EIFFAGE

Interim Financial Report for the six months ended 30 June 2016

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I. Certification by the person responsible for the document

I certify that, to the best of my knowledge, the condensed consolidated financial statements for the six months ended 30 June 2016 have been drawn up in accordance with applicable accounting standards and present a true and fair view of the assets, financial situation and results of Eiffage SA and all the companies included in the consolidation scope, and that the Interim Management Report for the period then ended provides a true and fair view of significant events during this period and their impact on the financial statements and of the main transactions with related parties, and contains a description of the main risks and uncertainties for the remaining six months of the financial year.

31 August 2016

Benoît de Ruffray

Director - Chairman and Chief Executive Officer

II. Interim Management Report

Activity

Consolidated revenues for the first half of 2016 came to €6.5 billion, down by 1.6% on the same period of the previous year (or by 2.0% at constant scope and exchange rates).
In Contracting, overall activity was down by 3.1% (3.5% at constant scope and exchange rates) at €5.28 billion. The positive dynamic of the Group's international business (+4.6%) partly offset the 5.2% fall in revenues in France.
The Construction division benefited from the high level of orders taken in 2015 and posted revenues up by 4.8% (3.7% in France and 9.6% abroad) at €1.73 billion. In Property, housing reservations reached 1,913 units as against 1,674 for the first half of 2015.
In the Infrastructures division, revenues were down by 3.8% at €1.93 billion. Down by 7.8% in France, particularly in Metal and Civil Engineering, as a result of the lower level of activity on the Bretagne-Pays de la Loire (BPL) high-speed rail line, and to a lesser extent in Roads, which are stabilising, they grew by 7.6% internationally.

In Energy, turnover fell by 9.5% to €1.62 billion, basically in France (-10.7%). Restated for the exceptional works on the Cestas solar plant carried out in 2015, revenues were up by 1.1% in France.
In Concessions, thanks to the growth in motorway traffic (+4.1% at APRR, +6.3% on the A65 motorway, +0.7% on the Millau Viaduct and +26.3% on the "Autoroute de l'Avenir" in Senegal) and the activity generated by the other concessions and operations of the Public-Private Partnership, we posted sustained global growth of 5.3% in total revenues, which came to €1.22 billion.

In millions of euros	**1st half 2015**	**1st half 2016**	**Change** Actual consolidation scope	Like-for-like
Construction	1,650	1,729	+4.8%	+5.1%
of which property	*305*	*331*		
Infrastructures	2,002	1,925	-3.8%	-5.3%
Energy	1,794	1,623	-9.5%	-9.6%
Sub-total Contracting	5,446	5,277	-3.1%	-3.5%
Concessions (excluding IFRIC 12)	1,159	1,220	+5.3%	+5.4%
Total Group (excluding IFRIC 12)	**6,605**	**6,497**	**-1.6%**	**-2.0%**
Of which:				
. France	5,430	5,265	-3.0%	-3.4%
. International	1,175	1,232	+4.9%	+4.6%
Of which Europe	*1,010*	1,057	*+4.7%*	*+4.4%*
Rest of world	*165*	175	*+6.1%*	*+6.1%*
Construction sales of Concessions (IFRIC 12)	86	141	nm	

Results

Operating profit before non-recurring items increased by 13.6% to €677 million in both Concessions (+13.2%) and Contracting (+12.3%).
In Construction, the operating margin came to 3.7% (3.5% in June 2015) thanks to the efforts made in 2014 and 2015 to adjust fixed costs. In the Infrastructures division, the margin was stable at -2.1% in a still difficult environment, particularly in Roads and Metal in France. Energy continues to recover. The operating margin came to 3.0% compared with 2.8% for the first half of 2015.
Thus for Contracting as a whole, the operating margin for the half year came to 1.4% (1.2% for H1 2015) in a competitive environment that remains stressed.
In Concessions, the operating margin came to 50.5% (46.9% for H1 2015) thanks to dynamic growth in motorway traffic and good control of operating costs.
The cost of borrowing fell by €66 million thanks to refinancing of the Group's debt maturities in the past eighteen months. This reduction in financial expenses, together with the fall in non-recurring operating costs (mainly restructuring) and a solid operating performance brought the net profit attributable to the Group to €133 million as against €79 million for the first half of 2015 (+68%).

Financial situation

Net financial debt, excluding the fair value of swaps and of the Caisse Nationale des Autoroutes (CNA) debt, amounted to €11.9 billion at the end of the half year, down by €366 million compared with one year earlier. This debt is basically in Concessions, without recourse to Eiffage. The residual net debt of the holding company and of the Contracting divisions at 30 June was €88 million (compared with €300 million at the end of June 2015). It takes account of the seasonal variation in working capital requirement of €375 million (compared with €394 million in June 2015).

The Group's cash position consequently increased to €2.4 billion in the twelve months (from €2.1 billion in June 2015), consisting of net available cash of €1.4 billion and an undrawn credit line of €1 billion maturing in September 2020.

On 6 June 2016 APRR carried out a new bond issue of €700 million, due January 2026 with a coupon of 1.125%.

Outlook

The Group's order book represents 12.8 months of activity and stands at €12.1 billion as at 1 July 2016, up by 1.6% on the same date last year (or by 4.7% excluding the Bretagne-Pays de la Loire high-speed rail line). This trend is lent further weight by the recent success with major turnkey projects such as the Window building in La Défense, the Ariane 6 launchpad in Kourou, French Guiana and the Eole express tunnel in Paris, the last one not yet included in the order book.

