	97.7	887.0	986.2

(a) *This figure corresponds to the nominal value of loans and receivables carried at amortized cost (excluding trade and other receivables) that are partially or fully depreciated.*

Loans and receivables carried at amortized cost (excluding trade and other receivables) do not include items relating to impairment or amortized cost in the amount of, respectively, EUR101.3 million and EUR0.2 million as at June 30, 2016. The change in these items is presented in Note 8.1.

COUNTERPARTY RISK ARISING FROM INVESTING ACTIVITIES AND THE USE OF DERIVATIVE FINANCIAL INSTRUMENTS

The Group is exposed to counterparty risk on the investment of its cash surplus (cash and cash equivalents) and through its use of derivative financial instruments. Counterparty risk corresponds to the loss which the Group might incur in the event of counterparties failing to meet their contractual obligations. In the case of derivative instruments, that risk corresponds to positive fair value.

The Group invests the majority of its cash surplus in, and negotiates its financial hedging instruments with, leading counterparties. As part of its counterparty risk management policy, the Group has set up management and control procedures that focus on the counterparty's accreditation according to its credit ratings, its financial exposure, as well as objective market factors (Credit Default Swaps, market capitalization), plus an assessment of risk limits.

At June 30, 2016, "cash and cash equivalents" and derivative assets are the most significant items subject to counterparty risk. For these items, the breakdown of counterparties by credit rating is as follows:

Counterparty risk arising from investing activities	June 30, 2016				Dec. 31, 2015			
	Total	Investment Grade [a]	Unrated [b]	Non Investment Grade [b]	Total	Investment Grade [a]	Unrated [b]	Non Investment Grade [b]
% of exposure to counterparties	2,469.5	95%	2%	3%	2,282.1	94%	3%	3%

(a) *Conterparties with a minimum Standard & Poor's rating of BBB- or Moody's rating of Baa3.*
(b) *Most of the two latter types of exposure consisted of consolidated companies with non-controlling interests or Group companies operating in emerging countries where cash cannot be centralized and is therefore invested locally.*

9.3 Liquidity risk

As part of its operating and financial activities, the Group is exposed to a risk of insufficient liquidity, preventing it from meeting its contractual commitments.

The Group's financing policy is based on the following principles:

- diversification of financing sources between the banking and capital markets;
- balanced repayment profile of borrowings.

As at June 30, 2016, the Group's total net cash stood at EUR2,478.7 million, consisting of cash and cash equivalents of EUR2,214.2 million, financial assets at fair value through income of EUR71.8 million, and debt-related derivatives recorded as assets of EUR192.7 million. Almost all surplus cash is invested in short-term bank deposits and interest-bearing accounts.

In addition, at June 30, 2016, the Group specifically had EUR2,184.5 million in confirmed credit facilities, including EUR87.7 million already drawn; unused credit facilities therefore totaled EUR2,096.8 million, EUR23.3 million of which will be maturing before June 30, 2017.

90.4% of total credit lines and 94.1% of undrawn facilities are centralized. None of these centralized lines contains a default clause linked to financial ratios or minimum credit ratings.

As at June 30, 2016, bank funding accounted for 8% of gross financial debt (excluding bank overdrafts and current accounts, as those elements do not correspond to sustainable financial resources). Funding from capital markets (bond issues for 79% and commercial papers for 9%) represented 88% of outstanding borrowings (excluding bank overdrafts and current accounts).

At June 30, 2016, available cash, composed of cash and cash equivalents (EUR2,214.2 million) and financial assets measured at fair value through income (EUR71.8 million), net of bank overdrafts and liability current accounts (EUR880.3 million), amounted to EUR1,405.7 million.

The Group anticipates that its financing needs for the major planned investments will be covered by its net cash, the sale of mutual fund shares held for trading purposes, its future cash flows resulting from operating activities, and the potential use of available credit facilities.

