Half-year financial report

30 June 2017

ALBIOMA
A FRENCH LIMITED COMPANY WITH SHARE CAPITAL OF €1,178,905.04
TOUR OPUS[12]
77, ESPLANADE DU GÉNÉRAL DE GAULLE
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 2017*

1.1. Key figures

1.1.1. Financial data

€ millions	**First half 2017**	**First half 2016**
Revenue	196.9	177.1
EBITDA[1]	68.4	65.4
Net income, Group share[1]	16.2	14.5

1. The results for the first half of 2017 incorporate retroactive items totalling €4.5 million in terms of EBITDA and €2.8 million in terms of net income, Group share (compared with €4.4 million and €2.9 million respectively for the first half of 2016).

1.1.2. Installed capacity and production

	Gross operating capacity (in MW)			**Production (in GWh)**		
	30/06/2017	**30/06/2016**	**Change**	**30/06/2017**	**30/06/2016**	**Change**
Albioma Bois–Rouge	108	108	–	342,453	332,836	9,617
Albioma Le Gol	122	122	–	375,447	382,561	-7,114
Albioma Le Moule	64	64	–	175,111	184,027	-8,916
Albioma Caraïbes	38	38	–	94,590	103,697	-9,107
Albioma Galion	40	40	–	43,437	44,142	-705
France - Thermal Biomass	372	372	–	1,031,038	1,047,263	-16,224
OTEO La Baraque	90	90	–	253,910	237,752	16,158
Terragen	70	70	–	232,442	230,142	2,300
OTEO Saint–Aubin	35	35	–	122,128	121,659	469
Mauritius	195	195	–	608,481	589,554	18,927
Albioma Rio Pardo Termoelétrica	60	60	–	25,283	56,468	-31,185
Albioma Codora Energia	48	48	–	38,577	52,145	-13,568
Brazil	108	108	–	63,860	108,613	-44,753
Thermal Biomass	**675**	**675**	**–**	**1,703,379**	**1,745,429**	**-42,050**
French overseas departments	61	62	-1	37,424	38,896	-1,472
Outside France	4	4	–	5,137	3,267	1,870
Metropolitan France	8	8	–	3,341	4,789	-1,448
Solar Power	**74**	**75**	**-1**	**45,903**	**46,952**	**-1,049**
Anaerobic Digestion	**3**	**3**	**–**	**9,526**	**10,011**	**-485**
Group Total	**752**	**753**	**-1**	**1,758,808**	**1,802,393**	**-43,585**

1.1.3. Availability rate

	First half 2017	First half 2016
Albioma Bois-Rouge	89.1%	87.6%
Albioma Le Gol	87.8%	93.6%
Albioma Le Moule	94.9%	95.8%
Albioma Caraïbes	91.5%	98.2%
Albioma Galion	86.9%	80.3%
French overseas departments total	**89.7%**	**91.1%**
Terragen	92.5%	86.7%
OTEO Saint-Aubin	97.2%	97.0%
OTEO La Baraque	88.2%	93.0%
Mauritius Total	**91.4%**	**91.4%**
Group Total	**90.3%**	**91.2%**

1.2. Highlights of the first half of 2017

1.2.1. France – Thermal Biomass business

1.2.1.1. All plants performed very well

At 30 June 2017, total installed thermal capacity in Overseas France was 372 MW, unchanged from 2016.

The annual shutdowns for maintenance of tranches 1 and 2 of the Albioma Bois-Rouge and Albioma Le Gol power plants were successfully completed. Albioma Le Gol took advantage of its annual shutdown to begin the programme of works to make its fume treatment systems compliant with the EU Industrial Emissions Directive (IED). The Albioma Caraïbes plant had a maintenance shutdown during the first half year. It should be noted that it did not have a maintenance shutdown in 2016, in keeping with its policy of spacing shutdowns every 18 months.

During the first half of 2017, the availability rate was 89.7% compared with 91.1% in the first half of 2016. Availability was affected by the shutdown to carry out compliance work on the first tranche of the ALG-A unit of the Le Gol power plant. In accordance with the terms of a rider to the power purchase agreement entered into in 2015, EDF compensated Albioma for the effects of this for a six-week period. Adjusted accordingly, the plant’s availability rate was 91.6%, in line with the Group’s target of 90% to 92%.

In Martinique, the EDF duty rate of the Galion combustion turbine remained very high (28.8%), slightly lower than that achieved during the first half of 2016 (31.5%).

Power generation totalled 1,031 GWh, an increase of 2% compared with the first half of 2016.

1.2.1.2. Changes in the economic and regulatory context

After rising significantly at the end of 2016, coal prices fell slightly during the first few months of 2017. Prices averaged €95 per tonne in the first half of 2017 compared with €69 per tonne in the first half of 2016. This trend had a positive impact (+€13.7 million) on the Group's revenue 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 rose, to an average of €709 per m3 compared with an average of €569 per m3 in the first half of 2016. This resulted in a positive effect of €2.9 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 the French overseas departments and regions 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 136,265 tonnes of free quotas in respect of 2017 in recognition of their cogeneration activity.

A new rider to the contract for the purchase of the electricity generated by the Albioma Caraïbes power plant was signed by the latter with EDF on 26 May 2017 following a favourable opinion from the French Energy Regulatory Commission (*Commission de Régulation de l'Énergie*) on 22 February 2017. On the one hand, it enables the plant to be compensated for the extra costs of managing the combustion by-products, which the plant has borne since 2013 following changes in the regulations. On the other hand, it provides for an adjustment of the remuneration to take into account all of the costs associated with bringing the systems for processing the power plant's liquid and gaseous waste 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 total investment of around €22 million will be remunerated at the normal rate for Group contracts in the French overseas departments and regions. Albioma is continuing to implement its programme to modernise its existing thermal power plants in the French overseas departments and regions. Similar negotiations are underway to enter into an additional rider for Albioma Le Moule, the last baseload power plant affected by this compliance work that has not yet entered into a rider.

1.2.1.3. Project development

Construction of the Galion 2 bagasse/biomass power plant in Martinique, which began in 2015, is continuing: commissioning of the plant is scheduled for late summer 2017.

The Bordeaux Administrative Court of Appeal, in its judgement of 13 April 2017, decided to overturn the judgement of the Administrative Court of Fort-de-France of 4 October 2016, which had annulled the authorisation to operate the plant. All the objections raised by the Association for the Protection of the Heritage of Martinique against the project have been rejected. The plant's operation is therefore once again fully authorised.

This 40 MW plant, which will be the first 100% biomass cogeneration plant in Martinique, is scheduled for commissioning during the last quarter of 2017. It will provide 15% of the island's total electricity consumption. Based on a virtuous exchange with the Galion sugar refinery, the project aims to ensure the future of the refinery by making it more efficient. Galion 2 is a project which has matured for 10 years with all the stakeholders, to increase Martinique's share of renewable energy by 7% to 22% and thereby favour the island's energy transition whilst respecting the most stringent environmental standards. This investment, which was increased to €205 million to cover the most recent uncertainties surrounding the project, is financed by a €120 million, 20-year loan taken out in April 2015, the balance being financed by equity: 80% by Albioma and 20% by its partner, Compagnie Financière Européenne de Prises de Participation (COFEPP). A 30-year power purchase agreement has been entered into with EDF. Currently, 350 people are working on the site's construction. Once the plant is in operation, it will create 34 direct jobs (including 32 in Martinique, in accordance with the Group's commitments to promote local employment) and will generate more than 200 indirect jobs.