The Group still foresees a slight fall in activity for the whole year in view of the significant revenues posted in 2015 on the Cestas and BPL projects.

Based on the strong operational dynamic in Concessions, the efforts being made to rationalise structures in Contracting in a stabilising market in France and the reduction in financial expenses, the Group confirms its expectations of improved results for the year as a whole.

Main risks – transactions with related parties

Risks to which the Group is exposed are disclosed on pages 123 to 126 of the Eiffage SA Reference Document registered under no. D.16-0230. At the date of this financial report, there has been no modification in the nature of these risks or in the attendant uncertainties that might have a significant impact on the Group's activities and results in the second half of 2016. The assessment of the Group's exposure to financial covenants at 30 June 2016 is detailed hereunder in Note 10 to the condensed interim consolidated financial statements.
Transactions with related parties are disclosed in Note 15 to the interim financial statements.

III. Condensed consolidated financial statements for the six months ended 30 June 2016

Consolidated statement of financial position at 30 June 2016

In millions of euros

Assets	Notes	30 June 2016	31 December 2015
Non-current assets			
Property, plant and equipment		1,538	1,481
Investment property		4	4
Concession intangible assets		11,537	11,701
Goodwill		2,907	2,904
Other intangible assets		172	172
Equity-method investments	7	82	82
Non-current financial assets in respect of concession service arrangements	10	1,893	1,732
Other non-current financial assets	10	266	266
Deferred tax assets	8	317	292
Total non-current assets		**18,716**	**18,634**
Current assets			
Inventories		720	600
Trade and other receivables	10	4,087	3,966
Current tax assets		187	137
Current financial assets in respect of concession service arrangements	10	20	20
Other current assets		1,174	1,116
Cash and cash equivalents	10-11	3,306	3,641
Total current assets		**9,494**	**9,480**
Total assets		**28,210**	**28,114**

Equity and liabilities	Notes	30 June 2016	31 December 2015
Equity			
Share capital	9	392	382
Consolidated reserves		3,037	2,789
All other comprehensive income items		(309)	(286)
Profit for the period		133	312
Equity attributable to equity holders of the parent company		**3,253**	**3,197**
Non-controlling interests		403	275
Total equity		**3,656**	**3,472**
Non-current liabilities			
Borrowings	10-12	12,128	12,847
Deferred tax liabilities	8	1,158	1,159
Non-current provisions	13	619	581
Other non-current liabilities		89	46
Total non-current liabilities		**13,994**	**14,633**
Current liabilities			
Trade and other payables	10	2,827	2,924
Loans and other borrowings	10-12	1,685	1,520
Non-current borrowings due within one year	10-12	1,929	1,468
Current income tax liabilities		143	106
Current provisions	13	513	523
Other liabilities		3,463	3,468
Total current liabilities		**10,560**	**10,009**
Total equity and liabilities		**28,210**	**28,114**

Consolidated income statement for the six months ended 30 June 2016

In millions of euros

	Notes	30 June 2016	30 June 2015
Revenue from continuing operations (1)	5	6,567	6,603
Other operating income		2	1
Raw materials and consumables used		(1,152)	(1,292)
Employee benefits expense		(1,642)	(1,659)
Other operating expenses		(2,653)	(2,543)
Taxes (other than income tax)		(186)	(178)
Depreciation and amortisation		(398)	(428)
Net increase (decrease) in provisions		(5)	8
Change in inventories of finished goods and work in progress		89	32
Other operating income (expenses) on ordinary activities		55	52
Operating profit on ordinary activities		**677**	**596**
Other income (expenses) from operations		(28)	(49)
Operating profit		**649**	**547**
Income from cash and cash equivalents		8	13
Finance costs		(277)	(349)
Net finance costs		**(269)**	**(336)**
Other financial expenses		(17)	(7)
Share of profit (loss) of equity-method investments		(2)	(2)
Income tax		(116)	(60)
Profit for the period		**245**	**142**
Attributable to:			
- Holders of the parent company		133	79
- Non-controlling interests		112	63
(1) Of which construction revenue of Concessions (IFRIC 12).		141	86
Earnings per share attributable to the holders of the parent company (in euros):			
Basic		1.45	0.88
Diluted		1.41	0.85

Consolidated comprehensive income statement for the six months ended 30 June 2016

In millions of euros

	Notes	30 June 2016	30 June 2015
Profit for the period		**245**	**142**
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of net liability (asset) in respect of defined benefit schemes		(30)	17
Tax on items that will not be reclassified to profit or loss		10	(6)
Share of gains and losses of equity method investments that will not be reclassified subsequently to profit or loss		-	-
Items that are or may be reclassified subsequently to profit or loss			
Translation differences		(5)	-
Re-measurement of derivative hedging instruments (1)		24	104
Tax on items that are or may be reclassified subsequently to profit or loss		(8)	(39)
Share of gains and losses of equity method investments that are or may be reclassified subsequently to profit or loss		3	3
Other items of comprehensive income		**(6)**	**79**
Comprehensive income for the period		**239**	**221**
- Holders of the parent company		109	134
- Non-controlling interests		130	87
(1) Of which, amount reclassified to profit or loss in the period.		(101)	(95)