At June 30, 2016, undiscounted contractual payments on outstanding borrowings by maturity and type of lenders are as follows:

In millions of euros	Total	2016	2017	2018	2019	2020	Beyond 5 years
Bonds issues	8,005.5	30.3	426.8	210.8	839.0	457.2	6,041.4
Commercial paper	945.5	945.5	-	-	-	-	-
Draw downs on credit facilities	87.7	15.9	30.8	0.3	22.7	-	18.0
Borrowings under finance leases	311.1	26.1	52.2	83.0	41.4	23.1	85.3
Other bank borrowings	684.2	78.7	110.3	115.2	140.8	89.4	149.8
Other borrowings	143.2	17.7	14.0	9.1	15.8	7.4	79.2
Overdrafts and current accounts	880.3	880.3	-	-	-	-	-
Outstanding borrowings	**11,057.5**	**1,994.5**	**634.1**	**418.4**	**1,059.7**	**577.1**	**6,373.7**
Financial assets measured at fair value through income	(71.8)	(71.8)	-	-	-	-	-
Cash and cash equivalents	(2,214.2)	(2,214.2)	-	-	-	-	-
Net debt excluding amortized cost and impact of derivative financial instruments	**8,771.5**	**(291.5)**	**634.1**	**418.4**	**1,059.7**	**577.1**	**6,373.7**

As at June 30, 2016, undiscounted contractual interest payments on outstanding borrowings broke down as follows by maturity:

In millions of euros	Total	2016	2017	2018	2019	2020	Beyond 5 years
Undiscounted contractual interest payments on outstanding borrowings	**2,625.5**	138.4	331.1	315.7	289.4	232.5	1,318.4

At June 30, 2016 undiscounted contractual payments on outstanding derivatives (excluding commodity instruments) recognized in liabilities and assets broke down as follows by maturity (net amounts):

In millions of euros	Total	2016	2017	2018	2019	2020	Beyond 5 years
Derivatives (excluding commodities)	**(93.8)**	18.3	(24.1)	(24.8)	(32.0)	(17.0)	(14.2)

In order to best reflect the economic circumstances of operations, the cash flows related to derivatives recognized as liabilities and assets presented above are net positions. Moreover, the values presented above are positive for a liability, and negative for an asset.

The maturity of the confirmed undrawn credit facilities is as follows:

In millions of euros	Total	2016	2017	2018	2019	2020	Beyond 5 years
Confirmed undrawn credit facilities	**2,096.8**	18.5	15.8	109.7	139.7	150.9	1,662.2

As at June 30, 2016, no counterparty represented more than 7% of confirmed unused credit facilities.

NOTE 10 Non-controlling interests

SUEZ fully consolidates the Agbar group in its consolidated financial statements with a percentage of interest of 100% at June 30, 2016.

The Agbar group includes the Chilean holding company IAM in its consolidated financial statements with a percentage of interest of 56.6%.

IAM includes the Chilean operating company Aguas Andinas in its consolidated financial statements with a percentage of interest of 50.1%.

Aguas Andinas is therefore fully consolidated within the SUEZ group with a percentage of interest of 28.4%.

IAM and Aguas Andinas are both listed entities on the Santiago de Chile Stock Exchange (Chile).

Summarized financial information on the Aguas Andinas (at 100%) appears below.

They are extracted from the data published by the company.

Summarized Statement of financial position at 100%

In millions of euros	March 31, 2016 [(a)]	December 31, 2015
Non-current assets	2,017.8	2,006.6
Current assets	295.9	193.3
of which Cash and cash equivalents	*82.3*	*42.9*
TOTAL ASSETS	**2,313.7**	**2,200.0**
Shareholders' equity, Group share	873.1	802.9
Non-controlling interests	73.2	70.8
Total shareholders' equity	**946.3**	**873.6**
Non-current liabilities	1,139.0	1,024.0
Current liabilities	228.4	302.3
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**2,313.7**	**2,200.0**
Closing exchange rate CLP/EUR	762.2	768.7

(a) *The Aguas Andinas group's consolidated financial statements were not yet available on the date when the Group's interim condensed consolidated financial statements were published.*
The summarized statement of financial position at March 31, 2016 is extracted from the most recent published data (not audited).