The construction work for the combustion turbine plant in Saint Pierre on Reunion Island is also progressing well. The turbine was delivered to the site during February and the test phase is scheduled for the last quarter of 2017. This investment, totalling around €60 million, is financed by a 22-year, €45 million loan taken out in July 2016, the balance being financed by equity: 51% by Albioma and 49% by its traditional sugar refining partners, Compagnie Financière Européenne de Prises de Participation (COFEPP) and the Tereos group. This innovative 41 MW plant will be the first French peaking plant to operate essentially using bioethanol produced by distilling sugar cane molasses. 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 power purchase agreement has been entered into with EDF.

On 7 June 2017, Albioma and the Reunion Island region signed a framework agreement on Albioma's contribution to Reunion Island's multi-year energy plan covering the 2017-2019 period. This agreement was entered into in the context of the Energy Transition Act of August 2015, which sets a target of generating 50% of energy from renewable sources in each of the French overseas departments and regions by 2020. As a major player in the island's energy production, Albioma has undertaken to gradually replace the coal at its Bois-Rouge and Le Gol thermal power plants with sustainable biomass.

1.2.2. France and Southern Europe – Solar Power business

1.2.2.1. Stable performance

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 74 MWp.

On 6 February 2017, the Group sold its 50% stake in its subsidiary Quantum Caraïbes (1 MWp) to its partner.

Stripping out the effects of changes in the consolidation scope, photovoltaic electricity generation remained stable in the first half of 2017. The favourable weather conditions in the Indian Ocean and in Southern Europe offset the lack of sunshine related to the abundant rain in the West Indies-French Guyana region.

1.2.2.2. Changes in the economic and regulatory context

None

1.2.2.3. Project development

Construction work on the Grand Port Maritime power plant on Reunion Island (1.3 MWp rooftop project with energy storage facilities) is scheduled to start in September. Albioma was awarded this project in 2016 following a call for tenders launched by the French Energy Regulatory Commission (*Commission de Régulation de l'Énergie*). This investment, totalling around €3 million, is financed by a 20-year €2.7 million loan taken out in May 2017. Albioma also successfully bid for two other projects on which work is expected to begin during 2018: another rooftop project on Reunion Island (power generating capacity of 1.3 MWp) and a ground-based project for a non-hazardous waste storage facility in Guadeloupe (power generating capacity of 3.3 MWp).

In June 2017, the Group took part in another call for tenders launched by the French Energy Regulatory Commission, the results of which are expected to be released in September of this year.

1.2.3. France – Anaerobic Digestion business

In France, addressing the sizeable potential market for anaerobic digestion of livestock rearing and agribusiness waste was a priority of the Energy Transition Bill.

Following a transitional year in 2016, the Group has decided to focus its efforts on the three plants already in operation: Tiper Méthanisation (2 MW), Cap'ter Méthanisation (0.5 MW) and Sain'ter Méthanisation (0.5 MW), respectively located in Thouars and Saint-Varent in the Deux-Sèvres department and in Saint-Hermine in the Vendée. The restructuring of the business in late 2016, combined with an extension of the power purchase agreements from 15 to 20 years, should enable the plants to break even by the end of 2017.

1.2.4. Mauritius

The Group's plants in Mauritius had a combined thermal capacity of 195 MW at 30 June 2017, unchanged from 2016. The Mauritian plants are booked using the equity method.

The plants achieved excellent performances over the half year, with availability remaining stable at 91.4% and electricity production increasing to 609 GWh, compared with 590 GWh in the first half of 2016, due mainly to the significant increase in the call rate at the OTEO La Baraque plant.

1.2.5. Brazil

1.2.5.1. Late start to sugar harvest

Against a recovering macro-economic backdrop, the Group's Brazilian thermal power plants have delivered good operational performance. The sugar harvest began late: on 11 April for Albioma Codora Energia and 27 April for Albioma Rio Pardo Termoelétrica. Consequently, energy production for the first half of 2017 (64 GWh) was significantly lower than in the first half of 2016 (109 GWh).

Sale prices improved in line with movements in the spot price between the first half of 2016 and the first half of 2017. Following a sharp rise during the half year to over BRL 400/MHw, it fell back to around BRL 170 at the end of June. In order to limit its exposure to volatile spot prices, the Group has secured 75% of its sales for the 2017-2019 period by means of long-term purchase contracts under the terms of calls for tender organised by the regulator or short-term contracts negotiated with industrial customers.

1.2.5.2. Project development

In accordance with the operating plan, the grid connection permit for the Vale Do Paraná plant was obtained in February 2017. The capital expenditure for this project will total around BRL 100 million and will be financed mainly by a loan from BNDES. The aim is to increase to 48 MW the generating capacity of an existing cogeneration plant. The Group will have a 40% stake in this project (equity accounted company).

1.2.6. Holding company

1.2.6.1. Change in the composition of the Board of Directors

Albioma's Board of Directors, which met on 25 April 2017, decided, based on the recommendations of the Nomination and Remuneration Committee, to ask the General Meeting of shareholders, held on 31 May 2017, to approve the appointment of two new Directors. These two appointments were approved by a large majority of the shareholders.

Firstly, the Board of Directors wished to propose the appointment of Bpifrance Investissement as Director. On 27 March 2017, Bpifrance Investissement crossed the 5% capital and voting rights thresholds and is now one of the Group's five largest shareholders after its capital was restructured following the withdrawal of the Apax France VI fund in June 2015. Bpifrance Investissement is represented by Émilie Brunet, age 34, Director of Investment in the Mid & Large Caps division of Bpifrance.

Secondly, the Board of Directors wanted to propose to the General Meeting the appointment of Frédéric Moyne as Director. Age 41, Frédéric Moyne has held the position of Chief Executive Officer of Albioma since 1 June 2016, on which date he succeeded Jacques Pétry, as a result of the separation of the functions of Chairman of the Board of Directors and Chief Executive Officer.

1.2.6.2. 2016 dividend

The option for payment in new shares of the dividend in respect of the 2016 financial year resulted in the subscription of 403,678 new shares, giving a reinvestment rate of over 75%.

The option could be exercised from 8 to 28 June 2017. It offered the option of having 50% of the dividend for the 2016 financial year (set at €0.57 per share) paid in the form of new shares, issued at a price of €16.01 per share. The new shares were delivered on 10 July 2017.

