Consolidated Financial Statements

NEW AREVA HOLDING

December 31, 2016

Consolidated statement of income

(in millions of euros)	*Note*	2016	2015
REVENUE	(Note 3)	**4,401**	**4,658**
Other income from operations		3	4
Cost of sales		(3,444)	(4,047)
GROSS MARGIN		**961**	**615**
Research and development expenses		(90)	(103)
Marketing and sales expenses		(37)	(47)
General and administrative expenses		(59)	(76)
Other operating income	(Note 5)	29	87
Other operating expenses	(Note 5)	(399)	(569)
OPERATING INCOME		**405**	**(93)**
Share in net income of joint ventures and associates	(Note 14)	10	6
Operating income after share in net income of joint ventures and associates		**415**	**(87)**
Gross borrowing costs		(228)	(169)
Income from cash and cash equivalents		9	4
Net borrowing costs		**(219)**	**(166)**
Other financial expenses		(635)	(397)
Other financial income		342	331
Other financial income and expenses		**(293)**	**(66)**
NET FINANCIAL INCOME	(Note 7)	**(512)**	**(231)**
Income tax	(Note 8)	(332)	(210)
NET INCOME FROM CONTINUING OPERATIONS		**(429)**	**(529)**
Net income from discontinued operations	(Note 9)	70	(1)
NET INCOME FOR THE PERIOD		**(359)**	**(530)**
NET INCOME ATTRIBUTABLE TO EQUITY OWNERS OF THE PARENT		**(249)**	**(536)**
NET INCOME ATTRIBUTABLE TO MINORITY INTERESTS	(Note 21)	**(110)**	**7**

Comprehensive income

(in millions of euros)	*Note*	Financial Year 2016	Financial Year 2015
Net income		**(359)**	**(530)**
Items not recyclable to the income statement		**(95)**	**208**
Actuarial gains and losses on the employee benefits of consolidated companies		(83)	214
Income tax related to non-recyclable items		(1)	(18)
Share in non-recyclable items from joint ventures and associates, net of tax		(10)	12
Non-recyclable items related to discontinued operations, net of tax		-	-
Items recyclable to the income statement		**70**	**(137)**
Currency translation adjustments of consolidated companies		145	(127)
Change in value of available-for-sale financial assets		(162)	94
Change in value of cash flow hedges		48	(91)
Income tax related to recyclable items		39	(13)
Share in recyclable items from joint ventures and associates, net of tax		-	-
Recyclable items related to discontinued operations, net of tax		-	-
Total other items of comprehensive income (net of income tax)	**(Note 20)**	**(25)**	**71**
Comprehensive income		**(384)**	**(459)**
- Attributable to equity owners of the parent		(323)	(382)
- Attributable to minority interests		(61)	(77)

Consolidated statement of financial position

ASSETS	*Note*	2016	2015
(in millions of euros)			
NON-CURRENT ASSETS		**17,004**	**17,030**
Goodwill on consolidated companies	(Note 10)	1,303	1,272
Intangible assets	(Note 11)	1,601	1,584
Property, plant and equipment	(Note 12)	7,554	7,593
End-of-lifecycle assets (third party share)	(Note 13)	*127*	178
Assets earmarked for end-of-lifecycle operations	(Note 13)	6,089	6,122
Investments in joint ventures and associates	(Note 14)	17	14
Other non-current assets	(Note 15)	135	66
Deferred tax assets	(Note 8)	178	201
CURRENT ASSETS		**4,410**	**5,577**
Inventories and in-process	(Note 16)	1,261	1,213
Trade accounts receivable and related accounts	(Note 17)	841	827
Other operating receivables	(Note 18)	661	610
Other non-operating receivables	(Note 18)	62	75
Current tax assets	(Note 8)	127	107
Other current financial assets	(Note 15)	2	19
Cash and cash equivalents	(Note 19)	1,434	2,646
Assets of operations held for sale	(Note 9)	23	79
TOTAL ASSETS		**21,414**	**22,607**

LIABILITIES AND EQUITY	*Note*	**2016**	**2015**
(in millions of euros)			
Capital		53	247
Consolidated premiums and reserves		(1,130)	1,335
Actuarial gains and losses on employee benefits		(187)	(93)
Unrealized gains (losses) on financial instruments		136	211
Currency translation reserves		113	16
Equity attributable to owners of the parent		**(1,016)**	**1,716**
Minority interests	(Note 21)	(40)	237
EQUITY & MINORITY INTERESTS	(Note 20)	**(1,056)**	**1,953**
NON-CURRENT LIABILITIES		**14,064**	**13,246**
Employee benefits	(Note 22)	1,442	1,427
Provisions for end-of-lifecycle operations	(Note 13)	7,341	6,920
Non-current provisions	(Note 23)	254	238
Share in negative net equity of joint ventures and associates	(Note 14)	63	59
Long-term borrowings	(Note 24)	4,851	4,502
Deferred tax liabilities	(Note 8)	113	100
CURRENT LIABILITIES		**8,407**	**7,408**
Current provisions	(Note 23)	1,733	1,601
Short-term borrowings	(Note 24)	1,022	224
Advances and prepayments	(Note 25)	2,894	2,825
Trade accounts payable and related accounts	(Note 26)	619	731
Other operating liabilities	(Note 26)	1,839	1,758
Other non-operating liabilities	(Note 26)	72	61
Current tax liabilities	(Note 8)	213	132
Liabilities of operations held for sale	(Note 9)	15	75
LIABILITIES AND EQUITY		**21,414**	**22,607**

