Half-year Financial Report

30 June 2016

ALBIOMA
A FRENCH LIMITED COMPANY WITH SHARE CAPITAL OF €1,163,363.43
TOUR OPUS12
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92081 PARIS LA DÉFENSE, FRANCE
NANTERRE TRADE AND COMPANIES REGISTER NO. 775 667 538

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1. Activities and results for the first half of 2016

1.1. Key figures

1.1.1. Financial data

€ millions	First half 2016	First half 2015
Revenue	177.1	164.0
EBITDA[1]	65.4	50.2
Net income, Group share	14.5	9.5

Notes

1. The results for the first half of 2016 incorporate retroactive items totalling €4.4 million in terms of EBITDA and €2.9 million in terms of net income, Group share.

1.1.2. Operated capacity and production

	Operated capacity (in gross MW)			Production (in GWh)		
	30/06/2016	30/06/2015	Change	30/06/2016	30/06/2015	Change
Albioma Bois-Rouge	108	108	-	333	324	8
Albioma Le Gol	122	122	-	383	370	13
Albioma Le Moule	64	64	-	184	126	58
Albioma Caraïbes	38	38	-	104	77	27
Albioma Galion	40	40	-	44	54	-9
Thermal Biomass France	372	372	-	1,047	951	96
OTEO La Baraque	90	90	-	238	221	16
Terragen	70	70	-	230	215	15
OTEO Saint-Aubin	35	35	-	122	117	4
Mauritius	195	195	-	590	554	36
Brazil[1]	108	60	48	109	36	73
Thermal Biomass	**675**	**627**	**48**	**1,745**	**1,541**	**205**
French overseas departments	62	62	-	39	37	1
Outside France	4	4	-	3	3	-
Metropolitan France	8	8	-	5	5	-1
Solar Power	**75**	**75**	**-**	**47**	**46**	**1**
Anaerobic Digestion	**3**	**3**	**-**	**10**	**10**	**-**
Group Total	**753**	**705**	**48**	**1,802**	**1,597**	**206**

Notes

1. The Albioma Codora Energia plant's production consolidated as from 4 August 2015.

1.1.3. Availability rate

	First half 2016	First half 2015
Albioma Bois-Rouge	87.6%	83.3%
Albioma Le Gol	93.6%	86.9%
Albioma Le Moule	95.8%	68.2%
Albioma Caraïbes	98.2%	77.7%
Albioma Galion	80.3%	96.9%
French overseas departments total	**91.1%**	**82.9%**
Terragen	86.7%	86.6%
OTEO Saint-Aubin	97.0%	97.0%
OTEO La Baraque	93.0%	89.1%
Mauritius Total	**91.4%**	**89.6%**
Group Total	**91.2%**	**85.0%**

1.2. Highlights

1.2.1. France – Thermal Biomass

1.2.1.1. Plants performed very well during first half

At 30 June 2016, total installed thermal capacity in Overseas France was 372 MW, unchanged from 2015.

Due to the plants delivering good performances, the availability rate was 91.1% in the first half of 2016 compared with 82.9% in the first half of 2015. Availability was adversely affected in the first half of 2015 by the strike by some of the workforce at the Le Moule site in Guadeloupe and by two operational incidents at the Albioma Le Moule and Albioma Le Gol power plants.

The annual shutdowns for maintenance of tranches 1 and 2 of the Bois-Rouge and Le Gol power plants on Reunion Island were successfully completed. The Galion peaking plant in Martinique carried out significant, scheduled maintenance work once the turbine had been operating for a certain number of hours: some items of equipment were replaced in February 2016. In collaboration with the manufacturer, and due to their successful operation, the plants' useful lives have been increased significantly beyond the initial limit imposed by the manufacturer.

All base-load power plants delivered excellent performances during the half year, despite a reduction in duty rates resulting in slightly lower output for the power plants on Reunion Island.

In Martinique, the duty rate of the Galion combustion turbine remained very high (31.5%), comparable with that achieved during the first half of 2015 (31.8%).

Power generation totalled 1,047 GWh, an increase of 10% compared with the first half of 2015.

1.2.1.2. Changes in the economic and regulatory context

After remaining relatively stable in 2015, coal prices once again fell sharply during the first half of 2016. Prices averaged €69 per tonne in the first half of 2016 compared with €79 per tonne in the first half of 2015. This trend had a negative impact (-€5.4 million) on the Group's revenues but did not directly affect profit margins, as electricity sale prices are contractually indexed to fuel costs. At the same time, the price of heating oil also fell sharply, to an average of €569 per m^3 compared with an average of €763 per m^3 in the first half of 2015. This resulted in a negative effect of €3.1 million on the Group's revenue, although again there was no direct impact on profit margins.

Concerning carbon emissions, the contracts between all of the Group's thermal power plants in French overseas departments and EDF now enable the cost of purchasing quotas on the market to be passed on to EDF via monthly invoices, excluding any transaction fees and after transferring any free quotas allocated in respect of their cogeneration activity. In accordance with the ministerial order issued on 24 January 2014, the Bois-Rouge, Le Gol and Le Moule power plants received 138,813 tonnes of free quotas in respect of 2016 in recognition of their cogeneration activity.

As was the case with the Le Gol power plant, a rider to the contract for the purchase of the electricity generated by the Albioma Bois-Rouge power plant was signed by the latter with EDF on 5 April 2016 following a favourable opinion from the French Energy Regulatory Commission (*Commission de Régulation de l'Énergie*) on 3 March 2016. On the one hand, it enables the plant to be compensated for the extra costs of managing the combustion by-products of the plant's three tranches, which it has borne since 2013, following changes in the regulations. On the other hand, the rider provides for an adjustment of the remuneration to take into account all of the costs associated with bringing the systems for processing liquid waste (tranches 1 and 2) and gaseous waste (tranche 3) from the power plant into compliance with the provisions resulting from the transposition into French law of the European Directives of 24 September 1996 (integrated pollution prevention and control - IPPC) and 24 November 2010 (industrial emissions - IED). The aim is to sign additional riders for the other power plants concerned during the rest of 2016.

1.2.1.3. Project development

Construction of the Galion 2 bagasse/biomass power plant in Martinique, which began in 2015, is continuing: assembly of the combustion facilities is currently in progress. This 40 MW plant will be the largest all-biomass plant in the French overseas departments. Commissioning of the plant is scheduled for the summer of 2017. The €185 million investment is financed by a €120 million loan over 20 years entered into in April 2015, the balance being financed by equity: 80% by Albioma and 20% by its partner COFEPP. A 30-year sales contract has been entered into with EDF.

Now that all the administrative authorisations have been obtained, the Group is working on implementing the bank finance for the construction of the Saint-Pierre combustion turbine plant on Reunion Island (€60 million investment). The balance of the expenditure will be financed from equity by Albioma (51%) and its long-standing sugar refining partners COFEPP and Tereos (49%). This innovative 41 MW facility will be the first French peaking power plant to operate essentially with bioethanol obtained by distilling sugar cane molasses, which will be produced by the COFEPP group's Rivière du Mât distillery on Reunion Island and by Omnicane on Mauritius. In the longer term, the plant may also use third-generation biofuels from locally produced microalgae, developed in partnership with the Reunion-based company Bioalgostral Océan Indien. Fuel oil will be used as a supplement. A 25-year contract has been entered into with EDF.

After the signing of the rider to the power purchase contract between Albioma Le Gol and EDF, an additional rider was signed with the Bois Rouge power plant with a view to making tranche 3 of the plant compliant with future environmental standards arising out of the EU industrial emissions directive (IED). The €34 million investment will be remunerated at the normal rate for Group contracts in the French overseas departments. Commissioning will take place in 2017. These operations are part of a broader programme to modernise Albioma's existing thermal power plants in the French overseas departments. To finance the work currently under way and to be carried out to make the plant's three tranches compliant with current standards, in June 2016 refinancing for the Albioma Le Gol power plant was entered into on very favourable terms with the same banking pool that put up the previous finance, thereby enabling the financing structure to be simplified and the term of the existing debt to be extended. This programme to adapt facilities to the new standards will have required a total investment of around €200 million by the end of 2019, remunerated on the same terms as the other power generating facilities in Overseas France.

The Energy Transition Act, adopted by the French parliament in August 2015, sets a target of generating 50% of energy from renewable sources in each of the French overseas departments by 2020. Albioma's existing facilities and new all-biomass cogeneration projects will help to achieve these targets.

1.2.2. France and Southern Europe – Solar Power

1.2.2.1. Growth in Solar Power

The Solar Power business, based mainly in Overseas France, benefits from very long sunshine hours and purchase prices that are higher than in Metropolitan France.

Albioma operates photovoltaic power plants with a total capacity of 75 MWp. Photovoltaic power production increased slightly to 47 GWh compared with 46 GWh in the first half of 2015, due mainly to the production during the first few months of 2016 of the additional plants acquired (3 MWp) in April 2015 on Reunion Island, which compensated for the unfavourable sunshine conditions in Southern Europe, the West Indies and French Guiana.