1.3. Comments on the consolidated financial statements

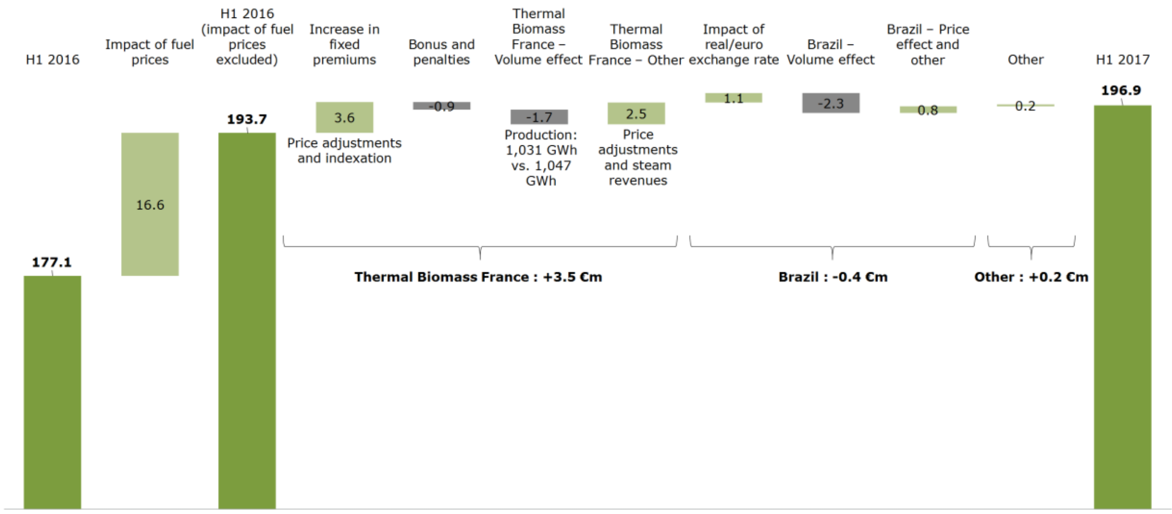
1.3.1. Income statement

1.3.1.1. Revenue

€ millions	**First half 2017**	**First half 2016**	**Change**
France – Thermal Biomass	166.7	146.6	14%
France and Southern Europe – Solar Power	20.4	20.6	-1%
Brazil	6.6	7.0	-6%
Holding company and other	3.2	2.9	10%
Revenue	**196.9**	**177.1**	**11%**

Revenue for the first half of 2017 was up 11% compared with the first half of 2016. The change can be analysed as follows:

€ millions



Stripping out the negative impact of changes in fuel prices of €16.6 million linked to the increase in the average prices of coal and fuel oil between the first half of 2017 and the first half of 2016 (although this had no direct effect on the profit margin due to electricity sales prices being contractually indexed to fuel costs), revenue increased by 2%. This increase was due to the combined effects of:

- the increase in the fixed premiums and the variable remuneration as a result of the indexation provided for by the power purchase agreements of the thermal power plants in the French overseas departments and regions and the pricing adjustments obtained from EDF for Albioma

Caraïbes and the additional fixed premium received by Albioma Le Gol in respect of the compliance work on the ALG-B unit;

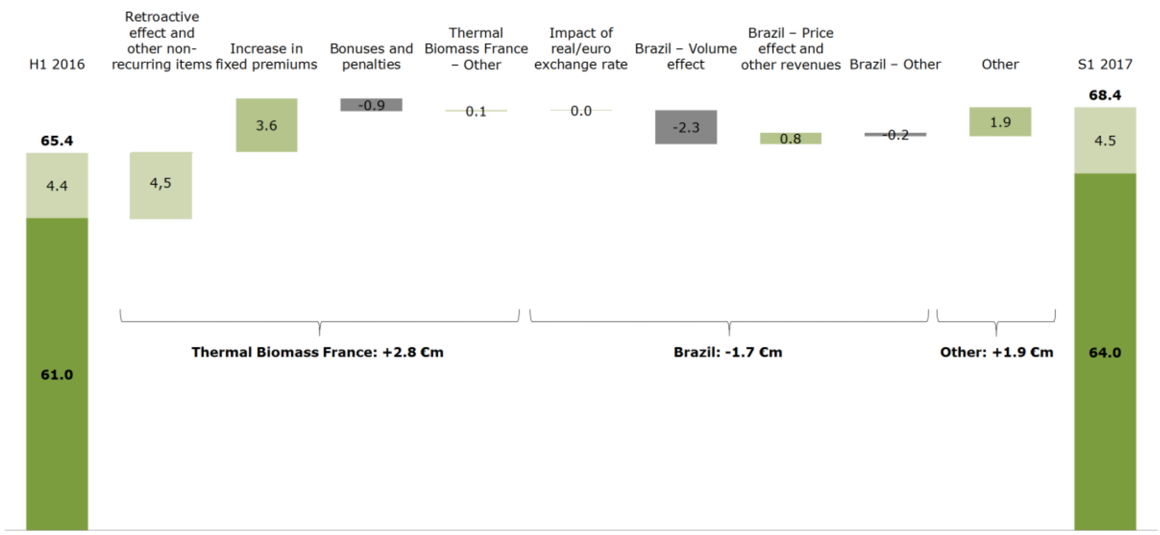
- a slight deterioration in availability related to the scheduled shutdown of the Albioma Caraïbes power plant and the extension of the shutdown of the Le Gol power plant due to the programme to bring the facilities into compliance with the new standards;
- a negative volume effect of €1.7 million, production at the thermal power plants in the French overseas departments having increased from 1,047 GWh in the first half of 2016 to 1,031 GWh in the first half of 2017;
- the decrease in revenue in Brazil due to the late start to the sugar harvest, partially offset by a favourable currency effect following the appreciation of the Brazilian real against the euro.

1.3.1.2. EBITDA

€ millions	**First half 2017**	**First half 2016**	**Change**
France – Thermal Biomass	52.7	49.8	6%
France and Southern Europe – Solar Power	15.5	15.6	-1%
Mauritius	1.5	1.3	16%
Brazil	(0.3)	1.4	-122%
Holding company, Anaerobic Digestion and other	(0.9)	(2.7)	66%
EBITDA	**68.4**	**65.4**	**5%**

EBITDA came to €68.4 million, a 5% increase compared with the first half of 2016. It included non-recurring items totalling €4.5 million resulting in particular from the signing of a new rider to contracts between EDF and the Albioma Caraïbes power plant (compensation for the extra costs of managing combustion by-products borne since 2013). In the first half of 2016, it included non-recurring items of a comparable amount (€4.4 million).

€ millions



EBITDA for the Thermal Biomass France business was up 6% compared with the first half of 2016. This improvement was due mainly to the rate revision obtained by the Albioma Le Gol power plant to compensate it for the cost of making the facilities for processing liquid and gaseous waste compliant with current standards and the signing of a new rider with EDF enabling the Albioma Caraïbes power plant to receive retroactive pricing compensation as a result of EDF agreeing to bear the costs of processing the combustion by-products in previous years. The Albioma Bois-Rouge power plant received similar compensation in the first half of 2016.

EBITDA for the Brazil business was down by €1.7 million compared with the first half of 2016 due to the decrease in production sold as a result of the late start to the sugar harvest.

EBITDA for the other businesses was up by €1.9 million, due in particular to the improved earnings of the Anaerobic Digestion business and the effective control of overheads.