Consolidated statement of cash flows

CASH FLOW FROM OPERATING ACTIVITIES	2016	2015
(in millions of euros)		
Net income for the period	**(359)**	**(530)**
Less: income from operations sold or held for sale	**(70)**	**1**
Net income from continuing operations	**(429)**	**(529)**
(Profit) / loss of joint ventures and associates	(10)	(6)
Net amortization, depreciation and impairment of PP&E and intangible assets and marketable securities maturing in more than 3 months	908	769
Goodwill impairment	0	0
Net increase in (reversal of) provisions	(216)	252
Net effect of unwinding of assets and provisions	501	253
Income tax expense (current and deferred)	332	210
Net interest included in borrowing costs	226	165
Loss (gain) on disposals of fixed assets and marketable securities maturing in more than 3 months; change in fair value	(90)	(137)
Other non-cash items	(8)	4
Dividends from joint ventures and associates	0	0
Cash flow from operations before interest and taxes	**1,214**	**981**
Net interest received (paid)	(134)	(163)
Income tax paid	**(174)**	(189)
Cash flow from operations after interest and taxes	**907**	**629**
Change in working capital requirement	(139)	225
NET CASH FROM OPERATING ACTIVITIES	**767**	**854**
Investment in PP&E and intangible assets	(542)	(633)
Loans granted and acquisitions of non-current financial assets	(1,119)	(2,330)
Acquisitions of shares of consolidated companies, net of acquired cash	0	0
Disposals of PP&E and intangible assets	16	8
Loan repayments and disposals of non-current financial assets	1,131	2,312
Disposals of shares of consolidated companies, net of disposed cash	0	0
NET CASH FLOW FROM INVESTING ACTIVITIES	**(514)**	**(644)**
Share issues in the parent company and share issues subscribed by minority shareholders in consolidated subsidiaries		
Transactions with minority interests	(132)	
Dividends paid to minority shareholders of consolidated companies	(110)	(135)
Increase in borrowings	31	819
Decrease in borrowings	(393)	(217)
Change in other borrowings	81	3
Cash flow related to contributions **	(1,019)	-
NET CASH FLOW FROM FINANCING ACTIVITIES	**(1,542)**	**470**
Impact of foreign exchange movements	86	(23)
NET CASH FROM OPERATIONS SOLD OR HELD FOR SALE (E)	**61**	**31**
CHANGE IN NET CASH	**(1,141)**	**689**
NET CASH AT THE BEGINNING OF THE YEAR	**2,523**	**1,835**
NET CASH AT THE END OF THE YEAR	**1,382**	**2,523**

** Contributions to financial year 2016 are explained in Note 19.

Net cash taken into account in establishing the Statement of Cash Flows consists of:

- Cash and cash equivalents (see Note 19), which includes:
  - cash balances and non-trade current accounts, and
  - risk-free investments initially maturing in less than three months, and money market funds;
- after deduction of bank facilities and non-trade current accounts included in short-term borrowings (see Note 24);
- cash from operations held for sale (see Note 9).

Consolidated statement of changes in equity

(in millions of euros)	Number of shares outstanding	Capital	Consoli-dated premiums and reserves	Actuarial losses on employee benefits	Deferred unrealized gains and losses on financial instruments	Currency translation reserves	Equity attribute-able to owners of the parent	Minority interests	Total equity and minority interests
January 1, 2015	**16,500,000**	**247**	**1,871**	**(300)**	**224**	**55**	**2,097**	**449**	**2,546**
Net income for 2015			(536)				(536)	7	(530)
Other items of comprehensive income (see Note 20)				207	(13)	(40)	154	(83)	71
Comprehensive income			**(536)**	**207**	**(13)**	**(40)**	**(382)**	**(77)**	**(459)**
Dividends paid								(135)	(135)
Other transactions with shareholders*									
Transaction with companies under joint control*			1			0	1	(0)	1
DECEMBER 31, 2015	**16,500,000**	**247**	**1,335**	**(93)**	**211**	**16**	**1,716**	**237**	**1,953**
Net income for 2016			(249)				(249)	(110)	(359)
Other items of comprehensive income (see Note 20)				(95)	(75)	96	(74)	49	(25)
Comprehensive income			**(249)**	**(95)**	**(75)**	**96**	**(323)**	**(61)**	**(384)**
Dividends paid								(110)	(110)
Other transactions with shareholders*	89,161,110	(195)	(121)				(316)	(105)	(421)
Transaction with companies under joint control*			(2,095)	0	(0)	1	(2,094)	-	(2,094)
DECEMBER 31, 2016	**105,661,110**	**53**	**(1,130)**	**(187)**	**136**	**113**	**(1,016)**	**(40)**	**(1,056)**

* Transactions with shareholders and with companies under joint control are explained in Note 20.

Operating segments

For all reporting periods, income items from operations sold or held for sale are presented in the statement of income on a separate line, "Net income from operations sold or for held for sale". Accordingly, this information does not appear in the business segment information below.

Definition of EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) are equal to operating income plus net amortization, depreciation and operating provisions (including provisions for impairment of working capital items), net of reversals. EBITDA is restated to exclude the cost of end-of-lifecycle operations performed in nuclear facilities during the year (facility dismantling, waste retrieval and packaging).

BY BUSINESS SEGMENT

Financial Year 2016

Income

(in millions of euros)	**Mining**	**Front End**	**Back End**	**Corporate, other operations and elimina-tions**	**Total**
Gross revenue	**1,458**	**1,057**	**1,771**	**116**	**4,401**
Inter-segment sales	(6)	(19)	(43)	68	-
Contribution to consolidated revenue	1,451	1,037	1,728	184	**4,401**
Operating income	183	158	67	(3)	**405**
EBITDA*	**747**	**354**	**300**	**(64)**	**1,338**
% of gross revenue	*51.3%*	*33.5%*	*17.0%*	*NA*	*30.4%*

* see Note 6

Balance sheet

(in millions of euros)	**Mining**	**Front End**	**Back End**	**Corporate, other operations and elimina-tions**	**Total**
PP&E and intangible assets (including goodwill)	3,507	4,414	2,490	48	**10,458**
Assets earmarked for end-of-lifecycle operations	2	1,536	4,679	-	**6,216**
Other non-current assets				330	**330**
Subtotal: Non-current assets	**3,509**	**5,949**	**7,168**	**378**	**17,004**
Inventories and receivables (excluding tax receivables)	528	1,193	1,057	46	**2,824**
Other current assets				1,562	**1,562**
Subtotal: Current assets	**528**	**1,193**	**1,057**	**1,608**	**4,386**
Assets of operations held for sale				23	**23**
TOTAL ASSETS	**4,036**	**7,143**	**8,225**	**2,010**	**21,414**

Approximately 31% of the group's total revenue was with EDF.

Financial Year 2015

Income

(in millions of euros)	**Mining**	**Front End**	**Back End**	**Corporate, other operations and elimina-tions**	**Total**
Gross revenue	**1,453**	**1,115**	**1,915**	**175**	**4,658**
Inter-segment sales	(6)	(10)	(48)	63	-
Contribution to consolidated revenue	1,447	1,106	1,867	238	**4,658**
Operating income	188	101	(187)	(195)	**(93)**
EBITDA*	**607**	**389**	**312**	**(10)**	**1,297**
% of gross revenue	*41.8%*	*34.9%*	*16.3%*	*NA*	*27.9%*

* see Note 6

Balance sheet

(in millions of euros)	**Mining**	**Front End**	**Back End**	**Corporate, other operations and elimina-tions**	**Total**
PP&E and intangible assets (including goodwill)	3,818	4,333	2,252	47	**10,450**
Assets earmarked for end-of-lifecycle operations	2	1,537	4,761	-	**6,299**
Other non-current assets				281	**281**
Subtotal: Non-current assets	**3,820**	**5,869**	**7,013**	**328**	**17,030**
Inventories and receivables (excluding tax receivables)	483	1,058	1,061	123	**2,725**
Other current assets				2,773	**2,773**
Subtotal: Current assets	**483**	**1,058**	**1,061**	**2,895**	**5,498**
Assets of operations held for sale				79	**79**
TOTAL ASSETS	**4,303**	**6,927**	**8,074**	**3,303**	**22,607**

Approximately 28% of the group's total revenue was with EDF.