Summarized Income Statement at 100%

In millions of euros	March 31, 2016 [(a)]	March 31, 2015
Revenues	180.1	186.5
Operating profit/(loss)	96.5	96.4
Net income – Group share	62.5	67.8
Net income – non-controlling interests	1.8	1.7
Net income	**64.3**	**69.4**
Other comprehensive income (OCI)	-	-
Comprehensive income	**64.3**	**69.4**
Average exchange rate CLP/EUR	772.3	702.3

(a) *The Aguas Andinas group's consolidated financial statements were not yet available on the date when the Group's interim condensed consolidated financial statements were published.*
The summarized income statement at March 31, 2016 is extracted from the most recent published data (not audited).

Dividends paid at 100%

In millions of euros	Dividends related to 2015	Dividends related to 2014
Dividends paid by Aguas Andinas at March 31	52.5	55.3

The contribution of the Agbar group to "non-controlling interests" reaches EUR1,074.0 million out of a total of EUR1,395.9 million at June 30, 2016, *versus* EUR1,072.8 million out of a total of EUR1,385.6 million at December 31, 2015.

NOTE 11 Provisions

In millions of euros	December 31, 2015	Allo-wances	Reversals (utilizations)	Reversals (surplus provisions)	Scope effects	Impact of unwinding discount adjustments [(a)]	Trans-lation adjust-ments	Other	June 30, 2016
Post-employment benefit obligations and other long-term benefits	671.1	19.4	(30.0)	-	1.6	9.3	(4.7)	159.9	826.6
Sector-related risks	85.4	0.4	(0.1)	-	-	-	(0.2)	(1.1)	84.4
Warranties	24.0	1.2	(5.3)	-	-	-	(0.3)	-	19.6
Tax risks, other disputes and claims	168.6	1.9	(17.3)	(5.3)	2.5	-	0.2	5.2	155.8
Site restoration	571.1	15.9	(17.3)	-	-	9.1	(13.3)	-	565.5
Restructuring costs	47.0	3.9	(20.7)	-	2.2	-	(0.5)	0.3	32.2
Other contingencies [(b)]	384.6	21.0	(34.9)	-	2.0	3.6	0.3	1.0	377.6
TOTAL PROVISIONS	**1,951.8**	**63.7**	**(125.6)**	**(5.3)**	**8.3**	**22.0**	**(18.5)**	**165.3**	**2,061.7**

(a) *The discounting impact on post-employment and other long-term benefits relates to the interest expense calculated on the net amount of pension obligations and the fair value of plan assets, in accordance with IAS 19 revised.*

(b) *Provisions for "other contingencies" include a provision for onerous contracts for EUR98.5 million at June 30, 2016 versus EUR100.0 million at December 31, 2015, following the acquisition of WSN by SUEZ R&R Australia in 2010.*

For the first half of 2016, the variation of total provisions mainly derived from:

- the increase in provisions for post-employment and other long-term benefits of +EUR150.9 million excluding exchange rate impacts and unwinding discount adjustments. This variation takes into account actuarial losses for +EUR163.0 million, posted in the column "Other" of the above table;
- the decrease in provisions for restructuring costs of -EUR14.3 million excluding exchange rate;
- the translation adjustments of -EUR18.5 million, which are primarily generated by the British and American subsidiaries;
- the +EUR22.0 million impact of unwinding discount adjustments related to provisions for site restoration, post-employment benefit obligations and other long-term benefits, and onerous contracts posted in provisions for other contingencies.