1.2.2.2. Changes in the economic and regulatory context

None

1.2.2.3. Project development

On 13 June 2016, the Minister for the Environment, Energy and the Sea selected Albioma as one of the winners in the call for tenders launched by the French Energy Regulatory Commission on 18 May 2015 in areas that are not interconnected. The Group was awarded three projects for the construction of photovoltaic plants with total installed capacity of 5.9 MWp, i.e. 17% of the total capacity of the work awarded in the French overseas departments and territories. These will add to the 75 MWp already in operation and will take the form of two rooftop projects on Reunion Island (overall power generating capacity of 2.6 MWp) and a ground-based project for a non-hazardous waste storage facility (power generating capacity of 3.3 MWp). The development of the three projects will require total investment of around €13 million.

1.2.3. France – Anaerobic Digestion

In France, addressing the sizeable potential market for anaerobic digestion of livestock rearing and agribusiness waste was a priority of the Energy Transition Bill. However, many anaerobic digestion stakeholders, including Albioma, continue to be faced with operational and economic challenges.

The industrial performance of the Tiper Méthanisation (2 MW), Cap'ter Méthanisation (0.5 MW) and Sain'ter Méthanisation (0.5 MW) power plants, respectively located in Thouars and Saint-Varent in the Deux-Sèvres department and in Saint-Hermine in Vendée, stabilised during the first half.

Despite the tariff adjustment made on 30 October 2015, the profitability of the units in operation remains below target and a strategic review is in progress.

1.2.4. Mauritius

The Group's plants in Mauritius had a combined thermal capacity of 195 MW at 30 June 2016, unchanged from 2015. The Mauritian plants are booked using the equity method.

Operational performance over the course of the half year was strong, resulting in a high availability rate of 91.4% (compared with 89.7% in the first half of 2015) and total production of 590 GWh (up from 552 GWh in the first half of 2015).

1.2.5. Brazil

During the first quarter of 2016, the Group's two facilities, Albioma Rio Pardo Termoelétrica (acquired in March 2014) and Albioma Codora Energia (acquired in August 2015), carried out their annual maintenance during the period between sugar harvests.

1.2.5.1. Albioma Rio Pardo Termoelétrica

Albioma Rio Pardo Termoelétrica remained shut down for six weeks only: the plant was producing in January (consuming the stock of bagasse built up in 2015) and resumed production on 15 March 2016. Net production exported thus totalled 56 GWh, compared with 36 GWh in the first half of 2015.

Continuing its strategy of securing long-term sales, Albioma Rio Pardo Termoelétrica has entered into contracts for the 2017 to 2019 period in respect of an additional 15 GWh per year at the inflation-indexed price of BRL168/MWh. Sales contracts have been entered into in respect of all of the Group's expected production for 2016, either as a result of calls for tender or agreements with major industrial customers.

1.2.5.2. Albioma Codora Energia

Albioma Codora Energia took advantage of the entire period between harvests (January to March) to carry out scheduled maintenance. Despite the sugar mill delivering a smaller quantity of biomass than expected, production totalled 52 GWh in the first half of 2016, which was significantly higher than the 37 GWh achieved in the first half of 2015. The company's acquisition by the Group was finalised on 4 August 2015.

Albioma Codora Energia benefits from a long-term power purchase agreement (guaranteed until 2026) covering the export of 87 GWh/year at an attractive, inflation-indexed price of BRL 205 per MWh. In addition, anticipating the installation of a new 20 MW turbine in 2017, Albioma Codora Energia has secured the long-term sale of 54 GWh annually over a 20-year period beginning in 2020, at the historically high, inflation-linked price of BRL 278/MWh.

1.2.5.3. Project development

Albioma announced the signing, on 20 May 2016, of a joint-venture agreement with Vale do Paraná, with a view to developing a new cogeneration plant in the State of São Paulo in Brazil. Vale do Paraná, a mill whose annual crushing capacity is 2 million tonnes of sugar cane, is a subsidiary of the Pantaleon Group, Central America’s leading producer (crushing capacity of 13 million tonnes of sugar cane) based in Guatemala, and of Manuelita, a diversified agro-industrial producer based in Colombia (crushing capacity of 4.5 million tonnes of sugar cane in Columbia and Peru).

Together, Albioma and Vale do Paraná will create a project company which will be the owner/operator of the Vale do Paraná cogeneration plant. This entity will build an extension raising the facility’s generating capacity from 16 MW to 48 MW, 30 MW of which will be exported to the power grid.

Albioma will hold 40% of the project company, and will act as technical partner during the construction and operation phases, providing its expertise as a global specialist in the high-efficiency cogeneration of bagasse.

Vale do Paraná successfully participated in the last call for tenders, securing the sale on the regulated market of 80% of expected electricity production. In this way, 120 GWh/year was sold over 25 years from 1 January 2021, at a record price of BRL 245.2/MWh (2016 basis) linked to inflation, guaranteeing the profitability of the project.

The investment, which is estimated at BRL 100 million (2016 basis), is eligible for a BNDES (the Brazil National Bank for Development) long-term loan. This project remains subject to a number of conditions precedent being satisfied (including obtaining financing and all the authorisations necessary for the construction and for cogeneration grid connection).

1.2.6. Holding company

1.2.6.1. Change in governance

To ensure the successful implementation of the succession plan for the role of Chief Executive Officer, the Group decided to separate the role of Chairman of the Board of Directors from that of Chief

Executive Officer. Since 1 June 2016, Frédéric Moyne has held the position of Chief Executive Officer, with Jacques Pétry retaining his position as Chairman of the Board of Directors.

In addition, Daniel Valot, an Independent Director and Chairman of the Audit, Accounts and Risks Committee, resigned from the Board of Directors on health grounds. Consequently, the Board of Directors decided to appoint Michel Bleitrach, Vice Chairman of the Board of Directors and Lead Director, as Chairman of the Audit, Accounts and Risks Committee. Furthermore, the Board of Directors decided to provisionally appoint Valérie Landon as an Independent Director. The General Meeting of 24 May 2016 ratified this provisional appointment. Jean-Carlos Angulo is now Chairman of the Commitments Committee. Michèle Remillieux and Marie-Claire Daveu remain, respectively, Chairwoman of the Nomination and Remuneration Committee and Chairwoman of the Corporate Social Responsibility Committee.

1.2.6.2. 2015 dividend

The option for payment in new shares of the dividend in respect of the 2015 financial year resulted in the subscription of 433,475 new shares.

The option could be exercised from 1 to 22 June 2016. It offered the option of having 50% of the dividend for the 2015 financial year (set at €0.57 per share) paid in the form of new shares, issued at a price of €12.21 each.

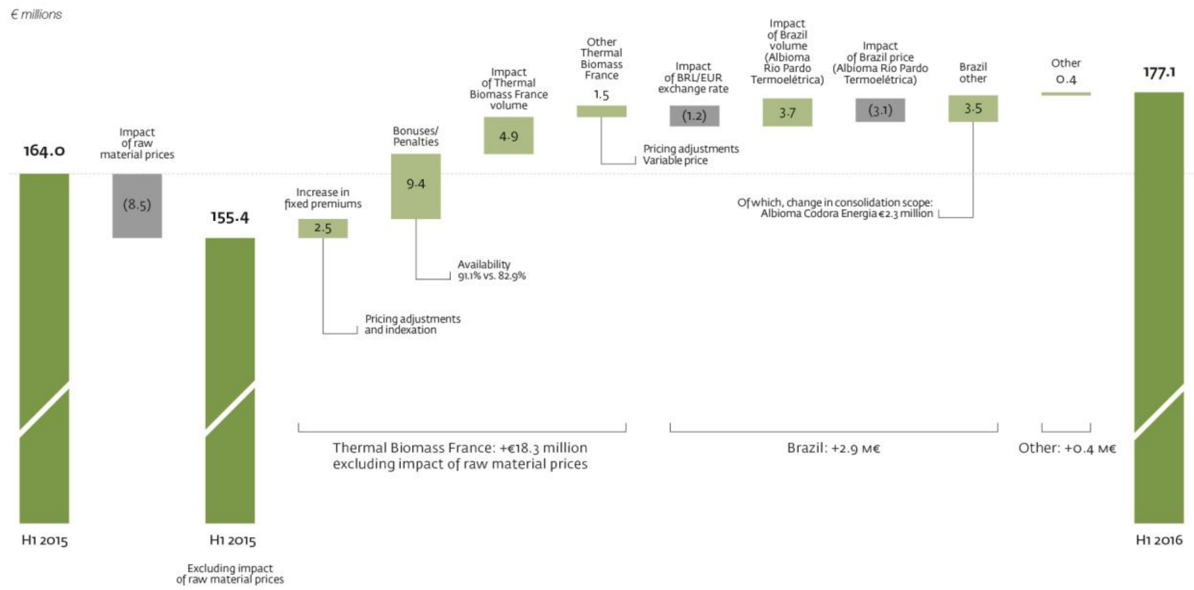
1.3. Comments on the consolidated financial statements