Consolidated statement of changes in equity for the six months ended 30 June 2016

In millions of euros

	Capital	Share premium	Reserves	Currency translation difference	Financial instruments	Employee benefits	Attributable to holders of the parent company	Non-controlling interests	Total equity
Equity at 1 January 2015	**369**	**341**	**2,551**	**4**	**(317)**	**(46)**	**2,902**	**76**	**2,978**
Capital increase	13	104	-	-	-	-	117	-	117
Treasury shares	-	-	10	-	-	-	10	-	10
Share-based payments	-	-	3	-	-	-	3	-	3
Dividends	-	-	(111)	-	-	-	(111)	(5)	(116)
Acquisitions and other changes in non-controlling interests	-	-	(3)	-	-	-	(3)	1	(2)
Transactions with shareholders	**13**	**104**	**(101)**	-	-	-	**16**	**(4)**	**12**
Profit for the period	-	-	79	-	-	-	79	63	142
Other comprehensive income items	-	-	-	1	44	10	55	24	79
Comprehensive income	-	-	**79**	1	**44**	**10**	**134**	**87**	**221**
Equity at 30 June 2015	**382**	**445**	**2,529**	**5**	**(273)**	**(36)**	**3,052**	**159**	**3,211**

In millions of euros

	Capital	Share premium	Reserves	Currency translation difference	Financial instruments	Employee benefits	Attributable to holders of the parent company	Non-controlling interests	Total equity
Equity at 1 January 2016	**382**	**445**	**2,655**	**5**	**(255)**	**(35)**	**3,197**	**275**	**3,472**
Capital increase	10	121	-	-	-	-	131	-	131
Treasury shares	-	-	(45)	-	-	-	(45)	-	(45)
Share-based payments	-	-	3	-	-	-	3	-	3
Dividends	-	-	(142)	-	-	-	(142)	(2)	(144)
Acquisitions and other changes in non-controlling interests	-	-	-	-	-	-	-	-	-
Transactions with shareholders	**10**	**121**	**(184)**	-	-	-	**(53)**	**(2)**	**(55)**
Profit for the period	-	-	133	-	-	-	133	112	245
Other comprehensive income items	-	-	-	(5)	(1)	(18)	(24)	18	(6)
Comprehensive income	-	-	**133**	**(5)**	**(1)**	**(18)**	**109**	**130**	**239**
Equity at 30 June 2016	**392**	**566**	**2,604**	-	**(256)**	**(53)**	**3,253**	**403**	**3,656**

Consolidated statement of cash flows for the six months ended 30 June 2016

As was the case in the consolidated financial statements for the year ended 31 December 2015, the presentation of the statement of cash flows has been modified so that net cash from or used in investing activities distinguishes between cash flows concerning operating activities and cash flows arising from changes in the consolidation scope.

In millions of euros

	Notes	30 June 2016	30 June 2015
Cash and cash equivalents at the beginning of the year		**3,448**	**4,120**
Effect of foreign exchange rate changes		(4)	1
Restated cash and cash equivalents at the beginning of the year		**3,444**	**4,121**
Profit for the year		245	142
Profit (loss) of equity-method investments		2	2
Dividends from equity-method investments		4	5
Depreciation, amortisation and net increase (decrease) in provisions		356	394
Other non-cash items		1	34
Gain or loss on disposals		(5)	(10)
Cash flows from operations before interest and taxes		**603**	**567**
Net interest expense		262	291
Interest paid		(389)	(465)
Income tax		116	60
Income tax paid		(152)	(63)
Changes in working capital requirements		(375)	(394)
Net cash from (used in) operating activities (I)		**65**	**(4)**
Purchases of property, plant and equipment and intangible assets		(110)	(107)
Purchases of concession intangible assets		(110)	(104)
Purchases of non-current financial assets		(159)	(171)
Disposals of property, plant and equipment and intangible assets		15	38
Net operating investments		**(364)**	**(344)**
Purchases of controlling interests		(12)	(21)
Disposals of controlling interests and assets held for sale		1	4
Cash and cash equivalents of entities bought or sold		-	1
Net financial investments		**(11)**	**(16)**
Net cash from (used in) investing activities (II)		**(375)**	**(360)**
Dividends paid to shareholders		(143)	(116)
Capital increase		131	117
Purchase and sale of non-controlling interests		-	-
Repurchase and resale of treasury shares		(45)	10
Repayment of borrowings (1)		(1,171)	(3,722)
New borrowings (1)		1,083	2,172
Net cash from (used in) financing activities (III)		**(145)**	**(1,539)**
Net increase (decrease) in cash and cash equivalents (I+II+III)		**(455)**	**(1,903)**
Cash and cash equivalents at the end of the period	11	**2,989**	**2,218**

(1) "Repayment of borrowings" and "New borrowings" include the repayment of borrowing by Financière Eiffarie group amounting to €1,081 million in the first half of 2016 (€3,423 million the first half of 2015) and new borrowings by Financière Eiffarie group amounting to €838 million in the first half of 2016 (€1,818 million in the first half of 2015).

Notes to the condensed consolidated financial statements for the six months ended 30 June 2016

(in millions of euros unless otherwise indicated)

1. General information

The registered office of Eiffage SA is located at 3-7 place de l'Europe, Vélizy-Villacoublay (78140), France.

The shares of Eiffage SA are listed on Compartment A of the market organised by Euronext in Paris.