1.3.1.3. Charges for depreciation, amortisation and provisions, other non-cash items and net financial income (expense)

The increase in charges for depreciation and amortisation to €21.7 million compared with €20.2 million in 2016 was due mainly to the commissioning of equipment for processing liquid and gaseous waste from the Le Gol power plant.

As regards the "Charges to provisions net of reversals" heading, there were net charges of €1.5 million in the first half of 2016, which decreased to net changes of €0.4 million in the first half of 2017. It includes charges in respect of employee benefits totalling €1.3 million and reversals of provisions for industrial risks and disputes.

Cost of financial debt fell: from €13.8 million in the first half of 2016 to €12.0 million in the first half of 2017. This change was due mainly to the decrease in the outstanding debt of the power plants in operation, the effect of the reorganisation of the Anaerobic Digestion business at the end of 2016 and the favourable change in interest rates in Brazil.

Other financial income essentially comprises income from cash investments and income from deposits.

1.3.1.4. Tax charge

The tax charge came to €12.7 million, compared with a charge of €11.3 million in the first half of 2016. It comprised the tax charge payable in respect of the period and the deferred tax. The increase was due mainly to the increase in the profit before tax.

1.3.1.5. Net income, Group share

In the first half of 2017, consolidated net income, Group share, came to €16.2 million, a 12% increase compared with the first half of 2016.

1.3.2. Statement of cash flows

€ millions	**First half 2017**	**First half 2016**
Cash flow from operations	70.4	67.4
Change in the working capital requirement	(8.1)	7.5
Tax paid	(9.4)	(16.9)
Cash flow from operating activities	**52.9**	**58.0**
Operating capex	**(11.8)**	**(5.6)**
Free cash-flow from operating activities	**41.0**	**52.4**
Development capex	(67.2)	(38.2)
Other/acquisitions/disposals	1.4	(0.2)
Net cash flow from investing activities	**(65.9)**	**(38.4)**
Dividends paid to Albioma shareholders	–	–
Borrowings (increases)	79.5	67.5
Borrowings (repayments)	(28.0)	(18.5)
Cost of financial debt	(12.0)	(13.8)
Other	3.5	(1.3)
Net cash flow from financing activities	**43.0**	**33.9**
Impact of currency movements on cash and other changes	(0.7)	0.8
Net change in cash and cash equivalents	**17.5**	**48.8**
Opening net cash and cash equivalents	96.0	48.2
Closing net cash and cash equivalents	**113.5**	**97.0**

1.3.2.1. Cash flow from operating activities

This item amounted to €52.9 million in the first half of 2017 compared with €58.0 million in the first half of 2016. This decrease was due principally to the change in the working capital requirement: the €8.1 million negative change was due in particular to the decrease in the "Trade payables" balance sheet item resulting from the settlement of liabilities due to the sugar refineries during the first half of 2017 in connection with the end of the sugar harvest in the Indian Ocean region.

1.3.2.2. Cash flow from investing activities

This item breaks down as follows:

- 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 power plants. These expenses totalled €11.8 million, compared with €5.6 million in the first half of 2016. This increase related mainly to an investment programme aimed at improving turbine performance, which was launched in one of the thermal power plants in Overseas France;
- development investment expenses: these totalled €67.2 million, compared with €38.2 million in the first half of 2016. They related mainly to the ongoing construction of the Galion 2 bagasse/biomass power plant and the combustion turbine on Reunion Island and the investment programme aimed at bringing the thermal biomass power plants in Overseas France into compliance with the Industrial Emissions Directive (IED) following the signing of new riders to contracts with EDF.

In 2017, the investment flows also comprised income from the disposal of the 50% stake in Quantum Caraïbes to its partner and of a non-current asset no longer employed in the business.

1.3.2.3. Cash flow from financing activities

Financing activities generated positive cash flow of €43.0 million compared with positive cash flow of €33.9 million in the first half of 2016.

Borrowings totalling €79.5 million were drawn down, mainly to finance work on the construction of the Galion 2 power plant in Martinique and the Saint-Pierre power plant on Reunion Island and work to make the second tranche of the Le Gol power plant on Reunion Island compliant with the Industrial Emissions Directive (IED).

The slight decrease in the cost of financial debt to €12.0 million was due to the decrease in the outstanding debt of the power plants in operation, the effect of the reorganisation of the Anaerobic Digestion business at the end of 2016 and the favourable change in interest rates in Brazil.

1.3.3. Financial structure

At 30 June 2017, equity, which totalled €438 million, was at the same level as at 31 December 2016. Equity attributable to non-controlling interests was €74 million.

Gross borrowings stood at €696 million at 30 June 2017, up compared with €648 million at 31 December 2016, following drawdowns of borrowings to finance projects in the construction phase. They consisted of project debt of €611 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 in respect of projects in the construction phase for which Albioma has granted parent company guarantees.

Consolidated net borrowings came to €580 million after taking into account net cash and cash equivalents of €113 million and security deposits (€3 million of deposits at 30 June 2017). They increased from €549 million at 31 December 2016.

At 30 June 2017, Albioma had consolidated cash and cash equivalents of €116 million (including €3 million of security deposits), and still had sufficient resources to pursue its development.

1.4. Significant changes in the financial or commercial position

None

1.5. Key events since 1 January 2017 and outlook

1.5.1. Events after the reporting period

None

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. 2017 targets

The Group also confirms its earnings targets for the full year 2017.

€ millions	**2017**
EBITDA:	130-138
Net income, Group share:	30-35

2. *Statutory Auditors' review report on the half-year financial information*

PricewaterhouseCoopers Audit 63, rue de Villiers 92200 Neuilly-sur-Seine France	**Mazars** Tour Exaltis - 61, rue Henri Regnault 92400 Courbevoie France

For the period from 1 January 2017 to 30 June 2017

To the Shareholders,

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

- the limited review of the accompanying condensed half-year consolidated financial statements of Albioma, for the period from 1 January 2017 to 30 June 2017;
- the verification of the information contained in the half-year management report.

These condensed half-year 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 primarily involves discussions with persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less extensive than an audit conducted in accordance with professional standards applicable in France and consequently can only provide moderate assurance that the financial statements, taken as a whole, do not contain any material misstatements. This level of assurance is less than that obtained from a full audit.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements have not been prepared, in all material respects, in accordance with IAS 34 – "Interim Financial Reporting", as adopted by the European Union.

2. *Specific verification*

We have also verified the information provided in the half-year management report on the condensed half-year consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

Neuilly-sur-Seine and Courbevoie, 26 July 2017.