1.3.1. Income statement

1.3.1.1. Revenue

€ millions	**First half 2016**	**First half 2015**	**Change**
France – Thermal Biomass	146.6	136.8	7%
France and Southern Europe – Solar Power	20.6	20.5	-
Brazil	7.0	4.1	72%
Holding company and other	2.9	2.5	15%
Revenue	**177.1**	**164.0**	**8%**

Revenue for the first half of 2016 was up 8% compared with the first half of 2015. The change can be analysed as follows:



Stripping out the negative impact of changes in raw materials prices of €8.5 million linked to the decline in the average prices of coal and fuel oil between the first half of 2016 and the first half of 2015 (although this had no direct effect on the profit margin due to electricity sales prices being contractually indexed to fuel costs), revenue increased significantly. This increase was due to the combined effects of:

- the increase in the fixed premiums as a result of the indexation of the contracts of the thermal power plants in the French overseas departments and the pricing adjustments obtained from EDF for the Le Gol and Bois Rouge power plants on Reunion Island;
- the €9.4 million increase in bonuses as a result of the very good performance achieved by the thermal power plants in the French overseas departments. During the first half of 2015, activity was adversely affected by the strike by some of the workforce at the Le Moule site at the start of the year and by technical incidents at the Le Gol and Le Moule power plants;
- a positive volume effect of €4.9 million, production at the thermal power plants in the French overseas departments having increased from 951 GWh in the first half of 2015 to 1,047 GWh in the first half of 2016;
- the increase in revenue generated by the Albioma Rio Pardo Termoelétrica power plant in Brazil due to the increase in the volumes of electricity exported to the grid;

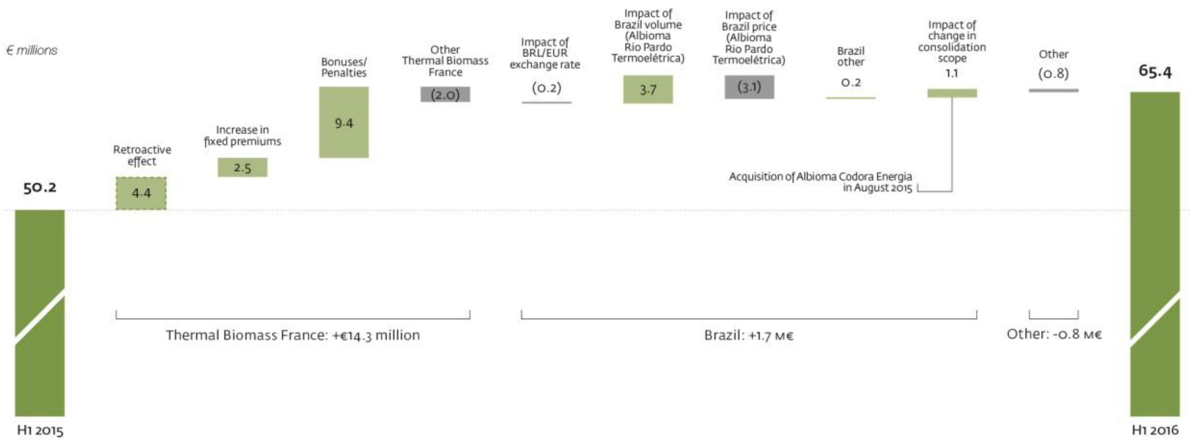
which offset:

- a negative currency effect due to the weakening of the Brazilian real against the euro between the first half of 2015 and the first half of 2016;
- selling prices at an all-time low in Brazil.

1.3.1.2. EBITDA

€ millions	First half 2016	First half 2015	Change
France – Thermal Biomass	49.8	35.5	40%
France and Southern Europe – Solar Power	15.6	16.0	-2%
Mauritius	1.3	1.2	9%
Brazil	1.4	(0.2)	n/a
Holding company and other	(2.7)	(2.2)	-22%
EBITDA:	**65.4**	**50.2**	**30%**

EBITDA came to €65.4 million, a 30% increase compared with the first half of 2015. It included retroactive items totalling €4.4 million resulting from the signing of new riders to contracts between EDF and the Albioma Bois-Rouge power plant.



EBITDA for the Thermal Biomass France business was up 40% compared with the first half of 2015. This significant improvement was due mainly to the excellent performance achieved by the power plants in the first half of the year, which resulted in a €9.4 million increase in bonuses. In 2015, two technical incidents that occurred at the Le Gol and Le Moule power plants and the strike by some of the workforce at the Le Moule site early in the year had a significant adverse effect on the business. The signing of new riders to contracts with EDF also enabled the Bois-Rouge plant to receive retroactive pricing compensation totalling €4.4 million as a result of EDF agreeing to bear the costs of processing the combustion by-products of the plant's three tranches and making the systems for processing liquid waste at tranches 1 and 2 compliant with current standards. The Le Gol power plant also obtained similar pricing adjustments at the end of 2015. The Galion peaking plant once again saw strong demand from EDF during the half year.

Despite the continuing fall in electricity selling prices with the spot price at an all-time low in February, activity in Brazil rose, largely due to the increased production at the Albioma Rio Pardo Termoelétrica plant and the acquisition of the Albioma Codora Energia plant in August 2015.

EBITDA for the Solar Power business was down slightly, due mainly to the poor sunshine conditions in the West Indies, French Guiana and Southern Europe during the first half year, partially compensated for by the additional plants acquired (3 MWp) on Reunion Island in April 2015.

1.3.1.3. Charges for depreciation, amortisation and provisions, and net financial income (expense)

The 27% increase in charges for depreciation, amortisation and provisions to €24.8 million was due mainly to the consolidation of the Albioma Codora Energia power plant in Brazil not consolidated in the first half of 2015 and to the increase in depreciation in respect of the thermal power plants in the French overseas territories as a result of the commissioning of equipment to modernise the facilities and make them compliant with current standards. In the first half of 2015, the Group had also reversed a provision recognised in 2013 for the disposal of ashes from the Le Gol power plant, since these ashes were processed early in 2015. Following the settlement of a liabilities guarantee and a dispute, two other provisions had also been reversed during the first half of 2015.

Net financial expense was up 9% compared with the first half of 2015, due mainly to the interest expense of Albioma Codora Energia, consolidated since August 2015.

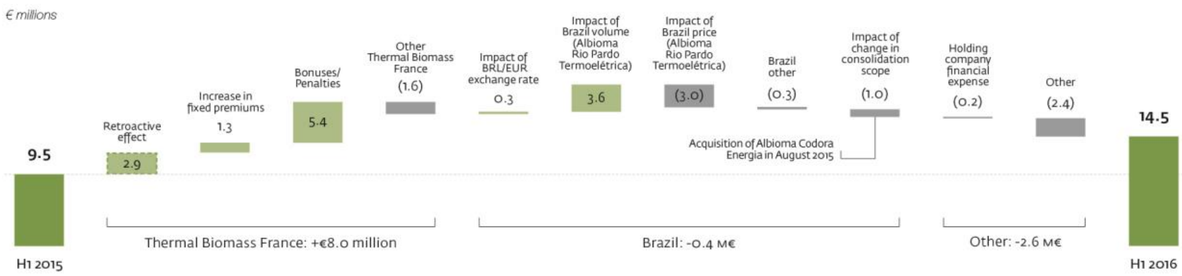
1.3.1.4. Tax charge

The tax charge came to €11.3 million, compared with a charge of €7.3 million in the first half of 2015.

The effective tax rate was 44.1%, compared with a rate of 43.2% for the first half of 2015. This increase resulted mainly from the coming to an end of the tax exemption from which some of the photovoltaic plants on Reunion Island had benefited. During the half year, this rate was also increased by the 3% additional contribution paid on dividend payments.

1.3.1.5. Net income, Group share

In the first half of 2015, consolidated net income, Group share, came to €9.5 million. In the first half of 2016, it came to €14.5 million In addition to retroactive items totalling €2.9 million, it included depreciation, amortisation and financial expenses for Albioma Codora Energia.



1.3.2. Statement of cash flows

€ millions	**First half 2016**	**First half 2015**
Cash flow from operations	67.4	52.4
Change in the working capital requirement	7.5	(0.7)
Tax paid	(16.9)	(6.8)
Cash flow from operating activities	**58.0**	**44.9**
Operating capex	**(5.6)**	**(10.2)**
Free cash-flow from operating activities	**52.4**	**34.7**
Development capex	(38.2)	(19.8)
Other/acquisitions/disposals	(0.2)	(10.4)
Net cash flow from investing activities	**(38.4)**	**(30.2)**
Dividends paid to Albioma shareholders	-	-
Borrowings (increases)	67.5	5.4
Borrowings (repayments)	(18.5)	(17.8)
Cost of financial debt	(13.8)	(13.0)
Other	(1.3)	-
Net cash flow from financing activities	**33.9**	**(25.5)**
Currency effect on cash and cash equivalents and other changes	0.8	(0.7)
Net change in cash and cash equivalents	**48.8**	**(21.6)**
Opening net cash and cash equivalents	48.2	103.1
Closing net cash and cash equivalents	**97.0**	**81.5**

1.3.2.1. Cash flow from operating activities

This item amounted to €58.0 million in the first half of 2016 compared with €44.9 million in the first half of 2015. This increase mainly reflects the improvement in the Group's cash flow from operations, which is in line with the good performance achieved by the thermal power plants in the French overseas territories in the first six months of the year. The €7.5 million positive change in the working capital requirement was due in particular to the decrease in the "Trade receivables" balance sheet item. At 31 December 2015, the Group was in effect waiting for the payment of arrears relating to the pricing negotiations with EDF. These effects were partially offset by an increase in the amount of tax paid.