BY REGION

Financial Year 2016

Contribution to consolidated revenue by business segment and customer location

(in millions of euros)	**Mining**	**Front End**	**Back End**	**Corporate**	**Total**
France	364	316	1,178	183	**2,041**
Europe (excluding France)	127	272	230	2	**631**
North & South America	256	306	229	0	**791**
Asia-Pacific	690	123	88	0	**900**
Africa & Middle East	15	20	4	0	**39**
TOTAL	**1,451**	**1,037**	**1,728**	**184**	**4,401**

Closing balances of net property, plant and equipment and intangible assets (excluding goodwill) at December 31, 2016 by region and by business segment

(in millions of euros)	**Mining**	**Front End**	**Back End**	**Corporate**	**Total**
France	91	4,246	2,210	24	**6,572**
Europe (excluding France)	175	-	0	0	**175**
North & South America	1,605	7	51	6	**1,669**
Asia-Pacific	2	-	0	0	**3**
Africa & Middle East	738	-	-	-	**738**
TOTAL	**2,611**	**4,253**	**2,261**	**31**	**9,155**

Acquisitions of property, plant and equipment and intangible assets (excluding goodwill) in 2016 by business segment and by the geographical area of the units

(in millions of euros)	**Mining**	**Front End**	**Back End**	**Corporate**	**Total**
France	1	197	199	2	**399**
Europe (excluding France)	34	-	-	0	**34**
North & South America	63	0	10	2	**75**
Asia-Pacific	0	-	0	0	**0**
Africa & Middle East	36	-	-	-	**36**
TOTAL	**135**	**197**	**209**	**4**	**544**

Financial Year 2015

Contribution to consolidated revenue by business segment and customer location

(in millions of euros)	**Mining**	**Front End**	**Back End**	**Corporate**	**Total**
France	253	282	1,305	230	**2,070**
Europe (excluding France)	225	258	272	5	**760**
North & South America	273	318	239	0	**830**
Asia-Pacific	620	232	46	2	**900**
Africa & Middle East	77	16	5	0	**98**
TOTAL	**1,447**	**1,106**	**1,867**	**237**	**4,658**

Closing balances of net property, plant and equipment and intangible assets (excluding goodwill) at December 31, 2015 by region and by business segment

(in millions of euros)	**Mining**	**Front End**	**Back End**	**Corporate**	**Total**
France	130	4,168	1,979	5	**6,282**
Europe (excluding France)	171	-	-	1	**172**
North & South America	1,571	1	44	-	**1,616**
Asia-Pacific	3	-	-	1	**4**
Africa & Middle East	1,103	-	-	-	**1,103**
TOTAL	**2,979**	**4,169**	**2,024**	**6**	**9,177**

<u>Acquisitions of property, plant and equipment and intangible assets (excluding goodwill) in 2015 by business segment and by the geographical area of the units</u>

(in millions of euros)	**Mining**	**Front End**	**Back End**	**Corporate**	**Total**
France	2	275	154	1	**433**
Europe (excluding France)	55	-	-	0	**55**
North & South America	105	0	14	0	**119**
Asia-Pacific	0	-	-	0	**0**
Africa & Middle East	25	-	-	-	**25**
TOTAL	**187**	**276**	**154**	**1**	**632**

Notes to the consolidated financial statements for the year ended December 31, 2016

All amounts are presented in millions of euros unless otherwise indicated. Certain totals may have rounding differences.

"New AREVA Holding SA", formerly called CERE, designates the parent company of the group, which includes all of the fuel cycle operations.

The group or "New AREVA Holding" designates the group constituted by New AREVA Holding and all of the subsidiaries and interests held directly or indirectly by New AREVA Holding SA.

"AREVA" designates the group constituted by AREVA SA and all of the subsidiaries and interests held directly or indirectly.

INTRODUCTION

In accordance with article L. 233-16 of the French Commercial Code, New AREVA Holding, which has exclusive control over several other companies and, at December 31, 2016, held securities admitted for trading on the regulated market, is required to publish consolidated financial statements. These consolidated financial statements were approved by the Board of Directors of New AREVA Holding SA on April 28, 2017.

<u>Context of the forming of the New AREVA Holding group</u>

In connection with its restructuring, AREVA has grouped all of its subsidiaries and interests in the nuclear fuel cycle (including the Mining, Front End and Back End operations) in New AREVA Holding.

In this regard:

- First, the bearers of bonds issued by AREVA SA maturing in 2017, 2019, 2020, 2021, 2022, 2023 and 2024, assembled in general meetings, and the sole holder of the 2018 bond approved the proposed contribution on September 19, 2016 and September 27, 2016 respectively.

- Secondly, on November 3, 2016, AREVA SA's shareholders, assembled in an Extraordinary General Meeting, also approved the draft partial asset contribution agreement signed between AREVA SA and New AREVA Holding SA (the "Contribution"), and the valuation of and payment for the Contribution, and delegated authority to the Board of Directors to effect the Contribution. Furthermore, the Contribution and capital increase of New AREVA Holding SA were approved by the New AREVA Holding shareholders on November 3, 2016.

- The Contribution was effected on November 10, 2016, giving rise to a capital increase for New AREVA Holding SA in the amount of 45 million euros and to an issue premium in the amount of 39 million euros in the individual financial statements of New AREVA Holding SA.

Other non-significant assets and liabilities related to the nuclear fuel cycle operations will also be the subject of transfers to finalize the planned scope by the time the capital increase of New AREVA Holding SA is carried, to be subscribed by the French State and by strategic investors.

Basis of preparation

Thus, the constitution of the group is the result of the partial contribution of AREVA SA assets to its subsidiary, New AREVA Holding SA, approved on November 3, 2016, ultimately without any change in AREVA's control over the contributed operations. This transaction involving the combination of entities under common control is excluded from the scope of IFRS 3 ("Business Combinations") and was therefore recognized based on historical carrying amounts as they appear in AREVA's consolidated financial statements.