The interim consolidated financial statements for the six months ended 30 June 2016 were approved by the Board of Directors on 31 August 2016.

The Group's consolidated financial statements for the year ended 31 December 2015 are available on request from Eiffage SA's registered office and on its website at www.eiffage.com.

Significant events in the first half of 2016

In the first half of 2016, Eiffage SA staged a capital increase reserved for the Group's employees in France and abroad, which resulted in the issue of 2,648,274 shares of €4 each. Following this increase, the share capital of Eiffage SA amounted to €392,329,060.

A new amendment to the APRR concession agreement was approved by Decree no. 2016-70 of 29 January 2016, published in the Official Gazette of 31 January 2016. This amendment provides for the merger of the Maurice Lemaire tunnel (TML) concession into the APRR concession agreement, thereby allowing a significant reduction in TML tariffs in exchange for a ten-month extension to the APRR concession agreement (therefore until November 2035).
APRR has also undertaken to reimburse and cancel certain subsidies relating to TML as well as co-fund certain ancillary investments by the French State.

2. Seasonal nature of the activities

The activities carried on by the Group are affected by their seasonal nature, in particular road construction and maintenance (because of the less favourable weather conditions in the first half of the year) and the operation of motorway concessions (because of the increase in traffic during the summer holidays at the start of the second half). It follows that sales and results in the first half of the year cannot be extrapolated to the year as a whole.
The seasonal nature of the activities also leads to an increase in net cash used in operating activities in the first six months of the year.

No attempt is made to adjust for the impact of this seasonality in the interim financial statements.

3. Accounting policies and methods used for the preparation of the condensed interim financial statements and applicable standards

The condensed interim financial statements for the six months ended 30 June 2016 were prepared in accordance with IAS 34, "Interim Financial Reporting". The statements do not contain all the information required in the complete annual financial statements and must be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2015.

The Group applied the same accounting methods as in 2015, except for amendments adopted by the European Union for which application was compulsory for accounting periods beginning on or after 1 January 2016. These amendments did not have a material impact on the Group's financial statements, and consisted mainly in:

- the annual improvements process, 2010-2012 cycle;
- amendments to IAS 19, "Defined Benefit Plans: Employee Contributions";
- amendments to IAS 1, "Disclosure Initiative";
- amendments to IAS 16 and IAS 38, "Clarification of Acceptable Methods of Depreciation and Amortisation";
- amendments to IFRS 11, "Accounting for Acquisitions of Interests in Joint Operations";
- the annual improvements process, 2012-2014 cycle; and
- amendments to IAS 27, "Equity Method in Separate Financial Statements".

The Group is currently analysing the impacts of the following standards that have not yet been adopted by the European Union:

- IFRS 9, “Financial Instruments”;
- IFRS 15, “Revenue from Contracts with Customers”;
  These new standards will be effective for annual periods beginning on or after 1 January 2018.
- IFRS 16, “Leases”.
  This new standard will be effective for annual periods beginning on or after 1 January 2019.

4. Significant accounting estimates and judgements

When preparing the consolidated financial statements in accordance with International Financial Reporting Standards, management relies on estimates and assumptions that affect the amounts of assets and liabilities reported in the statement of financial position, contingent liabilities reported in the notes, and income and charges reported in the income statement. These estimates and assumptions are based on past experience and on various other factors, bearing in mind the current economic and financial environment has lowered visibility as regards business prospects. It is possible that the carrying amounts may be adjusted subsequently because of these estimation uncertainty sources.

The estimates and assumptions concern essentially:

- the stage of completion of construction contracts and the measurement of the profit on completion (trade receivables on the asset side of the statement of financial position, other payables on the liability side, and revenue in the income statement). The related estimates and assumptions are reviewed regularly for each contract on the basis of the information that is available, taking into account the technical and contractual constraints specific to each contract. Past costs, future costs and any guarantee costs are analysed, their measurement being based on the best estimate of costs that will be incurred to fulfil the Group’s contractual obligations;
- provisions, notably provisions for maintaining concession infrastructures in condition, for which calculations are based on the application of discount rates and indexing clauses contained in works contracts;
- valuation of share-based payments, which relies on actuarial assumptions (volatility, interest rates, dividend growth);
- employee benefit calculations (discount rate, inflation, rate of increase in wages and salaries);
- impairment tests (key assumptions used to determine recoverable amounts: model and discount rate); and
- the recoverability of deferred tax assets.

5. Segment reporting

In accordance with IFRS 8, segment reporting is based on the Group’s internal organisation for reporting to senior management. Accordingly, the operating segments are:

- Construction: town planning, building design and construction, property development and building maintenance and services;
- Infrastructures: civil engineering, road and rail design and construction, rehabilitation, earthmoving and metallic construction;
- Energy: designing, building, integrating, operating and maintaining energy and telecommunications systems and equipment;
- Concessions: construction and operation of infrastructures under concessions and public-private partnerships; and
- Holding: management of participating interests and services to Group companies.