1.3.2.2. Cash flow from investing activities

This item comprises:

- operating investment expenses: these comprised investment expenses for power plants in operation, primarily in connection with the servicing, maintenance, repair, optimisation and modernisation work and investment programmes for the Thermal Biomass business. These expenses totalled €5.6 million, compared with €10.2 million in the first half of 2015. This decrease is linked to the end of the work programme to bring plants into compliance with fire detection and protection regulations;

- development investment expenses: these totalled €38.2 million, compared with €19.8 million in the first half of 2015. They related mainly to the ongoing construction of the Galion 2 bagasse/biomass power plant, the expenses associated with the combustion turbine on Reunion Island, the work to optimise the efficiency of the Albioma Codora Energia power plant acquired in August 2015 and to the start of the investment programme aimed at bringing the Thermal Biomass power plants in the French overseas territories into compliance with the Industrial Emissions Directive (IED) following the signing of new riders to contracts with EDF.

In the first half of 2015, these cash flows included the expenses related to the acquisition of photovoltaic power plants on Reunion Island with a capacity of 3 MWp.

1.3.2.3. Cash flow from financing activities

Financing activities generated positive cash flow of €33.9 million compared with negative cash flow of €25.5 million in the first half of 2015.

€67.5 million of new borrowings were issued, mainly to finance work on the construction of the Galion 2 power plant in Martinique and work to make the initial tranches of the Le Gol power plant on Reunion Island compliant with future environmental standards arising out of the EU industrial emissions directive (IED). In the first half of 2015, these cash flows included the financing of the acquisition of the photovoltaic plants on Reunion Island.

At the same time, repayments of borrowings amounted to €18.5 million.

1.3.3. Financial structure

At 30 June 2016, total equity stood at €402 million compared with €409 million at 31 December 2015. This decrease resulted mainly from the distribution of the 2015 dividend and the reclassification of non-controlling interests following the acquisition of a 40% interest in Methaneo. At the same time, the equity attributable to non-controlling interests increased from €61 million to €65 million.

Gross borrowings stood at €661 million, up compared with €556 million at 31 December 2015. They consisted of project debt of €526 million and corporate debt of €85 million. Most of the project debt is without recourse to shareholders with the exception of the Brazilian debt and the debt issued during the construction phase.

Consolidated net borrowings came to €508 million after taking into account net cash and cash equivalents of €97 million and security deposits (€6 million of deposits at 30 June 2016). They increased slightly from €502 million at 31 December 2015.

At 30 June 2016, Albioma had consolidated cash and cash equivalents of €103 million (including €6 million of security deposits), and still had significant resources to pursue its development.

1.4. Significant changes in the financial or commercial position

None

1.5. Events after the reporting period and outlook

1.5.1. Events after the reporting period

In early July 2016, Albioma Saint-Pierre, which is 51%-owned by Albioma, raised bank borrowing totalling €45 million with a 22-year term on favourable terms to finance construction of the Saint-Pierre combustion turbine plant on Reunion Island.

1.5.2. Outlook

1.5.2.1. Long-term outlook

The Group confirms its objective of sustained expansion. Over the 2013-2023 period, its investment programme, the budget for which totals around €1 billion, will focus mainly on new renewable energy production projects in France, Mauritius and Brazil. Opportunities for development in new countries are also being examined.

1.5.2.2. 2016 targets

The Group also confirms its earnings targets for the full year 2016.

€ millions	**2016**	**2015**
EBITDA:	125-130	119.9
Net income, Group share:	25-30	30.2

2. Statutory Auditors' review report on the half-year financial information (for the period from 1 January 2016 to 30 June 2016)

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.

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To the Shareholders

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

- *the review of the accompanying condensed half-yearly consolidated financial statements of 30th June 2016, for the period from 1 January 2016 to 30 June 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 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 IFRSs as adopted by the European Union applicable to interim financial information.

2. *Specific verification*

We have also verified the information presented 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.

Neuilly-sur-Seine and Courbevoie, 26 July 2016.

The Statutory Auditors,

PricewaterhouseCoopers Audit
Jérôme Mouazan

Mazars
Daniel Escudeiro

3. Consolidated financial statements (condensed) for the half year ended 30 June 2016

3.1. Consolidated income statement (condensed)

€ thousands	Notes	First half 2016	First half 2015
Revenue	5	**177,058**	**163,953**
Purchases (including change in stocks)	6	(54,778)	(58,850)
Logistics costs		(7,065)	(6,730)
Staff costs	7	(21,360)	(18,038)
Other operating expenses	8	(34,310)	(31,475)
Amortisation of electricity and steam supply agreements		(3,146)	(2,374)
Charges to depreciation, amortisation and provisions	9	(21,684)	(18,041)
Share of net income of equity-accounted companies	17	1,405	1,298
Current operating income		**36,122**	**29,743**
Other operating income and expenses	10	4,404	837
Operating income		**40,526**	**30,580**
Cost of financial debt	11	(13,751)	(13,038)
Other financial income	12	474	798
Other financial expenses	12	(341)	(261)
Profit before tax		**26,908**	**18,079**
Tax charge	13	(11,252)	(7,252)
Net income		**15,656**	**10,827**
Net income attributable to:			
• shareholders of Albioma	22	14,504	9,490
• non-controlling interests	22	1,151	1,337
Basic and diluted earnings per share (in euros)	22	0.492	0.321

The notes form an integral part of the condensed financial statements.

3.2. Statement of comprehensive income

The statement of comprehensive income presents the net income for the period as well as income and expenses for the period recognised directly in equity, in accordance with IFRS.

€ thousands	**First half 2016**	**First half 2015**
Net income	**15,656**	**10,827**
Actuarial gains and losses on employee benefits	(2,756)	(118)
Deferred tax on actuarial gains and losses	1,038	20
Items not available for recycling through profit or loss	**(1,718)**	**(98)**
Translation differences	9,847	(2,790)
Cash flow hedges (interest rate swaps)	(12,399)	7,366
Deferred tax relating to cash flow hedges	4,232	(2,505)
Items available for recycling through profit or loss	1,680	2,071
Comprehensive income	**15,618**	**12,800**
Comprehensive income attributable to:		
• shareholders of Albioma	13,085	11,090
• non-controlling interests	2,532	1,710

Besides the change in net income in the first half of 2016, the change in comprehensive income stems mainly from:

- the impact of the decrease in interest rates on the measurement at fair value of cash flow hedging instruments (interest rate swaps);
- the effect of the decrease in the discount rate applied to employee benefits on the projected amount of the commitment;
- the effect of the change in the exchange rate between the Brazilian real and the euro.

3.3. Consolidated statement of financial position (condensed)

Assets

€ thousands	**Notes**	**30/06/2016**	**31/12/2015**
Non-current assets			
Goodwill	14	13,132	12,990
Intangible assets	15	109,275	108,043
Property, plant and equipment	16	886,050	849,926
Non-current financial assets	18	6,768	6,517
Participating interests in equity-accounted companies	17	24,865	26,237
Deferred tax assets		10,675	9,552
Total non-current assets		**1,050,764**	**1,013,264**
Current assets			
Stocks and assets in progress	20	47,894	48,728
Trade receivables	19	40,026	57,895
Other current operating assets	21	28,385	29,876
Cash and cash equivalents	18	97,985	48,260
Total current assets		**214,291**	**184,759**
Total assets		**1,265,055**	**1,198,023**

The notes form an integral part of the condensed financial statements.

Equity and liabilities

€ thousands	**Notes**	**30/06/2016**	**31/12/2015**
Shareholders' equity, Group share			
Share capital	22	1,147	1,147
Additional paid-in capital		30,476	30,472
Reserves		298,713	302,189
Translation reserves		(7,658)	(15,662)
Net income for the period		14,504	30,249
Total shareholders' equity, Group share		**337,183**	**348,395**
Non-controlling interests		64,767	60,815
Total equity		**401,950**	**409,211**
Non-current liabilities			
Employee benefits	24	27,615	22,817
Provisions for liabilities	24	2,357	2,437
Deferred tax liabilities		53,694	58,050
Non-current financial debt	23	519,966	472,040
Non-current derivatives	25	52,513	40,186
Total non-current liabilities		**656,145**	**595,530**
Current liabilities			
Trade payables	26	47,168	64,328
Tax and social security liabilities	28	27,551	26,283
Current financial debt	23	91,446	83,693
Other current operating liabilities	27	40,794	18,978
Total current liabilities		**206,959**	**193,282**
Total equity and liabilities		**1,265,055**	**1,198,023**

The notes form an integral part of the condensed financial statements.