It includes two parts, described hereunder in terms of accounting treatment:

- A "Legal Restructuring" consisting of transferring the nuclear fuel cycle operations of AREVA SA to New AREVA Holding SA. The group's consolidated financial statements for the year ended December 31, 2016 include historical carrying amounts in AREVA's consolidated financial statements for operations (carved-out subsidiaries, units, and assets and liabilities) attached to the legal entities contributed to New AREVA Holding SA on November 10, 2016. This transaction was recognized retroactively at January 1, 2015, date on which the historical carrying amounts were considered. Operations related to the nuclear fuel cycle included in the legal entities not directly or not indirectly controlled by New AREVA Holding SA at December 31, 2016 are therefore not included in the group's consolidated financial statements at December 31, 2016 (see Context of the forming of the New AREVA Holding group);
- A "Financial Restructuring": these transactions, associated with the changes made to the methods of financing the New AREVA Holding group's transactions with a view to a loss of AREVA SA's control of New AREVA Holding, were recognized in their historical amounts on the date they were carried out, i.e. November 10, 2016. These transactions include the transfer of bond debt and of current accounts between AREVA SA and the entities of the New AREVA Holding scope of consolidation, and a contribution of cash.

The assets and liabilities appearing in the comparative financial statements of 2015 reflect historical financial conditions for the operations concerned (financing by AREVA SA current accounts). In 2015, the subsidiaries of the nuclear fuel cycle were financed by AREVA SA and the current accounts, intercompany borrowings and loans were not eliminated between the entities belonging to the New AREVA Holding scope and AREVA SA. In 2016, the subsidiaries of the nuclear fuel cycle were funded by New AREVA Holding as from the effective date of the Contribution; accordingly, transactions and balances between New AREVA Holding and its subsidiaries are eliminated as from that date.

Reciprocal transactions between the New AREVA Holding group and AREVA's other entities

All of the balances related to current transactions between the New AREVA Holding group and AREVA's other entities were presented on the statement of financial position as receivables from or payables to third parties, and are therefore not eliminated.

Note 1 – HIGHLIGHTS OF THE PERIOD, ESTIMATES AND JUDGMENTS, AND ACCOUNTING PRINCIPLES

1.1 MAJOR EVENTS OF THE YEAR

European Commission consent for the Restructuring Plan

On April 29, 2016, the French authorities notified the European Commission of a restructuring aid measure which takes the form of twin capital increases by the injection of public capital in the amount of 2 billion euros in AREVA and in the maximum amount of 2.5 billion euros in New AREVA Holding.

On January 10, 2017, at the end of the review of the matter by the European Commission, the latter authorized the French State's participation in the capital increases of AREVA and of New AREVA Holding, finding in particular that (i) the planned aid measures enable the group's return to long-term viability, (ii) the group is contributing significantly to the costs of its restructuring and (iii) the compensatory measures proposed by the group are sufficient and adequate.

The European Commission's authorization is conditioned on the fulfillment of the following two preconditions:

- the findings of the Autorité de sûreté nucléaire ("ASN") on the results of the demonstration program concerning the problem of carbon segregation identified in parts of the EPR reactor vessel of the Flamanville 3 project, without calling into question the suitability for service of the vessel parts due to that segregation or, alternatively, a decision by EDF, duly notified to the group in view of the sale of New NP, to waive the condition precedent related to the EPR reactor of the Flamanville 3 project as concerns the carbon segregation identified in parts of that reactor's vessel; and
- the European Commission's authorization of the merger between EDF and New NP.

Moreover, the European Commission's authorization is accompanied by a certain number of commitments on the part of the group until the end of its restructuring plan, i.e. the end of 2019. In particular, it covers the obligation not to proceed with acquisitions of interests in companies which it does not already control (with the exception of (i) a certain number of already identified projects and (ii) after the European Commission's authorization of projects which would be necessary to its return to viability), and the obligation to withdraw completely from the reactor and fuel assembly operations. By that date, neither AREVA nor New AREVA Holding will have a capitalistic relationship with New NP.

On January 10, 2017, the European Commission also authorized rescue aid in the form of two advances from the shareholder current account of the French State, one for AREVA in the amount of 2 billion euros and the other for New AREVA Holding in the amount of 1.3 billion euros, to enable the group to meet its financial obligations until the effective completion of the AREVA and New AREVA Holding capital increases.

These advances from the shareholder current account, to be credited to the amount of the above-mentioned capital increases reserved for the French State, will be reimbursed by converting the State's receivable into capital within the framework of those capital increases, subject to the fulfillment of the two preconditions described above.

New AREVA Holding capital increase

The capital increase of New AREVA Holding in the total amount of 3 billion euros is to be subscribed by the French State and strategic investors.

The objective of this capital increase is to enable New AREVA Holding to meet its financial obligations and to develop, before being in a position in the medium term to refinance on the markets. The French State confirmed its commitments to participating in the Capital Increase at the maximum level of 2.5 billion euros, alongside strategic investors.

The proposed New AREVA Holding capital increase was submitted for approval to the General Meeting of New AREVA Holding Shareholders held on February 3, 2017. The execution of this capital increase is subject to the fulfillment of the conditions accompanying the European Commission's authorization of January 10, 2017 (see above).

Following this capital increase, and subject to its completion, AREVA would hold a minority interest in New AREVA Holding of approximately 40% of the capital and voting rights, leading to the loss of AREVA's control of New AREVA Holding.

Furthermore, the completion of the New AREVA Holding capital increase is subject to the consent of third parties for the change of control of New AREVA Holding control and for the change in the nature of AREVA's operations.

Commitments from strategic investors to participate in the New AREVA Holding capital increase

The industrial groups Mitsubishi Heavy Industries and Japan Nuclear Fuel Ltd expressed interest in participating in the New AREVA Holding capital increase and formulated offers to that effect on December 15, 2016.

These strategic investors have committed to participating in the New AREVA Holding capital increase at the level of 500 million euros, corresponding to a 10% target interest, and will thus become New AREVA Holding shareholders alongside the French State and AREVA, subject to the signature of the final agreements and the completion of the above-mentioned capital increase.

On March 21, 2017, the memorandum of investment and the shareholders' agreement related to New AREVA Holding signed by the Mitsubishi Heavy Industries and Japan Nuclear Fuel Ltd industrial groups, the Commissioner of State shareholdings, and the AREVA group entered into force.

Voluntary Departure Plan and adaptation of the group's workforce

In July 2015, as part of its performance plan, the AREVA group had announced its intention of reducing its international workforce by 6,000 people by the end of 2017 in relation to December 31, 2014.

In France, as concerns the New AREVA Holding scope of consolidation, Voluntary Departure Plans (VDP) were launched for the companies of AREVA Mines, AREVA NC, AREVA Business Support, SET and Eurodif Production, which represent close to 70% of the national workforce. These plans aimed for the elimination of 2,075 jobs over the 2016-2017 period and for a net reduction of 1,635 jobs from a reference point at the end of August 2015. The voluntary period of these departure plans ended in late November 2016.