The allowances, reversals and the impact of unwinding discount adjustments presented above are broken down as follows in the consolidated income statement as at June 30, 2016:

In millions of euros	(Reversals)/net allowances
Income from operating activities	(62.6)
Other financial income and expenses	22.0
Income tax expense	(4.6)
TOTAL	**(45.2)**

NOTE 12 Share-based payments or cash-based payments

Expenses recognized in respect of share-based payment or cash-based payments are as follows:

In millions of euros	(Expense) for the period June 30, 2016	June 30, 2015
Performance share plans [(a)]	(0.3)	0.7
Worldwide financial incentive scheme	(1.6)	(5.1)
Employees share issues [(b)]	(2.4)	1.1
Long-term incentive plan	(7.5)	(5.0)
TOTAL	**(11.8)**	**(8.3)**

(a) *Incomes presented for stock options and performance share plans in 2015 take into account the partial achievement of performance conditions of SUEZ 2012 and 2013 plans.*

(b) *Impact of Share Appreciation Rights is presented after hedging by warrants (subject to IAS 39). Before hedging by warrants, the expense of the first half of 2016 related to capital increases reserved for employees amounts to +EUR0.2 million versus -EUR1.4 million in the first half of 2015.*

These expenses are recognized in accordance with IFRS 2 and IAS 19.

All transactions and allocations prior to 2016 are disclosed in Note 23 to the consolidated financial statements at December 31, 2015 in the SUEZ Reference Document.

Long-term incentive plan

The Board of Directors, in its meeting of February 23, 2016, has decided to implement a long-term incentive plan in the form of a cash bonus, whose total budget amounts to EUR15 million, which concerns 1,771 beneficiaries.

The vesting period runs from February 23, 2016 to March 30, 2019 included.

This cash bonus plan is conditional upon the following performance conditions:

For 624 beneficiaries, one or all of the following conditions are planned according to their profile:

- a market performance condition, concerning the trend of the total shareholder return of SUEZ over the period between January 1, 2016 and December 31, 2018 included, compared with the trend in the total shareholder return of the EURO STOXX Utilities indices over the same period;
- a non-market performance condition based on the Group's cumulative EBIT from January 1, 2016 to December 31, 2018 included;

Furthermore, the amount of the payment to these 624 beneficiaries, can be increased or decreased by 10% according to the level of the man/woman parity rate in the Group management on December 31, 2018.

For the other beneficiaries, all granted bonuses are subject to both non-market performance condition, the Group's EBIT between January 1, 2016 and December 31, 2018 included.

Market performance condition is measured using Monte Carlo simulations.

The fair value of this plan results in a total expense of -EUR9.9 million, recognized on a straight line basis over the duration of the plan. Thus, this plan has generated an expense in the 2016 half-year consolidated accounts of -EUR1.6 million (taking into account the social contributions).

In addition, the 2014 and 2015 long-term incentive plan have generated an expense of -EUR5.9 million in the first half of the year 2016.

NOTE 13 Legal and arbitration proceedings

13.1 Litigation and arbitration

In the normal course of its business, the Group is involved in a certain number of litigation and arbitration with third parties or with the tax administrations of certain countries. Provisions are recorded for such litigation and arbitration when (i) a legal, contractual or constructive obligation exists at the closing date with respect to a third party; (ii) it is probable that an outflow of resources without economic benefits will be necessary to settle the obligation; and (iii) the amount of the said outflow of resources can be estimated in a sufficiently reliable manner. Provisions recorded in respect of the above amounted to EUR155.8 million as at June 30, 2016 (excluding litigation in Argentina).

There is no other governmental, judicial, or arbitration proceedings of which the Group is aware of, that is suspended or with which it is threatened, likely to have or that has already had, in the past six months, a material impact on the Group's financial position or profitability.

Litigation in Argentina

In Argentina, tariffs applicable to public-service contracts were frozen by the Public Emergency and Exchange Regime Reform Law (Emergency Act) in January 2002, preventing the application of contractual price indexation that would apply in the event of a depreciation of the Argentine peso against the US dollar.