3.4. Statement of changes in shareholders' equity

€ thousands	Share capital	Additional paid-in capital	Reserves and retained earnings	Cash flow hedges	Translation differences	Shareholders' equity, Group share	Non-controlling interests	Total shareholders' equity
Shareholders' equity at 31/12/2015	**1,147**	**30,472**	**356,873**	**(24,434)**	**(15,662)**	**348,396**	**60,815**	**409,211**
Dividends paid[1]	-	-	(16,823)	-	-	(16,823)	(5,030)	(21,853)
Capital increase	-	-	-	-	-	-	533	533
Share-based payments	-	-	488	-	-	488	-	488
Transaction between shareholders	-	-	(6,156)	-	-	(6,156)	6,156	-
Treasury shares	-	-	(1,734)	-	-	(1,734)	-	(1,734)
Other changes	-	-	(77)	-	-	(73)	(239)	(312)
Total transactions with shareholders	**-**	**4**	**(24,302)**	**-**	**-**	**(24,298)**	**1,420**	**(22,878)**
Change in translation adjustment	-	-	-	-	8,004	8,004	1,843	9,847
Change in actuarial gains and losses	-	-	(1,512)	-	-	(1,512)	(206)	(1,718)
Change in fair value of hedging derivatives	-	-	-	(7,911)	-	(7,911)	(256)	(8,167)
Sub-total of items recognised in equity	**-**	**-**	**(1,512)**	**(7,911)**	**8,004**	**(1,419)**	**1,381**	**(38)**
Net income for the period	-	-	14,504	-	-	14,504	1,151	15,656
Total comprehensive income for the period	**-**	**-**	**12,992**	**(7,911)**	**8,004**	**13,085**	**2,532**	**15,618**
Shareholders' equity at 30/06/2016	**1,147**	**30,476**	**345,563**	**(32,345)**	**(7,658)**	**337,183**	**64,767**	**401,951**

Notes

1. On 24 May 2016, the Ordinary and Extraordinary General Meeting of Albioma's shareholders decided to set the dividend at €0.57 per share and to offer each shareholder the option of receiving payment of half of the dividend either in cash or in shares.

.../...

€ thousands	**Share capital**	**Additional paid-in capital**	**Reserves and retained earnings**	**Cash flow hedges**	**Translation differences**	**Shareholders' equity, Group share**	**Non-controlling interests**	**Total shareholders' equity**
Shareholders' equity at 31/12/2014	**1,147**	**30,472**	**356,873**	**(24,434)**	**(15,662)**	**348,396**	**60,815**	**409,211**
Dividends paid[1]	-	-	(18,955)	-	-	(18,955)	(3,838)	(22,793)
Share-based payments	-	-	259	-	-	259	-	259
Treasury shares	-	-	(307)	-	-	(307)	-	(307)
Other changes	-	62	(103)	-	-	(41)	(87)	(128)
Total transactions with shareholders	**-**	**62**	**(19,106)**	**-**	**-**	**(19,044)**	**(3,925)**	**(22,969)**
Change in translation adjustment	-	-	-	-	(2,791)	(2,791)	1	(2,790)
Change in actuarial gains and losses	-	-	(98)	-	-	(98)	-	(98)
Change in fair value of hedging derivatives	-	-	-	4,489	-	4,489	372	4,861
Sub-total of items recognised in equity	-	-	(98)	4,489	(2,791)	1,600	373	1,973
Net income for the period	-	-	9,490	-	-	9,490	1,337	10,827
Total comprehensive income for the period	**-**	**-**	**9,392**	**4,489**	**(2,791)**	**11,090**	**1,710**	**12,800**
Shareholders' equity at 30/06/2015	**1,145**	**29,669**	**338,900**	**(23,665)**	**(11,097)**	**334,952**	**50,370**	**385,322**

3.5. Statement of consolidated cash flows

€ thousands	First half 2016	First half 2015
Operating activities:		
Net income from continuing operations	14,504	9,490
Non-controlling interests	1,151	1,337
Adjustments		
• Charges to depreciation, amortisation and provisions	25,052	19,682
• Change in deferred tax	(452)	726
• Share of net income of equity-accounted companies net of dividends received	1,165	1,269
• Gains and losses on disposals	11	41
• Share-based payments	529	259
• Cost of financial debt	13,751	13,038
• Current tax charge for the period	11,704	6,526
Cash flow from operations	**67,416**	**52,368**
Impact of the change in the working capital requirement	7,479	(694)
Tax paid	(16,910)	(6,758)
Net cash from operating activities	**57,985**	**44,916**
Investing activities		
Acquisitions of non-current assets	(43,750)	(29,970)
Increase in long-term investments	(335)	(828)
Sales proceeds from and reductions in financial assets	122	21
Acquisitions and disposals of subsidiaries less any cash acquired or sold	-	(9,573)
Net cash from/(used by) investing activities	**(43,963)**	**(40,350)**
Financing activities		
Capital increases subscribed by non-Group shareholders	533	-
Change in treasury shares	(1,734)	(307)
Borrowings and financial debt issued or subscribed	67,533	5,360
Cost of financial debt	(13,751)	(13,038)
Borrowings and financial debt repaid	(18,517)	(17,798)
Other items	(116)	313
Net cash from/(used by) financing activities	**33,948**	**(25,470)**
Impact of currency movements on cash and other changes	842	(692)
Net change in cash and cash equivalents	**48,812**	**(21,596)**
Opening net cash and cash equivalents from continuing operations	48,183	103,137
Closing net cash and cash equivalents	96,995	81,541
Change in cash and cash equivalents	**48,812**	**(21,596)**
Cash	83,618	34,456
Cash equivalents	14,366	47,085
Total cash and cash equivalents	97,984	81,541
Bank overdrafts	(989)	-
Net cash and cash equivalents	**96,995**	**81,541**

3.6. Notes to the financial statements

Thanks to its unique expertise developed in the area of bagasse (a by-product of sugar cane), Albioma produces electricity by recovering all forms of biomass, through cogeneration. In addition, Albioma develops and operates solar power and anaerobic digestion projects. Albioma is registered in the Nanterre Trade and Companies Register under number 775 667 538. Its registered office is located at Tour Opus 12, 77 Esplanade du Général de Gaulle, 92081 Paris La Défense, France.

Albioma's consolidated half-year financial statements (condensed) are presented in thousands of euros and were approved by the Board of Directors at its meeting of 26 July 2016.

Note 1. Highlights of the first half of 2016

The highlights of the period were as follows:

- Due to the Thermal Biomass plants delivering good performances, the availability rate was 91.1% in the first half of 2016 compared with 82.9 % in the first half of 2015. Availability was adversely affected in the first half of 2015 by the strike by some of the workforce at the Le Moule site in Guadeloupe and by two operational incidents at the Albioma Le Moule and Albioma Le Gol power plants.
- As was the case with the Le Gol power plant, a rider to the contract for the purchase of the electricity generated by the Albioma Bois-Rouge power plant was signed by the latter with EDF on 5 April 2016 following a favourable opinion from the French Energy Regulatory Commission (*Commission de Régulation de l'Énergie*) on 3 March 2016. On the one hand, it enables the plant to be compensated for the extra costs of managing the combustion by-products of the plant's three tranches, which the plant has borne since 2013, following changes in the regulations. On the other hand, the rider provides for an adjustment of the remuneration to take into account all of the costs associated with bringing the systems for processing the liquid and gaseous waste of the power plant into compliance with current standards.
- On 30 June 2016, Albioma Le Gol entered into a financing agreement in respect of the issue of debt totalling €135 million divided into three tranches. The aim of this debt was to refinance the existing debt for tranches ALG-A and ALG-B currently in operation whilst extending their term, and to finance the investment needed to bring the facilities into compliance with the Industrial Emissions Directive (IED) whilst benefiting from favourable terms.

Note 2. Basis of preparation of the financial statements and accounting policies

2.1. Basis of preparation

The consolidated financial statements (condensed) for the six months ended 30 June 2016 have been prepared in accordance with IAS 34 "Interim financial reporting", which does not require all explanatory notes to be published. As these are condensed financial statements, they do not include all the information required by IFRS and must therefore be read in conjunction with the consolidated financial statements for the year ended 31 December 2015 prepared in accordance with IFRS.

2.2. Accounting policies

The consolidated half-year financial statements have been prepared in accordance with the framework of International Financial Reporting Standards (IFRS) and interpretations as adopted by the European Union on 30 June 2016, which are available on the following website:

http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm

The accounting principles used for the preparation of the consolidated financial statements (condensed) for the six months ended 30 June 2016 are identical to those used for the preparation of the consolidated financial statements for the year ended 31 December 2015 and set out in the consolidated financial statements published for that period. There have been no changes to the accounting policies used for the consolidated financial statements (condensed) for the six months ended 30 June 2016 other than those described below.