The Statutory Auditors,

PricewaterhouseCoopers Audit Jérôme Mouazan	**Mazars** Daniel Escudeiro

3. *Consolidated financial statements (condensed) for the half year ended 30 June 2017*

3.1. Consolidated income statement (condensed)

€ thousands	**Note**	**First half 2017**	**First half 2016**
Revenue	**5**	**196,945**	**177,058**
Purchases (including change in stocks)	6	(72,968)	(54,778)
Logistics costs	8	(5,969)	(7,065)
Staff costs	7	(20,674)	(21,360)
Other operating expenses	8	(34,810)	(34,310)
Amortisation of electricity and steam supply agreements		(3,107)	(3,146)
Charges to depreciation, amortisation and provisions	9	(22,146)	(21,684)
Share of net income of equity-accounted companies	17	1,636	1,405
Current operating income		**38,907**	**36,122**
Other operating income and expenses	10	4,481	4,404
Operating income		**43,388**	**40,526**
Cost of financial debt	11	(12,011)	(13,751)
Other financial income	12	477	474
Other financial expenses	12	(753)	(341)
Profit before tax		**31,100**	**26,908**
Tax charge	13	(12,727)	(11,252)
Net income		**18,374**	**15,656**
Net income attributable to:			
▪ shareholders of Albioma	22	16,188	14,504
▪ non-controlling interests	22	2,185	1,151
Basic and diluted earnings per share (in euros)	22	0.542	0.492

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 2017**	**First half 2016**
Net income	**18,374**	**15,656**
Actuarial gains and losses on employee benefits	–	(2,756)
Deferred tax on actuarial gains and losses	–	1,038
Items not available for recycling through profit or loss	**–**	**(1,718)**
Translation differences	(5,549)	9,847
Cash flow hedges (interest rate swaps)	7,761	(12,399)
Deferred tax relating to cash flow hedges	(2,236)	4,232
Items available for recycling through profit or loss	**(24)**	**1,680**
Comprehensive income	**18,349**	**15,618**
Attributable to:		
▪ shareholders of Albioma	16,581	13,085
▪ non-controlling interests	1,768	2,532

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

Besides the change in net income in the first half of 2017, the change in comprehensive income stems mainly from:

- the impact of the increase in interest rates on the measurement at fair value of cash flow hedging instruments (interest rate swaps);
- 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	30/06/2017	31/12/2016
Non-current assets			
Goodwill	14	11,756	11,835
Intangible assets	15	102,065	107,045
Property, plant and equipment	16	991,947	941,170
Non-current financial assets	18	5,691	3,796
Investments in associates	17	23,006	25,473
Deferred tax assets		5,619	6,605
Total non-current assets		**1,140,085**	**1,095,923**
Current assets			
Stocks and assets in progress	20	53,598	54,599
Trade receivables	19	39,442	42,190
Other current operating assets	21	31,410	39,462
Cash and cash equivalents	18	113,464	96,462
Total current assets		**237,914**	**232,713**
Total assets		**1,377,999**	**1,328,636**

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

Equity and liabilities

€ thousands	Notes	30/06/2017	31/12/2016
Shareholders' equity, Group share			
Share capital	22	1,163	1,163
Additional paid-in capital		35,752	35,752
Reserves		323,643	302,174
Translation reserves		(11,980)	(7,373)
Net income for the period		16,188	33,030
Total shareholders' equity, Group share		**364,766**	**364,746**
Non-controlling interests		73,725	73,509
Total equity		**438,491**	**438,255**
Non-current liabilities			
Employee benefits	24	30,457	28,922
Provisions for liabilities	24	8,034	8,546
Deferred tax liabilities		44,711	44,480
Non-current financial debt	23	640,730	593,916
Non-current derivatives	25	35,827	42,236
Total non-current liabilities		**759,759**	**718,100**
Current liabilities			
Trade payables	26	47,621	62,660
Tax and social security liabilities	28	27,529	30,037
Current financial debt	23	55,382	53,879
Other current operating liabilities	27	49,218	25,705
Total current liabilities		**179,750**	**172,280**
Total equity and liabilities		**1,377,999**	**1,328,636**

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

3.4. Statement of changes in shareholders' equity

At 30 June 2017

€ 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 31/12/2016	**1,163**	**35,752**	**362,730**	**(27,526)**	**(7,373)**	**364,746**	**73,509**	**438,255**
Capital increase	–	–	–	–	–	–	2,782	2,782
Dividends paid[1]	–	–	(17,014)	–	–	(17,014)	(4,524)	(21,538)
Stock options/performance shares	–	–	668	–	–	668	–	668
Transaction between shareholders	–	–	(235)	–	–	(235)	235	–
Treasury shares	–	–	–	–	–	–	–	–
Other changes	–	–	20	–	–	20	(45)	(25)
Total transactions with shareholders	**–**	**–**	**(16,561)**	**–**	**–**	**(16,561)**	**(1,552)**	**(18,113)**
Change in translation adjustment	–	–	–	–	(4,607)	(4,607)	(942)	(5,549)
Change in actuarial gains and losses	–	–	–	–	–	–	–	–
Change in fair value of hedging derivatives	–	–	–	5,000	–	5,000	525	5,525
Sub-total of items recognised in equity	–	–	–	*5,000*	*(4,607)*	*393*	*(417)*	*(24)*
Net income for the period	–	–	16,188	–	–	16,188	2,185	18,373
Total comprehensive income for the period	**–**	**–**	**16,188**	**5,000**	**(4,607)**	**16,581**	**1,768**	**18,349**
Shareholders' equity at 30/06/2017	**1,163**	**35,752**	**362,357**	**(22,526)**	**(11,980)**	**364,766**	**73,725**	**438,491**

1. On 31 May 2017, 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.

At 30 June 2016

€ 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**
Capital increase	–	–	(16,823)	–	–	(16,823)	(5,030)	(21,853)
Dividends paid[1]	–	–	–	–	–	–	533	533
Stock options/performance shares	–	–	488	–	–	488	–	488
Transaction between shareholders	–	–	(6,156)	–	–	(6,156)	6,156	–
Treasury shares	–	–	(1,734)	–	–	(1,734)	–	(1,734)
Other changes	–	4	(77)	–	–	(73)	(239)	(312)
Total transactions with shareholders	**–**	**4**	**(24,302)**	**–**	**–**	**(24,298)**	**1,420**	**(22,878)**
Change in translation adjustment	–	–	–	–	–	–	–	–
Change in actuarial gains and losses	–	–	–	–	8,004	8,004	1,843	9,847
Change in fair value of hedging derivatives	–	–	(1,512)	–	–	(1,512)	(206)	(1,718)
Sub-total of items recognised in equity	–	–	–	(7,911)	–	(7,911)	(256)	(8,167)
Net income for the period	–	–	(1,512)	(7,911)	8,004	(1,419)	1,381	(38)
Total comprehensive income for the period	**–**	**–**	**14,504**	**–**	**–**	**14,504**	**1,151**	**15,656**
Shareholders' equity at 30/06/2016	**–**	**–**	**12,992**	**(7,911)**	**8,004**	**13,085**	**2,532**	**15,618**

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 new shares.