Under the provisions of the VDP, 1,099 departures were recorded, 62% of which occurred under various retirement or early retirement formulas of the Plan and 38% of which were employees who left the group. In addition, close to 450 departures outside the PDVs were recorded from the same reference point of August 30, 2015, mainly due to conventional early retirement at AREVA NC, Eurodif Production and SET, to resignations and to retirement before the voluntary period of the plans had begun.

Liquidity position and going concern

At December 31, 2016, New AREVA Holding had current borrowings of 1.022 billion euros, mainly consisting of the bond issue in the amount of 797 million euros maturing on October 5, 2017 and a redeemable syndicated bank loan of 72 million euros.

To meet those commitments and ensure the continuity of operations in 2017, the main sources of financing in 2017 are spread out as follows:

- Gross cash on hand at January 1, 2017 in the amount of 1.434 billion euros, including a shareholder loan account vis-à-vis AREVA SA in the amount of 1.299 billion euros;
- An advance to New AREVA Holding SA in the amount of 1.3 billion euros from the shareholder current account of the French State, as authorized by the European Commission on January 10, 2017. This advance from the shareholder current account, to be credited to the capital increase of New AREVA Holding planned in 2017, will bridge the gap with the latter.
- The objective of carrying out this capital increase is to strengthen the capital structure of New AREVA Holding and enable it to meet its liquidity requirements.

Taken together, these items will ensure the continuity of operations for the 2017 financial year.

Beyond 2017, the significant debt maturities for New AREVA Holding in 2018 consist of the repayment of a private placement maturing on September 20, 2018 in the equivalent of approximately 65 million euros and a debt maturity of 58 million euros concerning the redeemable syndicated bank loan.

1.2 ESTIMATES AND JUDGMENTS

To prepare its financial statements, New AREVA Holding must make estimates, assumptions and judgments impacting the net carrying amount of certain assets and liabilities, income and expense items, or information provided in some notes to the financial statements. New AREVA Holding updates its estimates and judgments on a regular basis to reflect past experience and other factors deemed pertinent, based on economic conditions. As a function of changes in these assumptions or in circumstances, the amounts appearing in its future financial statements may differ from current estimates, particularly in the following areas:

- operating margins on contracts recognized according to the percentage of completion method (see Notes 1.3.7 and 23), which are estimated by the project teams and reviewed by management following the group's procedures;
- cash flow forecasts and the discount and growth rates used for impairment tests for goodwill and other plant, property and equipment and intangible assets (see Notes 1.3.9, 10, 11 and 12);
- all assumptions used to assess the value of pension commitments and other employee benefits, including future payroll escalation and discount rates, retirement age and employee turnover (see Notes 1.3.15 and 22);
- all assumptions used to assess the value of provisions for end-of-lifecycle operations and the assets corresponding to the third-party share, in particular:
  - the estimated costs of those operations;
  - the inflation and discount rates;
  - the schedule of future disbursements;
  - the operating period of the facilities (see Notes 1.3.17 and 13);
  - the scenario chosen with regard to knowledge of the initial condition of the facilities, of the target final condition, and of the waste treatment and removal methods;
  - the procedures for final shut-down;
- the assumptions used to assess provisions for work still to be performed, in particular for waste treatment methods that do not presently exist: the estimated costs of those operations, the schedule of future disbursements, and the inflation and discount rates;
- the assumptions used to value provisions for restructuring and provisions for voluntary departure plans (see Notes 1.3.16 and 23);
- estimates and judgments regarding the outcome of disputes in progress and, more generally, estimates regarding all of the provisions and contingent liabilities of New AREVA Holding (see Notes 1.3.16, 23 and 32);
- estimates and judgments relative to the recoverability of accounts receivable from the group's customers and other accounts receivable (see Notes 1.3.11 and 1.3.12.3);
- estimates and judgments regarding the material or durable nature of the impairment of available-for-sale financial assets (see Notes 1.3.12, 13 and 15);
- estimates of future taxable income used to recognize deferred tax assets (see Notes 1.3.22 and 8);
- the share in equity and net income of joint ventures and associates that had not yet published their year-end financial statements as of the date of year-end closing of New AREVA Holding's financial statements;
- the highly probable loss of control of assets and operations classified a "held for sale", in accordance with IFRS 5 (see Notes 1.3.1.1 and 9), and estimates relative to the net income from sales of assets and operations classified as "held for sale" (see Note 9).

1.3 ACCOUNTING PRINCIPLES

Pursuant to European Regulation 1606/2002 of July 19, 2002, New AREVA Holding's consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union at December 31, 2016. They include the International Accounting Standards (IAS), the IFRS and the interpretations issued by the IFRS Interpretations Committee (IFRS-IC) and by the former Standing Interpretation Committee (SIC). These financial statements are also consistent with IFRS standards drawn up by the International Accounting Standards Board (IASB), insofar as the mandatory adoption date of the standards and amendments published by the IASB and not yet adopted by the European Union at December 31, 2016 is later than that date.

Mandatory effective date of January 1, 2016 for new standards and interpretations

- Amendments resulting from annual improvement processes for the 2010-2012 period
- Amendments resulting from annual improvement processes for the 2012-2014 period
- Amendment to IAS 19 "Employee Benefits: employee contributions to defined benefit plans"
- Amendment to IFRS 11 "Acquisition of an interest in joint operations"
- Amendments to IAS 16 and IAS 38 "Acceptable methods of depreciation and amortization"
- Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities"
- Amendment to IAS 1, first part of the "Disclosure Initiative"

The mandatory effective date of January 1, 2016 of the amendments has no significant impact on the group's consolidated financial statements.

New standards and interpretations which do not yet have a mandatory effective date

New standards and interpretations adopted by the European Union which do not yet have a mandatory effective date

- IFRS 9 "Financial Instruments" was published on July 24, 2014 and adopted by the European Union on November 22, 2016. It will be mandatory for financial years beginning January 1, 2018 and will replace IAS 39 "Financial Instruments: Recognition and Measurement". It defines new principles for the classification and measurement of financial instruments, the impairment of financial assets due to credit risk, and general hedge (or micro-hedge) accounting. The group carried out an analysis of the issues and potential impacts which Phase 1 "Classification and Measurement" and Phase 2 "Impairment" of this new standard could have on assets earmarked for end-of-lifecycle operations. In fact, according to IFRS 9, the classification and measurement of financial assets will depend on the business model and contractual characteristics of the instruments. During their initial recognition, the financial assets will be classified at amortized cost in fair value through equity or in fair value through profit and loss. The application of these two criteria could lead to a different classification and measurement of assets earmarked for end-of-lifecycle operations than in IAS 39. In addition, Phase 2 of the standard, "Impairment", introduces a new impairment model for credit risk based on expected losses. This model will require recognition of 12-month expected credit losses on purchased or originated instruments (resulting from the risk of defaults in the next 12 months) at their initiation. Full lifetime expected credit losses (resulting from the risk of defaults over the remaining life of the instrument) will have to be recognized if the credit risk has increased significantly since initial recognition. The group is analyzing the potential impacts that application of this model would bring to its portfolio of earmarked assets. At this stage of the analysis, the principal impacts expected are an increase in the volatility of the statement of income, unless the group changes the terms for management of its earmarked funds. However, optimization of the yields of assets in the earmarked funds will remain the group's priority, independently of the volatility that their recognition will bring about in the financial statements.