The following new standards and amendments are subject to mandatory application with effect from financial years beginning on or after 1 January 2016:

- amendments resulting from the 2010-2012 IFRS annual improvements process, which were published in December 2013;
- amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation", published in May 2014.

These texts do not apply to the Group or have no material impact on the Group's consolidated financial statements for the six months ended 30 June 2016.

In addition, Albioma did not apply in advance any standard, amendment or interpretation adopted by the European Union but which was not mandatory until after 1 January 2016.

2.3. Specific valuation principles applicable to interim financial statements

The specific valuation principles applied to the interim financial statements are as follows:

- tax on earnings: the tax charge is calculated on the basis of income before tax broken down by tax jurisdiction, to which is applied the estimated tax rates for the full financial year;
- employee benefits: the net cost in relation to these benefits is recognised pro rata to the projected full-year charge derived from actuarial valuations compiled at the end of the previous financial year. The valuation of net commitments is adjusted in the event of a material change in market conditions compared with the end of the previous financial year, including reductions, liquidations and other non-recurring material events.

2.4. Management estimates

Estimates made by management in relation to the preparation of the half-year consolidated financial statements (condensed) are identical to those described in the consolidated financial statements for the year ended 31 December 2015. In the Group's opinion, there are no material changes in the description of the fair value levels as presented in Note 31 of the consolidated financial statements published in the 2015 Registration Document.

2.5. Conversion rates

The movement in the BRL/EUR exchange rate over the reported periods was as follows:

Period	**Closing rate**	**Average rate**
30/06/2015	3.47	3.31
31/12/2015	4.31	3.69
30/06/2016	3.59	4.13

Note 3. Changes in the consolidation scope

There were no significant changes in the consolidation scope during the first half of 2016.

On 22 April 2016, the founding shareholders of Methaneo exercised their option, requiring Albioma to acquire the shares they still held in Methaneo, representing 40% of its share capital. Following this transaction, Albioma held all of the shares making up Methaneo's share capital. In accordance with IFRS 3, this transaction is treated as a transaction between shareholders. It resulted in a reclassification from shareholders' equity attributable to non-controlling interests to shareholders' equity, Group share, equal to the interest acquired by Albioma. In addition, the debt relating to the put options on non-controlling interests previously recognised in financial debt has been extinguished.

The first half of 2015 was marked by the acquisition, on 10 April 2015, of 14 rooftop photovoltaic power plants from Ciel et Terre and Samfi Invest. These facilities, located on Reunion Island, have a power generating capacity of 3 MWp. During the second half of 2015, the Group acquired control of Codora Energia, which owns a bagasse cogeneration plant in Brazil with power generating capacity of 48 MW.

These entities contributed in full to the Group's activity during the first half of 2016.

Note 4. Operating segments

Segment information is presented based on the internal organisation and reporting structures used by Group management, which reflect the various levels of risks and profitability to which the Group is exposed.

Inter-segment transactions are realised on an arm’s length basis.

During the first quarter of 2016, the Group's two facilities, Albioma Rio Pardo Termoelétrica (acquired in March 2014) and Albioma Codora Energia (acquired in August 2015), carried out their annual maintenance during the period between harvests. As a result, during this period, they did not contribute to the Group's revenue but contributed only to its expenses.

Information on the period ended 30 June 2016

€ thousands	**France - Thermal Biomass**	**France - Solar Power[1]**	**Brazil**	**Mauritius**	**Holding company, Anaerobic Digestion and other**	**Eliminations**	**IFRS financial statements**
Income statement							
Income from ordinary activities	146,612	20,553	7,013	-	2,880	-	177,058
Inter-segment	-	-	-	-	7,470	(7,470)	-
Income from ordinary activities	146,612	20,553	7,013	-	10,350	(7,470)	177,058
EBITDA[2]	49,803	15,607	1,409	1,283	(2,740)	-	65,362
Operating income	**35,275**	**8,048**	**(879)**	**1,283**	**(3,201)**	**-**	**40,526**
Financial expenses and income							(13,618)
Tax charge							(11,252)
Net income for the period							**15,656**
Other information							
Investments in property, plant and equipment and intangible assets	41,714	314	1,693	-	190	-	43,911
Charges to depreciation and amortisation	(13,061)	(7,518)	(2,289)	-	(462)	-	(23,330)

Notes

1. Including Spain and Italy.

2. EBITDA: operating income (including income from equity-accounted companies) before depreciation, amortisation and provisions net of reversals.

Information on the period ended 30 June 2015

€ thousands	France - Thermal Biomass	France - Solar Power[1]	Brazil	Mauritius	Holding company, Anaerobic Digestion and other	Eliminations	IFRS financial statements
Income statement							
Income from ordinary activities	136,821	20,528	4,089	-	2,515	-	163,953
Inter-segment	-	-	-	-	4,921	(4,921)	-
Income from ordinary activities	136,821	20,528	4,089	-	7,436	(4,921)	163,953
EBITDA[2]	35,470	15,998	(242)	1,179	(2,249)	-	50,156
Operating income	23,650	8,656	(1,388)	1,179	(1,518)	-	30,579
Financial expenses and income							(12,500)
Tax charge							(7,252)
Net income for the period							**10,827**
Other information							
Investments in property, plant and equipment and intangible assets	22,873	432	2,460	-	2,389	-	28,154
Charges to depreciation and amortisation	(12,673)	(7,336)	(1,146)	-	(617)	-	(772)

Notes

1. Including Spain and Italy.
2. EBITDA: operating income (including income from equity-accounted companies) before depreciation, amortisation and provisions net of reversals.

Note 5. Income from ordinary activities

Income from ordinary activities can be broken down as follows:

€ thousands	First half 2016	First half 2015
Sales of electricity and steam	176,314	162,930
Services	744	1,023
Income from ordinary activities	**177,058**	**163,953**

The change in revenue was due mainly to:

- the effect of the good availability of the Thermal Biomass plants;
- the increase in the fixed premiums following the signing of the contract riders in 2015 for Albioma Le Gol and in 2016 for Albioma Bois-Rouge;
- the contribution of Albioma Codora Energia and of the solar installations acquired during 2015;
- the effect of the change in the price of fuel (coal and fuel oil), which had a negative impact on selling prices but no impact on margins.

Note 6. Purchases (including changes in stocks)

Purchases include the cost of raw materials consumed in the production of electricity, notably coal and fuel oil. The change during the period includes, in addition to the increase in purchases related to the consolidation of Albioma Codora Energia during the first half of 2016, the impact of the decrease in fuel prices.

Note 7. Staff costs

This increase was due to the strengthening of the workforces at the thermal power plants, particularly as regards those employees specialising in chemistry, in line with the work required to bring the systems for processing liquid and gaseous waste into compliance with current standards, as well as those involved in development work. In addition, the staff costs for the first half of 2016 include the contribution of Albioma Codora Energia, a company acquired in the second half of 2015.

Note 8. Operating expenses

Logistics costs

The change in logistics expenses was due mainly to the higher cost of transporting ash from the Thermal Biomass entities in line with the increase in the volume transported and the entities acquired during 2015 contributing in full to the expenses of the first half of 2016.

Other operating expenses

Other operating expenses comprise all expenses other than purchases, logistics costs and staff costs. They also include the expenses and income associated with the CO_2 allowances

The change in other operating expenses in the first half of 2016 compared with those of the first half of 2015 stems mainly from the contribution of the Brazilian activities over the full six-month period.

Note 9. Charges to depreciation, amortisation and provisions

€ thousands	**First half 2016**	**First half 2015**
Charges to depreciation and amortisation	(20,202)	(19,414)
Charges to provisions net of reversals	(1,482)	1,373
Charges to depreciation, amortisation and provisions	**(21,684)**	**(18,041)**

The change in charges to depreciation and amortisation was due mainly to the consolidation over the full first half of 2016 of the entities acquired in 2015.

The charges to provisions for the first half of 2016 related exclusively to employee benefits.

The charges to provisions in respect of employee benefits totalled €1.4 million for the first half of 2015. The reversals of provisions for the first half of 2015 included mainly the reversals of provisions in respect of the costs of the removal and processing of ash from the Le Gol power plant for which a provision had been raised in 2013 as a result of the obligation to bury by-products from coal combustion.

Note 10. Other operating income and expenses

Other operating income for the period ended 30 June 2016 included the effect of the rider to the Albioma Bois-Rouge contract compensating the plant for the additional costs associated with combustion by-products.

Other operating income for the period ended 30 June 2015 included the reversal of a provision in respect of a liabilities guarantee that is no longer required.

Note 11. Cost of financial debt

Cost of financial debt comprises the following items:

€ thousands	**First half 2016**	**First half 2015**
Financial expenses on financial debt	(10,561)	(9,577)
Financial expenses on leases	(3,190)	(3,461)
Cost of financial debt	**(13,751)**	**(13,038)**

The change in financial expenses was due mainly to the interest charge on the debt of Albioma Codora Energia, a company acquired during the second half of 2016, and on Albioma's corporate debt. The interest expense in respect of the power plants in operation decreased in line with the decrease in the outstanding debt.