5.1 First half of 2016

Information by business segment

	Construction	Infrastructures	Energy	Concessions	Holding	Eliminations	Total
Income statement							
Revenue from continuing operations	1,757	1,922	1,516	1,365	7	-	6,567
Inter-segment sales	11	40	102	1	69	(223)	-
Total	**1,768**	**1,962**	**1,618**	**1,366**	**76**	**(223)**	**6,567**
Operating profit on ordinary activities	64	(40)	49	616	(12)	-	677
Operating profit	58	(55)	45	615	(14)	-	649

Information by geographical area

	France	Rest of Europe	Rest of world
Revenue from continuing operations	5,397	1,048	122

5.2 First half of 2015

Information by business segment

	Construction	Infrastructures	Energy	Concessions	Holding	Eliminations	Total
Income statement							
Revenue from continuing operations	1,657	2,047	1,639	1,249	11	-	6,603
Inter-segment sales	28	55	155	1	59	(298)	-
Total	**1,685**	**2,102**	**1,794**	**1,250**	**70**	**(298)**	**6,603**
Operating profit on ordinary activities	58	(43)	50	544	(13)	-	596
Operating profit	47	(67)	42	543	(18)	-	547

Information by geographical area

	France	Rest of Europe	Rest of world
Revenue from continuing operations	5,505	994	104

6. Changes in the consolidation scope

External growth during the period under review concerned:
- the acquisition of Chastagner in France and MDM in Germany by the Infrastructures division; and
- the acquisition of two French companies, Arthésis Diffusion and Coge Richardière, by the Energy division.

The effects on the condensed interim financial statements to 30 June 2016, as summarised below, reflect the contribution made by the above companies as from the date on which they were included in the consolidation scope, the contributions made by companies consolidated for the first time in the second half of 2015 (mainly Pichenot at the Infrastructures division) and the divestment by the Energy division of three companies in the first half of 2016.

Effects of changes in the consolidation scope on the financial statements for the six months ended 30 June 2016:

Effects on the statement of financial position:
- Non-current assets €3m increase;
- Current assets €9m increase;
- Non-current liabilities no impact;
- Current liabilities no impact.

Effects on the income statement:

- Revenue €29m increase;
- Operating profit €3m decrease;
- Net finance cost no impact;
- Net profit €4m decrease.

The cost of these acquisitions, net of disposals, amounted to €11m.

Eiffage has signed with Meridiam Infrastructure a disposal agreement regarding its 36% interest (shares and shareholders' loans) in Norscut, the concession company of the A24 motorway in Portugal. The closing of this transaction is subject to a number of approvals (agreement of lenders and clearance by the anti-trust authorities and by the Portuguese State). Consequently, this transaction was not recognised in the consolidated financial statements for the six months ended 30 June 2016.

7. Change in equity-method investments

At 1 January 2016	82
Loss for the period	(2)
Dividends distributed	(4)
Change in capital	3
Change in fair value of financial instruments	3
Other	-
At 30 June 2016	**82**

8. Deferred taxes

	30 June 2016	31 December 2015
Deferred tax assets	317	292
Deferred tax liabilities	1,158	1,159
Net deferred tax liabilities	**841**	**867**

9. Share capital

The share capital is composed of 98,082,265 fully paid-up shares of €4 each, all ranking pari passu.

	Total number of shares	Of which treasury shares	Free float
At 1 January 2016	**95,433,991**	**(4,680,004)**	**90,753,987**
Capital increase reserved for employees	2,648,274	-	2,648,274
Purchases, sales, and allotments	-	2,857	2,857
At 30 June 2016	**98,082,265**	**(4,677,147)**	**93,405,118**

In the first half of 2016, in connection with plans for the allocation of options, the Group purchased 1,208,500 of its own shares and allotted 1,195,319 shares.

As part of the liquidity agreement, Eiffage purchased 1,592,892 of its own shares and sold 1,608,930 shares.

	Total number of shares	Of which treasury shares	Free float
At 1 January 2015	**92,271,466**	**(3,139,125)**	**89,132,341**
Capital increase reserved for employees	3,162,525	-	3,162,525
Purchases, sales, and allotments	-	303,866	303,866
At 30 June 2015	**95,433,991**	**(2,835,259)**	**92,598,732**

In the first half of 2015, in connection with plans for the allocation of options, the Group purchased 96,063 of its own shares and allotted 436,596 shares.

As part of the liquidity agreement, Eiffage purchased 1,739,472 of its own shares and sold 1,702,805 shares.

10. Analysis of financial assets and liabilities

Financial assets	Carrying value	Accounting category (1): Financial assets available for sale	Financial assets at fair value through P&L	Loans and receivables	Hedging financial instruments	Fair value	Method for determining fair value: Level 1 – Quoted price on active market	Level 2 – Internal model using observable market data	Level 3 – Internal model using non-observable data
Non-current financial assets	2,159	164	-	1,989	6	2,159		2,159	
Trade and other receivables	4,087	-	-	4,087	-	4,087		4,087	
Current financial assets	20	-	-	20	-	20		20	
Other current operating receivables	636	-	-	636	-	636		636	
Cash and cash equivalents	3,306	-	3,306	-	-	3,306	1,225	2,081	
Total	**10,208**	**164**	**3,306**	**6,732**	**6**	**10,208**	**1,225**	**8,983**	

(1) There was no reclassification between financial asset categories in the first six months of 2016. Note that there are no assets falling to be accounted for as held to maturity.