- IFRS 15 "Revenue from Contracts with Customers" was published on May 28, 2014 and adopted by the European Union on September 22, 2016. The mandatory effective date is January 1, 2018. It will replace several standards and interpretations related to recognition of revenue, in particular IAS 18 "Revenue Recognition" and IAS 11 "Construction Contracts". This standard rests on principles described in a five-step model to determine when and in what amount income from ordinary operating activities should be recognized. The group has spent considerable effort on the training of its financial and operating teams

to raise their awareness of the changes that the new standard could bring. The different types of contracts and identification of the issues that the standard might bring are being analyzed.

New standards and interpretations not yet adopted by the European Union

- IFRS 16 “Leases”
- IFRS 15 “Revenue from Contracts with Customers” - Clarifications
- Amendment to IAS 12 “Income Taxes”: recognition of deferred tax assets for unrealized losses on debt instruments measured at fair value
- Amendment to IAS 7 “Statement of Cash Flows”: reconciliation of net debt between opening and closing
- Amendment to IFRS 4 “Insurance Contracts”
- Amendment to IFRS 2 “Share-based Payment”: clarification on the measurement and in the event of modification of a cash-settled or equity-settled plan

1.3.1 PRESENTATION OF THE FINANCIAL STATEMENTS

1.3.1.1. Operations sold, discontinued and held for sale

Operations sold, discontinued and held for sale are presented in the financial statements in accordance with IFRS 5. Operations held for sale correspond to distinct, principal operating segments within the group for which management has initiated a disposal plan expected to lead to a loss of control and an active program to search for buyers, and whose sale is deemed highly probable within the 12 months following the end of the financial year (which may be extended in the event of particular circumstances).

Discontinued operations correspond to operating segments whose operation was terminated at the date of closing of the financial year.

Valuation

- Before proceeding to classification as “operations held for sale”, all of the assets and liabilities concerned were valued in accordance with the accounting principles historically applied by AREVA, described in Note 1.3.
- As from their date of classification as “operations held for sale”:
  - Non-current assets such as goodwill, intangible assets, property, plant and equipment, and interests in joint ventures and associates follow specific rules imposed by IFRS 5. In particular:
    - amortization of amortizable assets ceases;
    - interests in joint ventures and associates cease to be consolidated by the equity method.
  - The other assets and liabilities continue to be valued according to the principles described in Note 1.3.

Thus determined, the group’s carrying amount of assets held for sale and related liabilities is compared with its fair value less disposal costs, giving rise if necessary to the recognition of impairment.

Presentation

- The assets and liabilities of operations held for sale are presented in their total amount under specific headings of the statement of financial position. The payables and debt of these operations towards the group's other entities continue to be eliminated on consolidation. The comparative statement of financial position is not restated.

- Net income from operations sold, discontinued and held for sale is presented under a specific heading of the statement of income, which includes the net income after tax of those operations until the date of their termination or disposal and the net gain after tax on the disposal itself. The statement of income from the previous year is presented for purposes of comparison and restated in identical fashion. This heading also includes the impact on the statement of income of post-disposal price adjustments and warranties granted to the buyer. The elimination of the income and expenses of these operations with respect to the group's other entities aims to present the revenue earned with companies outside the group and reflects the manner in which the transactions will be continued.

- Net cash flows from operations sold, discontinued and held for sale are also presented under a specific heading of the statement of cash flows, which includes cash flows generated by those operations until the date of their termination or disposal and the net cash flow after tax generated on the disposal itself. The statement of cash flows of the previous year, presented for comparison, is restated in identical fashion. This heading also includes the impact of post-disposal price adjustments on the statement of cash flows and warranties granted to the buyer. The cash flow from these operations with respect to the group's other entities continue to be eliminated in consolidation.

Appended information

IFRS 5 contains specific provisions concerning assets which have their own valuation methods.

- For non-current assets (including those belonging to a group of assets held for sale) falling within the scope of IFRS 5, the other standards do not apply unless they contain provisions specifically concerning those assets.

- For the other assets and liabilities included in a group of assets held for sale, the other standards apply.

1.3.1.2 Presentation of the statement of financial position

The statement of financial position makes a distinction between current and non-current assets and current and non-current liabilities, in accordance with IAS 1.

Current assets and liabilities are those which were held for sale or for use in connection with the operating cycle, or which are expected to be sold or settled within 12 months of the end of the period.

Financial liabilities are divided between current and non-current liabilities based on their remaining maturity at year-end.

To simplify the presentation of the statement of financial position, New AREVA Holding presents all headings relating to its end-of-lifecycle operations, as defined in Note 13, on separate lines under non-current assets and non-current liabilities, in their full amount. Thus, provisions for end-of-lifecycle operations are presented as non-current liabilities; the end-of-lifecycle assets corresponding to the share of third parties in the funding of those operations are presented under non-current assets. Financial assets earmarked to cover those operations are presented in a separate heading under non-current assets, which includes all equities and shares of earmarked equity mutual funds and bonds held in the portfolio, together with cash held on a short-term basis.

Similarly, provisions for employee benefits are presented under non-current liabilities in their full amount.

Deferred tax assets and liabilities are shown as non-current.

1.3.1.3. Presentation of the statement of income

In the absence of detailed guidance in IAS 1, the statement of income is presented in accordance with recommendation 2013-03 of the Autorité des normes comptables (French national accounting board).

- Operating income is presented based on an analysis of expenses by function. Operating expenses are split among the following categories:
  - cost of sales;
  - research and development expenses;
  - marketing and sales expenses;
  - general and administrative expenses;
  - other operating income, mainly comprising:
    - gains/losses on disposals of property, plant and equipment and intangible assets;
    - income from the deconsolidation of subsidiaries (except when they are qualified as discontinued operations in accordance with IFRS 5, in which case they are presented on a separate line of the statement of income);
    - reversals of impairment of property, plant and equipment and intangible assets;
  - other operating expenses, mainly comprising the following items:
    - costs of restructuring and early employee retirement plans;
    - goodwill impairment;
    - impairment of and losses on disposals of property, plant and equipment and intangible assets;
    - losses from the deconsolidation of subsidiaries (except when they are qualified as discontinued operations in accordance with IFRS 5).