The financial expenses recognised in the income statement in respect of the interest rate swaps totalled €4.1 million, which was similar to the amount recognised in the first half of 2015.

Note 12. Other financial income and expenses

Other financial income essentially comprises income from cash investments and income from deposits. Other financial expenses mainly comprise the charge relating to the discounting of employee benefits in the amount of €0.2 million.

Note 13. Tax

The corporation tax charge breaks down as follows:

€ thousands	**First half 2016**	**First half 2015**
Current tax charge	(10,743)	(5,565)
Tax on dividend payments	(961)	(961)
Deferred tax	452	(726)
Total corporation tax	**(11,252)**	**(7,252)**

The increase in the tax charge was due partly to the increase in the profit before tax and partly to an increase in the effective tax rate, as detailed below.

Tax charge analysis

The effective tax rate is calculated as follows:

€ thousands		First half 2016	First half 2015
Operating income		40,526	30,579
Share of net income of equity-accounted companies		(1,405)	(1,298)
Cost of financial debt		(13,751)	(13,038)
Other financial income and expenses		133	537
Income before tax and share in equity-accounted companies	(A)	25,503	16,781
Tax charge	(B)	(11,252)	(7,252)
Effective tax rate (B)/(A)		**44.12%**	**43.22%**

A reconciliation between the actual tax charge and the theoretical tax charge, excluding the additional contribution, is shown below:

	First half 2016			First half 2015		
€ thousands	**Base**	**Rate**	**Tax**	**Base**	**Rate**	**Tax**
Theoretical tax charge	25,503	-33.33%	(8,500)	16,781	-33.33%	(5,593)
Share of fees and expenses on dividends	-	-1.3%	(323)	-	-1.4%	(236)
Difference between the theoretical tax rate and the tax rate applicable to the foreign companies	-	-4.6%	(1,169)	-	-4.1%	(690)
Non-taxable income	-	1.9%	496	-	3.1%	527
Tax allowance	-	-	-	-	2.1%	360
Tax on dividends	-	-1.9%	(483)	-	-5.7%	(961)
Non-deductible interest	-	-1.5%	(394)	-	-1.4%	(236)
Unrecognised deferred tax assets	-	-1.1%	(275)	-	-3.8%	(634)
Impact of differences in the tax rates of the foreign companies	-	-	-	-	-	-
Additional contributions and other permanent differences	-	-2.4%	(604)	-	1.3%	211
Tax charge recognised	**25,503**	**-44.12%**	**(11,252)**	**16,781**	**-43.22%**	**(7,252)**

The effects of differences in tax rates essentially relate to the gap between the common law tax rate applicable to Albioma of 33⅓% and the tax rate applicable in Brazil as well as the additional contribution applicable to certain French entities included in the consolidation scope.

The increase observed in the effective tax rate included the coming to an end of the tax exemption scheme which had benefited Albioma Solaire Réunion and Plexus Sol during the 2015 financial year.

Note 14. Goodwill

The Group did not identify any indications of impairment of goodwill at 30 June 2016 that required the recognition of a goodwill impairment provision. Net goodwill totalled €13 million, similar to the amount recorded for the year ended 31 December 2015.

Note 15. Intangible assets

€ thousands	**Electricity and steam supply agreements**	**Other intangible assets**	**Total intangible assets**
At 31/12/2015	**106,781**	**1,261**	**108,042**
Acquisitions	-	246	246
Charges to amortisation	(3,146)	(360)	(3,506)
Change in consolidation scope and other changes	1,021	(296)	725
Foreign currency translation effect	3,764	3	3,767
At 30/06/2016	**108,420**	**855**	**109,275**

The change in intangible assets relates mainly to the movement in the exchange rate of the Brazilian real, the amortisation of agreements for the sale of electricity and the adjustment in the value of the agreements for the sale of electricity from the photovoltaic power plants acquired in 2015.

Note 16. Property, plant and equipment

€ thousands	**Installations in service**	**Non-current assets in progress**	**Total**
At 31/12/2015	**772,334**	**77,591**	**849,925**
Acquisitions	3,978	39,687	43,665
Disposals	(24)	-	(24)
Charges to depreciation	(19,894)	-	(19,894)
Impact of changes in the consolidation scope	(560)	1,057	497
Reclassifications and other movements	4,562	(4,004)	558
Foreign currency translation effect	11,307	16	11,323
At 30/06/2016	**771,703**	**114,347**	**886,050**

Increases in property, plant and equipment in the first half relate mainly to expenditure for improvements to thermal power plants and for the development of projects, in particular the Galion 2 plant. Interest charges capitalised during the first half of 2016 in respect of power plants under construction totalled €414,000.

The "Foreign currency translation effect" heading includes the impact of the change in the euro/Brazilian real exchange rate on the assets located in Brazil.

Note 17. Investments in associates and joint ventures

The change in investments in associates and joint ventures is as follows:

€ thousands	**30/06/2016**	**31/12/2015**
Amount at the start of the period	**26,237**	**25,900**
Dividends paid	(2,571)	(2,547)
Share of net income of associates	1,405	3,247
Translation differences on the Mauritian interests	(207)	(363)
Amount at the end of the period	**24,864**	**26,237**

Note 18. Financial assets

Non-current financial assets

The term deposit generates interest that is capitalised.

€ thousands	**Notes**	**30/06/2016**	**31/12/2015**
Term deposits		6,190	5,928
Non-consolidated investments		190	297
Loans due in more than one year		388	219
Financial instruments	25	-	73
Total		**6,768**	**6,517**

Cash and cash equivalents

Gross cash comprised the following:

€ thousands	**30/06/2016**	**31/12/2015**
Investment securities	14,366	21,128
Cash	83,618	27,132
Total	**97,985**	**48,260**

Cash equivalents consist of term deposits and immediately available money market mutual funds (SICAV), for which changes in fair value are recognised in profit or loss.

Note 19. Trade receivables

At 30 June 2016, trade receivables stood at €40.0 million compared with €57.9 million at 31 December 2015.

At 31 December 2015, trade receivables included the effect of the recognition of unbilled receivables in respect of the riders to the Le Gol power plant agreement. These invoices were issued and payments received in respect of them during the first half of 2016.

Note 20. Stocks

Stocks break down as follows:

€ thousands	**30/06/2016**	**31/12/2015**
Stocks - gross amount		
Raw materials and fuels	13,651	15,917
Non-strategic spare parts	34,487	33,101
Other stocks in progress	13	13
Total stocks – gross amount	**48,151**	**49,031**
Impairment of stocks		
Non-strategic spare parts	(257)	(303)
Total impairment of stocks	**(257)**	**(303)**
Stocks - net amount		
Raw materials and fuels	13,651	15,917
Non-strategic spare parts	34,230	32,798
Other stocks in progress	13	13
Total stocks – net amount	**47,894**	**48,728**

Note 21. Other current assets

Other current liabilities break down as follows:

€ thousands	**30/06/2016**	**31/12/2015**
Tax and social security receivables	17,565	15,676
Current tax receivables	1,885	4,611
Prepayments	5,045	2,531
Other debtors	3,891	7,058
Total	**28,385**	**29,876**

Note 22. Share capital and potential shares

22.1. Share capital

No options were exercised during the first half of 2016. Albioma holds 368,823 treasury shares in connection with the liquidity contract and share buyback programme.

22.2. Bonus performance share plans and stock options

The expense recognised in the income statement for existing plans at 30 June 2016 was €529,000 compared with €259,000 for the first half of 2015.

On 24 May 2016, Albioma's Board of Directors allotted bonus shares under the terms of three plans whose main characteristics are as follows:

Plan 1 (for the benefit of managerial and administrative staff)

- Number of shares allotted 494,808
- Acquisition period: 3 years
- Performance measurement period: 3 calendar years
- Retention period: none
- Performance conditions based on the increase in EBITDA for one third of the shares allotted, on the increase in earnings per share for one third and on the change in the Albioma share price as compared with the change in the CAC Small Net Return index for the remaining third.

Plan 2 (for the benefit of employees of the thermal power plants) and plan 3 (for the benefit of employees of the photovoltaic power plants)

- Number of shares allotted 29,040 shares under conditions precedent for plan 2 and 2,760 shares for plan 3
- Acquisition period: 1 year
- Performance measurement period: 1 year
- Retention period: 1 year
- Performance conditions based on the power plants' availability rate assessed on a site-by-site basis

Main assumptions used to value the plans

€ thousands	**30/06/2016**
Plans' estimated fair value (excluding employers' contributions)	2,110
Expected dividend yield	Estimated using a forward-looking approach, based on the distribution policy announced by the Group
Volatility of the Albioma share	28%
Valuation model	Monte Carlo

22.3. Number of shares

At 30 June 2016, the share capital consisted of 29,783,757 fully paid-up shares with a nominal value of €0.0385 per share.