In 2003, SUEZ – now ENGIE – and its co-shareholders in the water concessions for Buenos Aires and Santa Fe filed arbitration proceedings against the Argentinean government, in its capacity as grantor, to enforce the concession agreements' contractual clauses with the International Center for the Settlement of Investment Disputes (ICSID), in accordance with the bilateral Franco-Argentinean investment protection treaties.

These ICSID arbitration proceedings aim at obtaining indemnities to compensate for the loss of value of the investments made since the start of the concession due to the measures adopted by the Argentinean government following the adoption of the abovementioned Emergency Act. The ICSID acknowledged its jurisdiction to rule on the two cases in 2006. At the same time as the ICSID proceedings, the concession-holders Aguas Argentinas and Aguas Provinciales de Santa Fe were forced to file proceedings to cancel their concession agreement with local governments.

However, since the financial situation of the concession-holding companies had deteriorated since the Emergency Act, Aguas Provinciales de Santa Fe announced that it was filing for judicial liquidation at its Shareholders' Meeting on January 13, 2006.

At the same time, Aguas Argentinas applied to file a Concurso Preventivo (similar to a French bankruptcy procedure). As part of these bankruptcy proceedings, a settlement proposal involving the novation of admissible Aguas Argentinas liabilities was approved by creditors and ratified by the bankruptcy court on April 11, 2008. The proposal provided for an initial payment of 20% (about USD40 million) upon ratification and a second payment of 20% in the event of compensation by the Argentinean government. As controlling shareholders, ENGIE and Agbar decided to financially support Aguas Argentinas in making this first payment, upon ratification, and paid USD6.1 million and USD3.8 million respectively.

In two decisions dated July 30, 2010, the ICSID recognized the Argentine government's liability in canceling the Buenos Aires and Santa Fe water and wastewater treatment concession contracts. In addition, in June 2011 the ICSID appointed an expert to provide a definitive assessment of the compensation payable for the commercial harm.

The reports on the Buenos Aires and Santa Fe concessions were presented by the expert to the ICSID respectively in September 2013 and in April 2014. Regarding the Buenos Aires concession, ICSID rendered its decision on April 9, 2015 ordering the Argentine Republic to pay Aguas Argentinas shareholders USD405 million in damages (including USD346 million to SUEZ and its subsidiaries). In early August 2015, the Republic of Argentina petitioned an *ad hoc* ICSID Committee to render this decision invalid.

With regard to the termination of the Santa Fe concession contract, the ICSID ruled against the Republic of Argentina on December 4, 2015. The Republic of Argentina may initiate proceedings to invalidate the ruling.

The Group considers that the provisions recorded in the financial statements relating to this litigation are appropriate.

13.2 Tax litigation

Sociedad General de Aguas de Barcelona

Agbar was subject to a number of tax audits, mainly relating to corporate tax.

Agbar received a reassessment notice relating to the 1999-2001 fiscal years that outlined a reassessment of tax payable in the amount of EUR41 million in addition to penalties of EUR25 million. In May 2009, Agbar was also notified of a reassessment in the amount of EUR60.5 million for the 2002-2004 fiscal years, without additional penalties.

In court, the company challenged these notices, which were, for each period in question, justified with similar arguments by the tax authorities. Agbar considers the tax authorities' arguments groundless.

- With regard to the reassessments notified for 1999-2001:

In May 2008, the Administrative Court cancelled the penalties relating to the 1999-2001 fiscal years, but upheld almost all of the reassessments. Agbar appealed this ruling in July 2008. In July 2011, Agbar was awarded a partially favorable decision by the Court of Appeals and Agbar subsequently filed an appeal with the Supreme Court concerning the disputes related to the reassessments upheld. The Spanish government also appealed the ruling in favor of Agbar.

On October 25, 2012, Agbar was given the ruling of the Supreme Court, validating what had been decided by the Court of Appeals.

Agbar received notification of the decision of the Supreme Court in March 2013 and paid the sum of EUR20 million corresponding to the principal. The interest of EUR9 million was challenged before the Central Administrative Tribunal.