New AREVA Holding presents the income resulting from the research tax credit program in France as a reduction in research and development expenses and presents the income from the competitiveness and employment tax credit program as a reduction in payroll expenses in each expense category by function.

- As indicated in Note 1.3.2, New AREVA Holding presents the share in net income of joint ventures and associates whose operations are an extension of the group's operations under a statement of income heading immediately below operating income, and presents a new sub-total entitled "Operating income after share in net income of joint ventures and associates".

- Net financial income comprises:
  - gross borrowing costs;
  - income from cash and cash equivalents;
  - other financial expenses, including in particular:
    - lasting impairment and gains or losses on disposals of available-for-sale securities;
    - negative changes in value of securities held for trading;
    - unwinding of provisions for end-of-lifecycle operations and employee benefits;
  - other financial income, including in particular:
    - dividends received and other income from financial assets other than cash and cash equivalents;
    - gains on disposals of available-for-sale securities;
    - positive changes in value of securities held for trading;
    - unwinding of end-of-lifecycle assets (third-party share);
    - returns on retirement plan assets and other employee benefits.

1.3.1.4. Presentation of the statement of comprehensive income

The statement of comprehensive income explains the transition from net income to comprehensive income on a statement separate from the statement of income, in accordance with the election made by New AREVA Holding to apply amended IAS 1.

It presents “Other items of comprehensive income” as either recyclable or non-recyclable to the statement of income.

- Items recyclable to the income statement include:
  - currency translation adjustments of consolidated entities,
  - changes in the value of available-for-sale financial assets; and
  - changes in the value of cash flow hedging instruments.
- Items not recyclable to the income statement include actuarial gains and losses arising subsequent to January 1, 2011, the date of retroactive application of amended IAS 19 (see Note 1.3.15).

These items are presented before tax. The total tax impact of these items is presented on a separate line under “recyclable items” and “non-recyclable items”.

The share of other items of comprehensive income relating to operations sold or held for sale is presented on separate lines of that statement in their total amount after tax, separating items that are recyclable through profit and loss from items that are not recyclable.

The share of other items of comprehensive income relating to associates is presented on a separate line in the total amount after tax. However, items that are recyclable are not separated from items that are not recyclable, as the amounts are insignificant.

1.3.1.5. Presentation of the statement of cash flows

The statement of cash flows is presented in accordance with IAS 7. New AREVA Holding has adopted the “indirect method” of presentation, which starts with consolidated net income for the period.

Cash flows from operating activities include income taxes paid, interest paid or received, and dividends received, except for dividends received from associates consolidated using the equity method, which are included in cash flows from investing activities.

Cash provided by operations is presented before income tax, dividends and interest.

1.3.2 CONSOLIDATION AND EQUITY METHODS

The consolidated financial statements combine the financial statements for the year ended December 31, 2016 of New AREVA Holding and of the subsidiaries which it controls, per the criteria defined in IFRS 10, and which are fully consolidated.

Joint ventures (companies in which New AREVA Holding exercises joint control with one or more other investors and which do not meet the definition of a joint business operation) and associates (companies in which New AREVA Holding exercises a notable influence on financial policy and management) are consolidated using the equity method. Under the equity method:

- the share of the equity of these companies, corresponding to the percentage of interest held by New AREVA Holding plus any goodwill generated during the acquisition of the interest, is recognized as an asset on the consolidated statement of financial position;
- the share of the net income of these companies, corresponding to the percentage of interest held by New AREVA Holding less any impairment of goodwill, is recognized on the consolidated statement of income.

In accordance with IAS 28, New AREVA Holding ceases to recognize its share of equity and income in joint ventures and associates when their equity is negative, unless New AREVA Holding is explicitly or implicitly obliged to ensure the continuity of their operations.

Joint ventures and associates cease to be consolidated using the equity method when they are classified under “non-current assets held for sale” (see section 1.3.1.1 above). They are then valued at the lowest of their carrying amount or their fair value, less disposal costs, corresponding to their probable net realizable value.

Intercompany transactions are eliminated.

1.3.3. TRANSLATION OF FINANCIAL STATEMENTS OF FOREIGN COMPANIES

The New AREVA Holding group’s financial statements are presented in euros.

The functional currency of an entity is the currency of the economic environment in which that entity primarily operates. The functional currency of foreign subsidiaries and associates is generally the local currency. However, another currency may be designated for that purpose when most of a company’s transactions are in another currency.

The financial statements of foreign companies belonging to the AREVA group are prepared in the local functional currency and translated into euros for consolidation purposes in accordance with the following principles:

- balance sheet items (including goodwill) are translated at the rates applicable at the end of the period, with the exception of equity components, which are kept at their historic rates;
- transactions of the income statement and cash flow statement are translated at average annual exchange rates;
- currency translation differences on the net income and equity of these companies are recognized in “Other items of comprehensive income” and presented on the balance sheet under the equity heading “Currency translation reserves”. When a foreign company is discontinued or sold, the associated currency translation reserves recognized after January 1, 2004 (date of first-time adoption of the IFRS standards) are recognized in profit and loss.

1.3.4. OPERATING SEGMENTS

New AREVA Holding presents its business segment information by operating Business Group, which corresponds to the level at which performance is examined by the group’s steering bodies, in accordance with the requirements of IFRS 8. The three operating segments presented are Mining, Front End and Back End.

Information by business segment relates only to operating data included in the statement of income and the statement of financial position (revenue, EBITDA, goodwill, non-current property, plant and equipment and intangible assets, and other operating assets). In fact, New AREVA Holding has adopted centralized management of its financial assets and liabilities and of it tax position; the corresponding items in the statement of income and statement of financial position are not allocated to the operating segments.

In addition, New AREVA Holding reports data by geographical area. New AREVA Holding’s consolidated revenue is allocated among five geographical areas based on the destination of goods and services: France, Europe excluding France, North and South America, Asia-Pacific, Africa and the Middle East.

1.3.5. BUSINESS COMBINATIONS – GOODWILL

Acquisitions of companies and operations are recognized at cost based on the “acquisition cost” method, as provided in IFRS 3 for business combinations subsequent to January 1, 2004 and prior to December 31, 2009, and in IFRS 3 revised for operations subsequent to January 1, 2010. In accordance with the option provided by IFRS 1 for the first-time adoption of IFRS, business combinations prior to December 31, 2003 were not restated.