Financial assets	Carrying value		Accounting category (1): Liabilities at amortised cost	Financial assets at fair value through P&L	Hedging financial instruments		Fair value	Method for determining fair value: Level 1 – Quoted price on active market	Level 2 – Internal model using observable market data	Level 3 – Internal model using non-observable data
Loans and other debts	15,742	(1)	15,190	-	552	(2)	16,303		16,303	
Trade payables	2,827		2,827	-	-		2,827		2,827	
Other operating debts	1,338		1,338	-	-		1,338		1,338	
Total	**19,907**		**19,355**	-	**552**		**20,468**		**20,468**	

(1) Of which €10,557m representing 100% of the debt of the fully consolidated Financière Eiffarie group.

(2) No ineffectiveness was observed in respect of hedging instruments. Taking into account the credit risk and own risk of the entity in the fair value measurement of derivative instruments as required by IFRS 13 did not have a material impact.

31 December 2015

Financial assets	Carrying value	Accounting category (1): Financial assets available for sale	Financial assets at fair value through P&L	Loans and receivables	Hedging financial instruments	Method for determining fair value: Fair value	Level 1: Quoted price on active market	Level 2: Internal model using observable market data	Level 3: Internal model using non-observable data
Non-current financial assets	1,998	163	-	1,827	8	1,998		1,998	
Trade and other receivables	3,966	-	-	3,966	-	3,966		3,966	
Current financial assets	20	-	-	20	-	20		20	
Other current operating receivables	572	-	-	572	-	572		572	
Cash and cash equivalents	3,641	-	3,641	-	-	3,641	1,787	1,854	
Total	**10,197**	**163**	**3,641**	**6,385**	**8**	**10,197**	**1,787**	**8,410**	

(1) There was no reclassification between financial asset categories in 2015. Note that there are no assets falling to be accounted for as held to maturity.

Financial liabilities	Carrying value	Accounting category: Liabilities at amortised cost	Financial assets at fair value through P&L	Hedging financial instruments	Method for determining fair value: Fair value	Level 1: Quoted price on active market	Level 2: Internal model using observable market data	Level 3: Internal model using non-observable data
Loans and other debts	15,835 (1)	15,256	-	579 (2)	16,342		16,342	
Trade payables	2,924	2,924	-	-	2,924		2,924	
Other operating debts	1,308	1,308	-	-	1,308		1,308	
Total	**20,067**	**19,488**	**-**	**579**	**20,574**		**20,574**	

(1) Of which €10,991m representing 100% of the debt of the fully consolidated Financière Eiffarie group.

(2) No ineffectiveness was observed in respect of hedging instruments. Taking into account the credit risk and own risk of the entity in the fair value measurement of derivative instruments as required by IFRS 13 did not have a material impact.

Financial covenants

Eiffarie, with regard to the lenders for the credit agreement totalling €1.5 billion arranged in February 2015 to refinance the loan contracted in 2006 for the acquisition of APRR and which was refinanced a first time in February 2012, and APRR, with regard to Caisse Nationale des Autoroutes, the European Investment Bank and lending banks, have entered into commitments obliging APRR to comply with the two following ratios:

- Net debt-to-EBITDA less than 7; and
- EBITDA-to-net finance costs more than 2.2.

These ratios came to 4.5 and 6.5, respectively, on 30 June 2016.

Non-compliance with either of these ratios would be treated as an event of default and trigger the early repayment of all of Eiffarie's debt.

VP2, the parent company of Compagnie Eiffage du Viaduc de Millau, has undertaken with regard to the lenders for the financing totalling €573 million arranged in July 2007 to comply with a number of ratios calculated on 25 May and 25 November of each year by reference to a financial model and applying definitions specific to the financing agreement:

- Annual debt service coverage ratio calculated for the year preceding the date of calculation and for each of the next five years, equal to or more than 1.05;
- Debt coverage ratio calculated over the terms of the loans, equal to or more than 1.15; and
- Debt coverage ratio calculated over the term of the concession, equal to or more than 1.25.

VP2 complied with all of these ratios when they were last calculated for the first half of 2016, with values of between 1.17 and 1.81 for the first ratio and of 1.42 and 1.90, respectively, for the second and third ratios.

Non-compliance with any of these ratios would be treated as an event of default and trigger the early repayment of all of VP2's debt.

In connection with the debt agreement signed for the concession covering the design, construction, operation, maintenance and repair of the Langon-Pau A65 motorway, **A'liénor** has undertaken to comply with the financial ratios indicated below:

- 20/80 capital ratio, requiring at least 20% of equity for 80% of long-term loans. This ratio was 24.1/75.9 on 30 April 2016;
- Debt service coverage ratio for historical debt (terms that correspond to specific contractual definitions) at least equal to 1 on each interest payment date; and
- Forecast debt service coverage ratio (terms that correspond to specific contractual definitions) at least equal to 1 on each interest payment date.

When these last two ratios were last calculated on 26 April 2016, A'liénor was fully compliant, these ratios each coming to at least 1.00.

Non-compliance with either of these ratios would be treated as an event of default and trigger the early repayment of the debt of A'liénor.

Eiffly 54 is a company specifically incorporated to finance, design, demolish and reconstruct the Jean Zay secondary school at Jarny, in addition to which it will perform part of the repairs and maintenance. In connection with a long-term credit agreement dated 11 February 2011, Eiffly 54 undertook with regard to the lenders to comply with the ratios indicated below, as from the date when phase 1 of the project was delivered on 10 October 2013 and subsequently on 30 June and 31 December every year:

- Annual debt service coverage ratio equal to or more than 1.10;
- Forecast annual debt service coverage ratio equal to or more than 1.10; and
- Debt coverage ratio equal to or more than 1.15.