Calculation of the dilution

Shares whose acquisition is conditional have not been included in the calculation of diluted earnings per share for the first half of 2015 or 2016, as the vesting conditions for these shares were not fulfilled at the end of the periods under consideration.

	30/06/2016	30/06/2015
Weighted average number of shares	29,468,800	29,607,618
Dilution	-	-
Diluted weighted average number of shares	**29,468,800**	**29,607,618**
Group total		
Net income, Group share:	14,504	9,490
Net income/weighted average number of shares	**0.492**	**0.321**
Net income/diluted weighted average number of shares	**0.492**	**0.321**

22.4. Dividends

On 24 May 2016, the Ordinary and Extraordinary General Meeting of Albioma's shareholders decided to set the dividend at €0.57 per share and to offer each shareholder the option of receiving payment of half of the dividend either in cash or in new shares. This option could be exercised between 1 June and 22 June 2016.

The option for payment of the dividend in shares resulted in the subscription of 433,475 new shares issued at the price of €12.21 per share. The new shares were delivered and admitted for trading on the regulated market of the NYSE Euronext in Paris on 4 July 2016. The dividend payment in cash took place on the same date.

Note 23. Financial debt

The following table provides a breakdown of the Group's financial debt at 30 June 2016:

€ thousands	Project debt	Corporate debt	Bank overdrafts, accrued interest and loan issue costs	Total
Debts with financial institutions	393,570	85,000	3,041	**481,611**
Lease liabilities	129,802	-	-	**129,802**
Total	**523,372**	**85,000**	**3,041**	**611,413**
Non-current financial debt				519,966
Current financial debt				91,446

Project debt in France has a maturity of between 15 and 25 years according to the type of business and the length of the contract for electricity supply.

Project debt is non-recourse debt in respect of Albioma, except in the case of Brazil, where Albioma has granted a parent company guarantee, and debt relating to projects in the construction phase.

At 30 June 2016, the portion of debt denominated in BRL stood at €34.9 million. The other debt was all denominated in euros.

The change in financial debt during the period is broken down below:

€ thousands	**Lease liabilities**	**Bank and other borrowings**	**Total**
31/12/2015	**138,717**	**417,016**	**555,733**
Bond issues	-	67,533	67,533
Repayments	(5,285)	(15,218)	(20,503)
Change in bank overdrafts	-	911	911
Foreign currency translation effect	-	5,876	5,876
Other movements	(919)	796	(123)
Reclassifications	(2,711)	2,711	-
Net change	-	1,985	1,985
30/06/2016	**129,802**	**481,611**	**611,413**

Other movements include the effect of the exercise of finance lease options.

Debt issues for the period ended 30 June 2016 related to:

- the implementation by Albioma of additional corporate debt totalling €5 million. This fixed rate, euro-denominated debt matures in seven years;
- the implementation of variable rate debt totalling €135 million, in three tranches of €87 million, €33 million and €15 million respectively. The aim of this debt was to refinance the existing debt for tranches ALG-A and ALG-B currently in operation of the Le Gol power plant whilst extending their term, and to finance the investment needed to bring the facilities into compliance with the Industrial Emissions Directive (IED). At 30 June 2016, only the first tranche, totalling €87 million, had been drawn down, €41 million of which was allocated to the refinancing of existing debt;
- the additional drawdown of the Galion 2 debt amounting to €20 million taking the total used to €54 million out of a total amount financed of €120 million.

In addition, at 30 June 2016, Albioma had undrawn credit lines amounting to €40 million.

The change in financial debt during the first half of 2015 was as follows:

€ thousands	**Lease liabilities**	**Bank and other borrowings**	**Total**
31/12/2014	**153,701**	**385,778**	**539,479**
Bond issues	153,701	385,778	539,479
Repayments	-	5,360	5,360
Change in bank overdrafts	(5,015)	(12,608)	(17,623)
Foreign currency translation effect	-	(1,466)	(1,466)
Other movements	(4,942)	5,772	830
Reclassifications	-	5,896	5,896
Net change	-	(175)	(175)
30/06/2015	**143,744**	**388,558**	**532,302**

Debt issues for the period ended 30 June 2015 related to the financing of the acquisition of shares of photovoltaic entities as described in Note 3 to these financial statements. This variable-rate debt has a maturity of 10 years.

In addition, at 30 June 2015, Albioma had undrawn credit lines amounting to €40 million.

Note 24. Provisions and employee benefits

The increase in employee benefits includes, in the amount of €3.2 million, the effect of the change in the discount rate, which fell from 2.2% at 31 December 2015 to 1.5% at 30 June 2016. This effect was recognised in other comprehensive income in the amount of €3 million, the balance being recognised in profit or loss for the period.

No significant changes in provisions were noted during the first half of 2016.

Note 25. Financial derivatives

	Fair values in the statement of financial position						Recognition of changes in 2016	
	Maturity	**Notional amount in millions of euros**	**31/12/2015**		**30/06/2016**		**Profit or loss**	**Transitory account in shareholders' equity**
In € thousands			**Assets**	**Liabilities**	**Assets**	**Liabilities**		
Hedging of variable-rate debt by interest-rate swaps	2017 to 2035	340	72	(40,186)	-	(52,513)	-	(12,399)
Total cash flow hedging derivatives		**340**	**72**	**(40,186)**	**-**	**(52,513)**	**-**	**(12,399)**

Note 26. Trade payables

€ thousands	**30/06/2016**	**31/12/2015**
Trade payables	45,523	62,860
Amounts due to suppliers of non-current assets	1,645	1,468
Total	**47,168**	**64,328**

Note 27. Other current liabilities

Other current liabilities break down as follows:

€ thousands	**30/06/2016**	**31/12/2015**
Deferred income	8,566	9,199
Other creditors	32,228	9,779
Total	**40,794**	**18,978**

The change in other creditors is due mainly to the recognition, at 30 June 2016, of liabilities in respect of dividends paid by Albioma to its shareholders and by consolidated companies to non-Group shareholders.

Note 28. Tax and social security liabilities

These liabilities break down as follows:

€ thousands	**30/06/2016**	**31/12/2015**
Current tax liabilities	1,962	10,037
Other tax and social security liabilities	25,589	16,246
Total	**27,551**	**26,283**

Note 29. Off-balance sheet commitments

29.1. Commitments given

At 30 June 2016, off-balance sheet commitments given amounted to €59.0 million compared with €69.1 million at 31 December 2015.

This decrease of €10.1 million stems mainly from the settlement of order commitments for capital expenditure to be incurred in respect of the Galion 2 thermal power plant.

29.2. Commitments received

At 30 June 2016, off-balance sheet commitments received amounted to €121.7 million compared with €140.9 million at 31 December 2015.

This decrease of €19.2 million was due mainly to the drawdowns in respect of a commitment received for bank financing of the Galion 2 thermal power plant project totalling €120 million.

Note 30. Risk and capital management

The risks to which the Group is exposed are presented in the notes to the financial statements for the year ended 31 December 2015.

The Group has not identified any other material changes in the risks described in the Registration Document for the year ended 31 December 2015 or in the risk management policies implemented.

Note 31. Related parties

There were no material changes in transactions with related parties in the first half of 2016.

Note 32. Information on equity investments with significant shareholders excluding the Group

The table below shows the contribution to net income of the entities with significant non-controlling interests. This table includes Albioma Codora Energia and Albioma Le Gol for the period ended 30 June 2016 and Albioma Le Gol for the first half of 2015.

The figures in the table below are the full amounts for each item, before elimination of intra-Group transactions.

€ thousands	**30/06/2016**	**30/06/2015**
Income statement		
Revenue	50,953	44,582
Net income	5,113	5,031
Net income, Group share:	3,298	3,251
Net income, attributable to non-controlling interests	1,815	1,780
Total comprehensive income	**4,862**	**4,589**
Group share	3,135	2,964
Attributable to non-controlling interests	1,727	1,625
Dividends paid to non-controlling interests	(4,906)	(3,800)
Statement of cash flows		
Cash from/(used by) operating activities	(15,682)	17,387
Cash used by investing activities	(10,639)	(4,899)
Cash from/(used by) financing activities	26,243	(5,487)

Note 33. Events after the reporting period

On 18 July 2016, Albioma Saint-Pierre took out a €45 million long-term loan on favourable terms with a 22-year term. The aim of the loan is to finance the construction of power plants.

4. Statement of the person responsible for the half-year financial report

I declare that, to the best of my knowledge, the consolidated financial statements (condensed) for the half year under review have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the Company and all its subsidiaries included in the consolidation scope, and that the half-year management report on page 6 presents an accurate view of the major events that occurred in the first six months of the financial year, of their influence on the financial statements, of the major transactions between related parties together with a description of the main risks and uncertainties for the remaining six months of the year.

Puteaux, 26 July 2016.

Frédéric Moyne,
Chief Executive Officer

Notes

ALBIOMA

NOTRE NATURE EST PLEINE D'ÉNERGIE