3.5. Statement of consolidated cash flows

€ thousands	**First half 2017**	**First half 2016**
Operating activities		
Net income for the year attributable to shareholders of Albioma	**16,188**	**14,504**
Non-controlling interests	2,185	1,151
Adjustments		
▪ Charges to depreciation, amortisation and provisions	25,538	25,052
▪ Change in deferred tax	(1,637)	(452)
▪ Share of net income of associates net of dividends received	1,262	1,165
▪ Gains and losses on disposals	(3)	11
▪ Capitalised interest charges	(145)	
▪ Share-based payments	634	529
▪ Cost of financial debt	12,011	13,751
▪ Current tax charge for the period	14,366	11,704
Cash flow from operations	**70,400**	**67,416**
Impact of the change in the working capital requirement	(8,142)	7,479
Tax paid	(9,406)	(16,910)
Net cash from operating activities	**52,852**	**57,985**
Investing activities		
Acquisitions of non-current assets	(79,057)	(43,750)
Increase in financial assets	(23)	(335)
Sales proceeds from non-current assets	550	
Sales proceeds from and reductions in financial assets	236	122
Acquisitions and disposals of subsidiaries less any cash acquired or sold	605	
Net cash from/(used by) investing activities	**(77,689)**	**(43,963)**
Financing activities		
Capital increases subscribed by non-Group shareholders	744	533
Change in treasury shares		(1,734)
Borrowings and financial debt issued or subscribed	79,534	67,533
Cost of financial debt	(12,011)	(13,751)
Borrowings and financial debt repaid	(27,967)	(18,517)
Other items	2,712	(116)
Net cash from/(used by) financing activities	**43,012**	**33,948**
Impact of currency movements on cash and other changes	(699)	842
Net change in cash and cash equivalents	**17,475**	**48,812**
Opening net cash and cash equivalents	95,989	48,183
Closing net cash and cash equivalents	113,464	96,995
Change in cash and cash equivalents	**17,475**	**48,812**
Cash	97,046	83,618
Cash equivalents	16,418	14,366
Total cash and cash equivalents	**113,464**	**97,984**
Bank overdrafts		(989)
Net cash and cash equivalents	**113,464**	**96,995**

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 2017.

Note 1. Highlights of the first half of 2017

The highlights of the period were as follows:

- The annual shutdowns for maintenance of tranches 1 and 2 of the Albioma Bois-Rouge and Albioma Le Gol power plants were successfully completed. Albioma Le Gol took advantage of its annual shutdown to continue the programme of works to make its fume treatment systems compliant with the EU Industrial Emissions Directive (IED). The Albioma Caraïbes plant had a maintenance shutdown during the first half year.
- A new rider to the contract for the purchase of the electricity generated by the Albioma Caraïbes power plant was signed by the latter with EDF on 26 May 2017 following a favourable opinion from the French Energy Regulatory Commission (*Commission de Régulation de l'Énergie*) on 22 February 2017. On the one hand, it enables the plant to be compensated for the extra costs of managing the combustion by-products, which the plant has borne since 2013 following changes in the regulations. On the other hand, it provides for an adjustment of the remuneration to take into account all of the costs associated with bringing the systems for processing the power plant's liquid and gaseous waste 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).
- After rising significantly at the end of 2016, coal prices fell slightly during the first few months of 2017. This trend had a positive impact on the Group's revenue but did not directly affect profit margins, as electricity sale prices are contractually indexed to fuel costs. At the same time, the average price of heating oil rose compared with 2016, which had a positive impact on Group revenue, although again there was no direct impact on margins.
- Against a recovering macro-economic backdrop, the Group's Brazilian thermal power plants have delivered good operational performance. The sugar harvest began late: on 11 April for Albioma Codora Energia and 27 April for Albioma Rio Pardo Termoelétrica. Consequently, energy production for the first half of 2017 (64 GWh) was significantly lower than in the first half of 2016 (109 GWh).
- On 6 February 2017, the Group sold its 50% stake in its subsidiary Quantum Caraïbes (1 MWp) to its partner.

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 2017 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 2016 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 2017, 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 2017 are identical to those used for the preparation of the consolidated financial statements for the year ended 31 December 2016 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 2017.

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 2017.

The Group is continuing, and will finalise during the third quarter of 2017, the analysis of the impact of the implementation of IFRS 15 "Revenue from Contracts with Customers", and IFRS 9 "Financial Instruments". The Group does not at this stage anticipate that these standards will have a material impact on its consolidated financial statements.

As regards the new IFRS 16 "Leases", the Group has carried out initial numerical simulations, taking into account in particular the transition options specified by the standard. This work will also be finalised during the third quarter of 2017.

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 2016. 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 2016 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 June 2016	3.59	4.13
31 December 2016	3.43	3.86
30 June 2017	3.76	3.44

Note 3. Changes in the consolidation scope

In February 2017, Albioma sold its stake in Quantum Caraïbes. This entity was previously consolidated using the equity method. This disposal did not have a material impact on the Group's consolidated financial statements.

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 and of 2017, the Group's two Brazilian facilities (Albioma Rio Pardo Termoelétrica and Albioma Codora Energia) carried out their annual maintenance during the period between sugar harvests. As a result, during these two periods, they did not contribute to the Group's revenue but contributed only to its expenses.

Information on the period ended 30 June 2017

€ thousands	**France - Thermal Biomass**	**France - Solar Power[1]**	**Brazil**	**Mauritius**	**Holding, Anaerobic Digestion and other**	**Eliminations**	**IFRS financial statements**
Income statement							
Income from ordinary activities	166,742	20,444	6,592	–	3,167	–	196,945
Inter-segment	–	–	–	–	9,046	(9,046)	–
Income from ordinary activities	**166,742**	**20,444**	**6,592**	**–**	**12,213**	**(9,046)**	**196,945**
EBITDA[2]	**52,663**	**15,522**	**(309)**	**1,489**	**(929)**	**–**	**68,436**
Operating income	37,458	8,008	(3,108)	1,489	(459)	–	43,388
Financial expenses and income	(4,733)	(3,784)	(2,354)	–	(1,417)	–	(12,288)
Tax charge	(11,304)	(952)	(225)	–	(246)	–	(12,727)
Net income for the period							**18,374**
Other information							
Investments in property, plant and equipment and intangible assets	74,367	318	1,380	–	1,302	–	77,367
Charges to depreciation	(13,951)	(7,722)	(2,800)	–	(276)	–	(24,749)

and amortisation	

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 2016

€ thousands	**France - Thermal Biomass**	**France - Solar Power[1]**	**Brazil**	**Mauritius**	**Holding, 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)

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 2017**	**First half 2016**
Sales of electricity and steam	196,099	176,314
Services	846	744

Income from ordinary activities	**196,945**	**177,058**

The change in revenue was due mainly to:

- the effect of the change in the price of fuel (coal and fuel oil), which had a positive impact on selling prices but no impact on margins.
- the increase in the fixed premiums following the signing of the contract riders in 2015 for Albioma Le Gol, due, in particular, to the additional fixed premium in respect of the expenditure required to comply with changes in the regulations;
- the increase in the variable remuneration following the signing in 2017 of the riders to the Albioma Caraïbes contracts, which now include compensation for the costs of processing combustion by-products for this entity;
- the effect of the late start to the sugar harvest in Brazil, which had a negative impact on revenue for the first half of 2017. This effect was partially offset by the favourable movement in the exchange rate of the Brazilian real.

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 the impact of the increase in fuel prices.

Note 7. Staff costs

Staff costs fell slightly due to the effective control of overheads in France and at the Brazilian sites.

Note 8. Other operating expenses

8.1. Logistics costs

The change in logistics expenses was due mainly to the lower costs of processing combustion by-products.