When these ratios were calculated on 30 June 2016, they came to 1.53, 1.35 and 2.15, respectively.

Non-compliance with any of these ratios on three consecutive observation dates would be treated as an event of default and trigger the early repayment of all of the debt of Eiffly 54.

Eifficol 1 is a company specifically incorporated to provide part of the financing for and to design, build, operate and maintain four secondary schools located in Aubervilliers, Aulnay-sous-Bois, Clichy-sous-Bois and Le Raincy. In connection with a long-term credit agreement dated 5 April 2012, Eifficol 1 undertook with regard to the lenders to comply with the ratios indicated below, as from the date the project was delivered on 18 August 2014 and subsequently on 30 June and 31 December every year:

- Annual debt service coverage ratio equal to or more than 1.10;
- Forecast annual debt service coverage ratio equal to or more than 1.10;
- Debt coverage ratio (corresponding to the present value of future cash flows for servicing the project's expected debt over the outstanding debt at the observation date) equal to or more than 1.15.

When these ratios were calculated on 30 June 2016, they came to 1.46, 1.38 and 1.42, respectively.

Non-compliance with any of these ratios on an observation date would be treated as an event of default and trigger the early repayment of all of Eifficol 1's project debt.

Eifficol 3 is a company specifically incorporated to provide part of the financing for and to design, build, operate and maintain four secondary schools located in Blanc-Mesnil, Bondy, Noisy-le-Grand and Saint-Denis/Saint-Ouen. In connection with a long-term credit agreement dated 5 April 2012, Eifficol 3 undertook with regard to the lenders to comply with the ratios indicated below, as from the date the project was delivered on 18 August 2014 and subsequently on 30 June and 31 December every year:

- Annual debt service coverage ratio equal to or more than 1.10;
- Forecast annual debt service coverage ratio equal to or more than 1.10;
- Debt coverage ratio (corresponding to the present value of future cash flows for servicing the project's expected debt over the outstanding debt at the observation date) equal to or more than 1.15.

When these ratios were calculated on 30 June 2016, they came to 1.89, 2.05 and 2.38, respectively.

Non-compliance with any of these ratios on an observation date would be treated as an event of default and trigger the early repayment of all of Eifficol 3's project debt.

Eiffigreen is a company specifically incorporated to finance, design, carry out work, repair, maintain and provide facilities management services for the buildings at the Energy School of the Grenoble Research and University Education Centre (GreEnER). In connection with a long-term credit agreement dated 20 July 2012, Eifficentre undertook with regard to the lenders to comply with the ratios indicated below, as from the date when the buildings were delivered on 19 June 2015 and subsequently on 30 June and 31 December every year:

- Annual debt service coverage ratio equal to or more than 1.10;
- Forecast annual debt service coverage ratio equal to or more than 1.10;
- Debt coverage ratio equal to or more than 1.10.

When these ratios were calculated on 30 June 2016, they came to 1.88, 1.47 and 1.60, respectively.

Non-compliance with any of these ratios would be treated as an event of default and trigger the early repayment of all of Eiffigreen's project debt.

Furthermore, at 30 June 2016, an amount of €395m had been made available to Eiffage under its trade receivables securitisation programme, which is for a maximum amount of €600m. The availability of this facility is not subject to compliance with any financial ratios.

11. Cash and cash equivalents

		30 June 2016	30 June 2015
Assets			
Marketable securities (1)		1,225	925
Cash at bank and in hand (1)		2,081	1,470
	(I)	**3,306**	**2,395**
Liabilities			
Bank overdrafts	(II)	317	177
Cash and cash equivalents at period end	**(I – II)**	**2,989**	**2,218**

(1) Invested in standard money market UCITS (exclusively very short-dated money market instruments) and sight bank certificates of deposit.

12. Borrowings

	At 1 January	Changes in consolidation scope	Other movements	Change in fair value of financial instruments	Increases	Decreases	At 30 June
Non-current loans and portion of non-current loans maturing in less than one year (1)	**14,315**	**14**	**(6)**	**(27)**	**949**	**(1,188)**	**14,057**
Bank overdrafts	193	-	-	-	124	-	**317**
Other loans and financial liabilities	1,327	-	-	-	191	(150)	**1,368**
Other borrowings	**1,520**	**-**	**-**	**-**	**315**	**(150)**	**1,685**
(1) Impact of change in loans recognised in accordance with IAS 17, "Leases".					57	(51)	

13. Provisions

	At 1 January	Changes in consolidation scope and currency translation differences	Addition	Utilisation	Reversal	Other movements	At 30 June
Provisions for maintaining in condition infrastructures held under concessions (1)	268	-	19	(14)	-	(3)	270
Provisions for retirement benefits (2)	275	-	11	(8)	-	30	308
Provisions for long-service awards	31	-	3	-	-	-	34
Other non-current provisions	7	-	-	-	-	-	7
Non-current provisions	**581**	**-**	**33**	**(22)**	**-**	**27**	**619**
Provisions for maintaining in condition infrastructures held under concessions	32	-	-	-	-	3	35
Provisions for losses at completion	27	-	21	(19)	(2)	1	28
Provisions for restructuring	35	-	3	(15)	(1)		22
Provisions for property risks	-	-	-	-	-	-	0
Provisions for guarantees given	127	-	12	(7)	(3)	(2)	127
Provisions for disputes and penalties	69	-	11	(12)	(2)	-	66
Provisions for retirement benefits	18	-	-	-	-	-	18
Provisions for long-service awards	3	-	-	-	-	-	3
Provisions for other liabilities	212	-	34	(30)	(3)	1	214
Current provisions	**523**	**-**	**81**	**(83)**	**(11)**	**3**	**513**

(1) The Addition column includes a discounting effect for €3m.