- With regard to the reassessments notified for 2002-2004:

In June 2009, Agbar filed suit with the Administrative Court to challenge the reassessments for 2002-2004. In June 2012, the Court reached a decision partially in Agbar's favor.

Agbar filed an appeal before the Court of Appeals regarding the other elements for which the Administrative Court has not held in favor of Agbar.

In July 2015, Agbar was awarded a partially favorable decision in the Court of Appeals and submitted an appeal on points of law to the Supreme Court with regard to the reassessments that were upheld. This proceeding is always pending.

NOTE 14 Related party transactions

The purpose of this note is to disclose any transactions that exist between the Group and its related parties, as defined by IAS 24. As regards the half-year closing, compensation for key executives will not be disclosed in this note.

Only material transactions are described below.

14.1 Transactions with the ENGIE group

In millions of euros	June 30, 2016	December 31, 2015	June 30, 2015
Transactions with ENGIE:			
Purchases/sales of goods and services	0.1	(0.3)	-
Non financial payables	2.5	3.0	2.5
Non financial receivables	0.3	0.7	0.3
Receivables carried at amortized cost [(a)]	19.5	19.5	20.5
Transactions with companies linked to ENGIE:			
Purchases/sales of goods and services	2.7	3.0	-
Non financial receivables	26.1	27.9	28.9
Non financial payables	1.4	2.1	3.0
Borrowings excluding financial instruments	1.1	1.1	1.2
Commodity derivatives (Liabilities)	1.8	4.7	0.8
Guarantees and commitments given	-	-	0.5

(a) *Refer to Note 2.2.1 of chapter 20 of the 2009 SUEZ Reference Document – Synthetic Argentinean contract.*

14.2 Transactions with joint operations, joint ventures and associates

14.2.1 Joint operations

The Group has a EUR296.5 million current account in the joint venture that was responsible for the construction of the seawater desalination plant near Melbourne (Australia). This joint operation is proportionately consolidated at 35%. The non-Group share of EUR192.7 million was recognized under assets in the Group's consolidated statement of financial position.

14.2.2 Joint ventures and associates

There was no significant transaction or commitment involving joint ventures or associates in the first half of 2016.

NOTE 15 Subsequent events

In an agreement concluded on July 20, 2016, SUEZ and Criteria sold their stakes in Aguas de Valencia to Fomento Urbano de Castellón. The total value of this transaction, which regards 33.1% of the shares of Aguas de Valencia, amounts to EUR70 million. The stake sold by SUEZ represents 18.5%.

declaration of the person responsible for the Interim Financial Report 6

Paris, July 28, 2016

I hereby certify that, to the best of my knowledge, the condensed financial statements for the first half of 2016 have been drawn up in accordance with applicable accounting standards and give a true and fair view of the assets, financial situation and results of the Company and all of the consolidated companies. I also certify that the interim management report presents a true and fair picture of the significant events over the first six months of the year, their impact on the financial statements, the major related party transactions and a description of the main risks and uncertainties they face for the remaining six months of 2016.

Jean-Louis Chaussade

Chief Executive Officer

SUEZ

Statutory Auditors' Review Report on the half-yearly financial information 7

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meetings and in accordance with the requirements of Article L. 451-1-2 III of the French Monetary and Financial Code (Code monétaire et financier), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of SUEZ, for the period from January 1 to June 30, 2016;
- the verification of the information presented in the half-yearly management report.

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

1. Conclusion on the financial statements

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

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

2. Specific verification

We have also verified the information provided in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

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

Courbevoie and Paris-La Défense, July 27, 2016

The Statutory Auditors

French original signed by

MAZARS		**ERNST & YOUNG et Autres**	
Dominique Muller	Gonzague Senlis	Stéphane Pedron	Jean-Pierre Letartre

This is a free translation into English of the Statutory Auditors' Review Report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

RR DONNELLEY

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