8.2. 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.

Other operating expenses remained stable as compared with those for the first half of 2016.

Note 9. Charges to depreciation, amortisation and provisions

€ thousands	**First half 2017**	**First half 2016**
Charges to depreciation and amortisation	(21,711)	(20,202)
Charges to provisions net of reversals	(435)	(1,482)
Charges to depreciation, amortisation and provisions	**(22,146)**	**(21,684)**

The increase in charges to depreciation and amortisation was due mainly to the commissioning of the facilities for processing liquid and gaseous waste produced by the Albioma Le Gol plant.

Charges to provisions net of reversals for the first half of 2017 included the charges in respect of staff costs totalling €1.3 million as well as reversals of provisions for liabilities, disputes and asset impairment.

Note 10. Other operating income and expenses

The main components of net other income were the retroactive effect of the rider to the Albioma Caraïbes power plant agreement compensating the plant for the extra costs associated with managing combustion by-products for the 2013 to 2016 financial years.

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 managing combustion by-products.

Note 11. Cost of financial debt

Cost of financial debt comprises the following items:

€ thousands	**First half 2017**	**First half 2016**
Financial expenses on financial debt	(9,495)	(10,561)
Financial expenses on leases	(2,516)	(3,190)
Cost of financial debt	**(12,011)**	**(13,751)**

The change in interest expenses was due mainly to:

- the decrease in the outstanding debt of the power plants in operation;
- the effect of the reorganisation of the Anaerobic Digestion business at the end of 2016;
- the favourable change in interest rates in Brazil.

For the period ended 30 June 2017, the financial expenses recognised in the income statement in respect of the interest rate swaps totalled €3.9 million, compared with €4.1 million in respect of the first half of 2016.

Note 12. Other financial income and expenses

Other financial income essentially comprises income from cash investments and income from deposits.

Other financial expenses comprise the charge relating to the effect of discounting employee benefits in the amount of €0.2 million.

Note 13. Tax

The corporation tax charge breaks down as follows:

€ thousands	**First half 2017**	**First half 2016**
Current tax charge	(13,638)	(10,743)
Tax on dividend payments	(728)	(961)
Deferred tax	1,639	452
Total corporation tax	**(12,727)**	**(11,252)**

The increase in the tax charge was due mainly to the increase in the profit before tax.

Tax charge analysis

The effective tax rate is calculated as follows:

€ thousands	**First half 2017**	**First half 2016**
Operating income	43,388	40,526
Share of net income of equity-accounted companies	(1,636)	(1,405)
Cost of financial debt	(12,011)	(13,751)

Other financial income and expenses	(277)	133
Income before tax and share in equity-accounted companies (A)	**29,464**	**25,503**
Tax charge (B)	(12,727)	(11,252)
Effective tax rate (B)/(A)	**43.19%**	**44.12%**

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

	First half 2017			**First half 2016**		
€ thousands	**Base**	**Rate**	**Tax**	**Base**	**Rate**	**Tax**
Theoretical tax charge	**29,464**	**34.43%**	**(10,144)**	**25,503**	**33.33%**	**(8,500)**
Share of fees and expenses on dividends	–	–	(107)	–	1.3%	(323)
Difference between the theoretical tax rate and the tax rate applicable to the foreign companies (including LODEOM allowance)	–	5.1%	(1,503)	–	4.6%	(1,169)
Non-taxable income	–	0.0%	4	–	-1.9%	496
Tax on dividend payments	–	2.5%	(728)	–	1.9%	(483)
Non-deductible interest	–	1.1%	(334)	–	1.5%	(394)
Unrecognised deferred tax assets	–	0.6%	(166)	–	1.1%	(275)
Additional contributions and other permanent differences	–	-0.9%	252	–	2.4%	(604)
Tax charge recognised	**29,464**	**43.19%**	**(12,727)**	**25,503**	**44.12%**	**(11,252)**

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 to the tax on dividend payments applicable to certain consolidated companies.

Note 14. Goodwill

The Group did not identify any indications of impairment of goodwill at 30 June 2017 that required the recognition of a goodwill impairment provision. Net goodwill totalled €12 million, similar to the amount recorded for the year ended 31 December 2016.

Note 15. Intangible assets

€ thousands	**Electricity and steam supply agreements**	**Other intangible assets**	**Total intangible assets**
At 31/12/2016	**106,532**	**513**	**107,045**
Acquisitions	–	397	397
Disposals	–	(5)	(5)
Charges to amortisation	(3,107)	(203)	(3,310)
Other movements	–	(111)	(111)
Foreign currency translation effect	(1,949)	(2)	(1,951)
At 30/06/2017	**101,476**	**589**	**102,065**

The change in intangible assets relates mainly to the movement in the exchange rate of the Brazilian real and the amortisation of agreements for the sale of electricity.

Note 16. Property, plant and equipment

€ thousands	**Installations in service**	**Non-current assets in progress**	**Total**
At 31/12/2016	**789,860**	**151,310**	**941,170**
Acquisitions	14,803	62,847	77,650
Disposals	(493)		(493)
Charges to depreciation	(21,204)		(21,204)
Impact of changes in the consolidation scope	(30)	597	567
Reclassifications and other movements	1,739	(1,683)	56
Foreign currency translation effect	(5,787)	(12)	(5,799)
At 30/06/2017	**778,888**	**213,059**	**991,947**

Increases in property, plant and equipment in the first half year relate mainly to expenditure for improvements to thermal power plants and for the development of projects, in particular the Galion 2 and Albioma Saint-Pierre plants.

Interest charges capitalised during the first half of 2017 in respect of power plants under construction totalled €1,782,000.

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	**30/06/2017**	**31/12/2016**
Movements during the accounting period		
Amount at the start of the period	25,473	26,237
Dividends paid	(2,898)	(2,552)
Share of net income of associates	1,636	3,321
Translation differences on the Mauritian interests	(138)	(1,163)
Other changes	(1,067)	(370)
Amount at the end of the period	**23,006**	**25,473**

For the period ended 30 June 2017, other changes corresponded mainly to the disposal of the shareholding in Quantum Caraïbes.

Note 18. Financial assets

18.1. Non-current financial assets

The term deposit generates interest that is capitalised.

€ thousands	Note	30/06/2017	31/12/2016
Security deposits		2,813	2,656
Non-consolidated investments		45	138
Loans due in more than one year		997	497
Financial instruments	25	1,836	504
Total		**5,691**	**3,796**

18.2. Cash and cash equivalents

Gross cash comprised the following:

€ thousands	30/06/2017	31/12/2016
Cash equivalents	16,418	16,511
Cash	97,046	79,951
Total	**113,464**	**96,462**

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 2017, trade receivables stood at €39.4 million compared with €42.2 million at 31 December 2016.