(2) The Other movements column includes the actuarial adjustment for the period.

Each of the current provisions above represents the aggregate of various disputes linked mainly to construction contracts that, taken individually, are not material. The maturity of these provisions, linked to the operating cycle, is less than one year as a rule. No reimbursements are expected.

14. Hedging instruments

The Group uses interest rate hedging instruments to reduce the exposure of variable rate loans to changes in interest rates.
These instruments are documented as to the hedging relationship and its effectiveness.
The Group carries on its activities almost exclusively in the euro zone. As a result, fluctuations in exchange rates for currencies other than the euro have little impact on the financial statements.

15. Transactions with related parties

The nature of transactions entered into with related parties is as described in Note 11 to the consolidated financial statements contained in the 2015 Annual Report.

16. Income tax expense

Income tax expense is recognised on the basis of the best estimate of the average tax rate expected over the financial year as a whole. This average tax rate takes into account the Group’s geographical diversification.

17. Disputes, arbitration and other commitments

In the ordinary course of its activities, the Group is involved in various disputes. The matters referred to below have, when appropriate, given rise to provisions considered as adequate in the light of current circumstances.

Given the nature of its road building and maintenance activities, the Group uses products sourced from the petroleum industry for the production of materials.
For this reason, and also because activities may be carried on at old industrial sites, suits for environmental pollution could be brought against the Group.

In connection with the Group's building activity, there is a risk that any defects may be reported out to ten years after project completion, and such defects can result in significant repair costs. The Group has therefore taken out ten-year contractors' guarantee insurance policies covering claims exceeding defined deductibles. The necessary provisions have been constituted and the Group does not expect this risk exposure to have material consequences.

With regard to disputes over the commissioning of the Pierre Mauroy stadium in Lille, involving the Eiffage subsidiary operating this installation and Métropole Européenne de Lille, an appeal was filed before the administrative court at the end of July 2015 to obtain a legal settlement, since when there have been no developments.

Concerning the high-speed rail line between France and Spain, no agreement over the restructuring of TP Ferro's debt having been reached with its creditors and the French and Spanish States, the company went before the Gerona commercial court in July 2015, petitioning the court to be placed in receivership. On 16 June 2016, the company filed a business continuity plan with the instructing magistrate. Creditors have until 15 September 2016 to respond. The Group does not expect this decision to have material adverse financial consequences. In the meantime, the operation of the concession continues.

In connection with the construction of a stadium in Poland, legal proceedings have been initiated against an Eiffage subsidiary by the local municipality over the decision to halt construction work, faced with the inability to execute the contract per the initial design. The expected consequences of this dispute were recognised in the 2015 financial statements.

There are no government, legal or arbitration proceedings in progress, nor is the Company aware of any proceedings in abeyance or that could be initiated, that could have or that in the last six months have had a material impact on the Group's financial situation or profitability.

18. Significant events since the end of the reporting period

The Group is not aware of any particular events between 30 June 2016 and 31 August 2016 (which was when these financial statements were approved by the Board of Directors) that would require disclosure.

IV. Statutory Auditors' Report

To the Shareholders,

In fulfilment of the assignment entrusted to us by the Shareholders' General Meeting and in application of Article L.451-1-2 III of the French Monetary and Financial Code (*Code Monétaire et Financier*) we have performed:

- A limited audit of the condensed interim consolidated financial statements of Eiffage SA for the period 1 January 2016 to 30 June 2016 as appended to this report; and
- A verification of the information disclosed in the interim management report for this same period.

The condensed interim consolidated financial statements have been prepared under the responsibility of the Board of Directors. It is our responsibility, based on our limited audit, to report to you our conclusions on these financial statements.

I - Conclusion reached regarding the financial statements

We have performed a limited audit in accordance with the professional standards applicable in France. A limited audit consists mainly in consulting the management staff responsible for the accounting and financial aspects, and in performing analytical procedures. The scope of such an audit is less extensive than that of a full audit carried out in accordance with the professional standards applicable in France. A limited audit therefore provides only a moderate degree of assurance that the financial statements, taken as a whole, do not contain material anomalies, less than would be the case had a full audit been performed.

Based on our limited audit, we have not identified any significant anomalies of a nature such as to bring into question the compliance of the condensed interim consolidated financial statements with IAS 34, "Interim Financial Reporting", part of the International Financial Reporting Standards adopted by the European Union.

II - Specific verifications

We also verified the information disclosed in the interim management report relating to the condensed interim consolidated financial statements that were the object of our limited audit. We have no comment to make as to the true and fair view of this information and its consistency with the condensed interim consolidated financial statements.

Paris La Défense and Neuilly-sur-Seine, 31 August 2016

The Statutory Auditors

KMPG Audit IS

Baudouin Griton

PricewaterhouseCoopers Audit

Gérard Morin