Note 20. Stocks

Stocks break down as follows:

€ thousands	30/06/2017	31/12/2016
Stocks - gross amount		
Raw materials/fuels	18,341	19,507
Non-strategic spare parts	35,461	35,378
Other stocks in progress	96	13
Total stocks – gross amount	**53,898**	**54,899**
Impairment of stocks		
Raw materials/fuels	(43)	(43)
Non-strategic spare parts	(257)	(257)
Total impairment of stocks	**(300)**	**(300)**
Stocks - net amount		
Raw materials/fuels	18,298	19,464
Non-strategic spare parts	35,204	35,121
Other stocks in progress	96	13
Total stocks – net amount	**53,598**	**54,599**

Note 21. Other current assets

Other current liabilities break down as follows:

€ thousands	**30/06/2017**	**31/12/2016**
Tax and social security receivables	21,687	26,308
Current tax receivables	830	3,443
Prepayments	4,901	2,673
Other debtors	3,992	7,039
Total	**31,410**	**39,462**

The change in tax and social security receivables, including input VAT, was due mainly to the decrease in trade payables.

Note 22. Share capital and potential shares

22.1. Share capital

No options were exercised during the first half of 2017. Albioma holds 368,423 treasury shares in connection with the liquidity contract and share buyback programme.

22.2. Bonus share plans and stock options

The expense recognised in the income statement for existing plans at 30 June 2017 was €668,000 compared with €529,000 for the first half of 2016.

On 17 January 2017, Albioma's Board of Directors allotted bonus performance 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: 1 year
  - 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 Cap 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

The main assumptions used to value the plans are as follows:

€ thousands	**30/06/2017**
Plans' estimated fair value (excluding employers' contributions)	263
Expected dividend yield	Estimated using a forward-looking approach, based on the distribution policy announced by the Group

22.3. Number of shares

At 30 June 2017, the share capital consisted of 30,217,232 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 2016 or 2017, as the vesting conditions for these shares were not fulfilled at the end of the periods under consideration.

	30/06/2017	**30/06/2016**
Weighted average number of shares	**29,849,009**	**29,468,800**
Dilution	–	–
Diluted weighted average number of shares	**29,849,009**	**29,468,800**
Group total		
Net income, Group share (in thousands of euros)	16,188	14,504
Net income/weighted average number of shares (in euros)	**0.542**	**0.492**
Net income/diluted weighted average number of shares (in euros)	**0.542**	**0.492**

22.4. Dividends

On 31 May 2017, 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 8 June and 28 June 2017.

The option for payment of the dividend in shares resulted in the subscription of 403,678 new shares issued at the price of €16.01 per share. The new shares were delivered and admitted for trading on Euronext Paris on 10 July 2017. 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 2017:

€ thousands	**Project debt**	**Corporate debt**	**Bank overdrafts, accrued interest and loan issue costs**	**Total**
Debts with financial institutions	515,723	85,000	3,871	604,594
Lease liabilities	91,518	–	–	91,518
Total	**607,241**	**85,000**	**3,871**	**696,112**
Non-current financial debt	–	–	–	640,730
Current financial debt	–	–	–	55,382

Project debt in France has a maturity of between 15 and 25 years according to the type of business and the length of the power purchase agreement.

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 2017, the portion of debt denominated in BRL stood at €28.7 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**
31/12/2016	**101,299**	**546,496**	**647,795**
Bond issues	–	86,511	86,511
Repayments	(9,781)	(25,163)	(34,945)
Reclassifications	–	–	–
Other changes	–	(410)	(410)
Net change	–	–	–
Translation differences	–	(2,840)	(2,840)
30/06/2017	**91,518**	**604,594**	**696,112**

"Other changes" include the effect of the exercise of finance lease options.

Debt issues for the period ended 30 June 2017 related to:

- the additional drawdown of the Albioma Saint-Pierre debt amounting to €12.2 million;
- the additional drawdown by Albioma Galion of the Galion 2 debt amounting to €35 million;
- the additional drawdown of the Albioma Le Gol debt amounting to €33 million.

In addition, at 30 June 2017, Albioma had undrawn credit lines amounting to €55 million.

The change in financial debt during the first half of 2016 was as follows:

€ 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**

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 Albioma 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.

Note 24. Provisions and employee benefits

The charges to provisions for employee benefits totalled €1.5 million for the period, including €1.3 million in respect of the cost of services rendered.

The change in provisions for liabilities included the reversal of a provision for disputes and industrial risks.

Note 25. Financial derivatives

The change in the fair value of financial derivative instruments was due mainly to the effect of the increase in interest rates.

Note 26. Trade payables

€ thousands	**30/06/2017**	**31/12/2016**
Trade payables	35,128	50,433
Amounts due to suppliers of non-current assets	12,493	12,227
Total	**47,621**	**62,660**

The change in trade payables was due mainly to the settlement of liabilities due to the sugar refineries during the first half of 2017 in connection with the end of the sugar harvest in the Indian Ocean region.

Note 27. Other current liabilities

Other current liabilities break down as follows:

€ thousands	**30/06/2017**	**31/12/2016**
Deferred income	9,641	10,050
Other creditors	39,577	15,655
Total	**49,218**	**25,705**

The change in "Other creditors" is due mainly to the recognition, at 30 June 2017, 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	**30/06/2017**	**31/12/2016**
Current tax liabilities	4,126	1,797
Other tax and social security liabilities	23,403	28,240
Total	**27,529**	**30,037**

The change on other tax and social security liabilities includes, in particular, the social security liabilities recognised as at 31 December 2016 and paid during the first half of 2017.

Note 29. Off-balance sheet commitments

29.1. Commitments given

At 30 June 2017, off-balance sheet commitments given amounted to €54.3 million compared with €63.2 million at 31 December 2016.

This €8.9 million decrease was due mainly to:

- the settlement of order commitments for capital expenditure to be incurred in respect of the Galion 2 thermal power plant (€2.9 million) and in respect of the Saint-Pierre combustion turbine project (€11.2 million);
- the issue of a €5 million guarantee in connection with the supply of coal.

29.2. Commitments received

At 30 June 2017, off-balance sheet commitments received amounted to €185.1 million compared with €252.5 million at 31 December 2016.

This €67.4 million decrease was due mainly to the drawdowns in respect of commitments received for bank financing of the Galion 2 thermal power plant project (€35 million) and in respect of the Le Gol thermal power plant (€33 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 2016.

The Group has not identified any other material changes in the risks described in the Registration Document for the year ended 31 December 2016 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 2017.

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 periods ended 30 June 2016 and 30 June 2017.

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

€ thousands	**30/06/2017**	**30/06/2016**
Income statement		
Revenue	58,815	50,953
Net income	5,985	5,113
Net income, Group share:	3,890	3,298
Net income, attributable to non-controlling interests	2,095	1,815
Total comprehensive income	2,272	4,862
Group share	1,477	3,135
Attributable to non-controlling interests	795	1,727
Dividends paid to non-controlling interests	**(4,450)**	**(4,906)**
Cash from/(used by) operating activities	2,414	(15,682)
Cash used by investing activities	(18,583)	(10,639)
Cash from/(used by) financing activities	17,433	(226,243)

Note 33. Events after the reporting period

No significant events occurred after the end of the reporting period.

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 3 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 2017.

Frédéric Moyne,
Chief Executive Officer

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ALBIOMA

NOTRE NATURE EST PLEINE D'ÉNERGIE