Under the method required by this standard, the acquired company’s assets, liabilities and contingent liabilities meeting the definition of identifiable assets and liabilities are recognized at fair value on the date of acquisition, except for discontinued operating segments of the acquired entity, as provided in IFRS 5, which are recognized at the lower of fair value less costs to sell and the net carrying amount of the corresponding assets. For consolidation purposes, the date of consolidation of the acquired company is the date at which New AREVA Holding acquires effective control.

Restructuring and other costs incurred by the acquired company as a result of the business combination are included in the liabilities acquired, as long as IAS 37 criteria for provisions are met at the date of acquisition. Costs incurred after the date of acquisition are recognized in operating income during the year in which such costs are incurred or when meeting IAS 37 criteria.

The acquired company's contingent liabilities resulting from a current obligation on the date of acquisition are recognized as identifiable liabilities and recorded at their fair value on that date.

New AREVA Holding did not apply the “total goodwill” method authorized by amended IFRS 3 for acquisitions subsequent to January 1, 2010, and continues to apply the “partial goodwill” method. Under that method:

- the goodwill recorded in assets corresponds to the difference between the acquisition price of the operations or shares of the company acquired and the share of the fair value of the corresponding assets, liabilities and contingent liabilities on the date of the acquisition;
- minority interests are valued initially at the fair value of assets, liabilities and contingent liabilities recognized on the date of acquisition, prorated for the percentage of interest held by the minority shareholders.

The valuation of the acquired company's assets, liabilities and contingent liabilities on the acquisition date may be adjusted within twelve months of that date; this also applies to the valuation of the acquisition price when the contract contains conditional price adjustment clauses. The amount of goodwill may not be adjusted after the expiration of that period.

Goodwill is not amortized. It is subject to impairment tests that are systematically performed at least once a year or more often if there are signs of impairment. Impairment is recognized if the outcome of those tests indicates that it is necessary. Significant loss of market share, loss of administrative permits or licenses required to operate a business, or heavy financial losses are examples of signs of impairment.

To perform impairment tests, all goodwill is allocated to cash-generating units (CGUs) reflecting the group's structure (the definition of a CGU and the methodology used for impairment tests are described in Note 1.3.9).

If the recoverable amount of the cash-generating unit is less than the net carrying amount of its assets, impairment is allocated first to goodwill and then to other non-current assets of the CGU (property, plant and equipment and intangible assets), prorated for their net carrying amount. The recoverable amount of a CGU is the higher of (1) its value in use, measured according to the discounted cash flow method, or (2) its fair value less disposal costs.

Impairment allocated to goodwill cannot be reversed.

Upon the sale of a business, the amount of goodwill allocated to it is included in its net carrying amount of the business sold and is thus taken into consideration to determine the gain or loss on disposal.

If an asset or group of assets is sold which constitutes part of a CGU to which goodwill is allocated, a share of this goodwill is assigned based on objective criteria to the asset or group of assets sold; the corresponding amount is used to determine the income from the sale.

1.3.6. RECOGNITION OF REVENUE

Revenue is valued at the fair value of the consideration received or to be received, net of rebates and sales taxes.

It includes:

- revenue from construction contracts and certain services recognized according to the percentage of completion method in accordance with IAS 11 (see Note 1.3.7 hereunder); and
- revenue from other sales of goods and services recognized when most of the risk and rewards are transferred to the customer in accordance with IAS 18.

Revenue related to transactions in which the group only acts as an intermediary, without bearing the risks and rewards attached to the goods involved, consists of the profit obtained by the unit. The same is true for commodity trading activities, which primarily concern the uranium trading business.

No income is recognized when materials or products are exchanged for materials or products of a similar nature and value.

1.3.7. REVENUE RECOGNIZED ACCORDING TO THE PERCENTAGE OF COMPLETION METHOD

Revenue and margins on construction contracts and certain services are recognized according to the percentage of completion method (PCM), as provided in IAS 11 for construction contracts and in IAS 18 for services.

In application of this method, revenue and income from contracts are recognized over the period of performance of the contract. Depending on the type and complexity of the contracts, the group applies the percentage of completion method based on costs incurred or on the percentage of physical completion.

- Under the cost-based PCM formula, the percentage of completion is the ratio of costs incurred (the costs of work or services performed and confirmed at the end of the accounting period) to the total anticipated cost of the contract. This ratio may not exceed the percentage of physical or technical completion at the end of the accounting period.
- Under the physical PCM formula, a predetermined percentage of completion is assigned to each stage of completion of the contract. The revenue and costs recognized at the end of the accounting period are equal to the percentage of anticipated revenue and anticipated costs for the stage of completion achieved at that date.

When financial contract terms translate into significant cash surpluses during all or part of the contract's performance, the resulting financial income is included in contract income and recognized in revenue based on the percentage of completion.

New AREVA Holding had elected not to include financial expenses in the cost of contracts generating a cash loss, as previously allowed under IAS 11. This option is no longer applicable to contracts for which costs were incurred for the first time after January 1, 2009: the financial expenses generated by these contracts are included in the determination of the estimated income on completion.

When estimated income at completion is negative, the loss at completion is recorded immediately in income, after deduction of any already recognized partial loss, and a provision is set up accordingly.

1.3.8. VALUATION OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

1.3.8.1. Initial recognition

Property, plant and equipment and intangible assets are valued using the amortized cost method.

New AREVA Holding did not elect to recognize certain property, plant and equipment and intangible assets at fair value, as allowed under IFRS 1 for the first-time adoption of IFRS on January 1, 2004.

1.3.8.2. Inclusion of borrowing costs

Borrowing costs are not included in the valuation of property, plant and equipment and intangible assets:

- placed in service before January 1, 2009, or
- placed in service after that date but for which expenses had been incurred and recognized as assets in progress at December 31, 2008.

In accordance with the amended IAS 23 accounting standard, effective as from January 1, 2009, the borrowing costs related to investments in property, plant and equipment and intangible assets for projects initiated after that date and for which the period of construction or development is more than one year are included in the costs of these assets.

1.3.8.3. Intangible assets

Research and development expenses

Research and development expenses incurred by New AREVA Holding for its own account are expensed as they are incurred.

Research and development expenses funded by customers under contracts are included in the production cost of these contracts and recorded under cost of sales when the corresponding revenue is recognized in income.
As provided in IAS 38, expenses relating to development projects are recorded as intangible assets if the project meets the following six criteria:

- technical feasibility;
- intention of completing, using or selling the asset;
- ability to use or sell the asset;
- generation of future economic benefits (existence of a market or internal use);
- availability of adequate financial resources for completion; and
- reliability of measurement of costs attributable to the asset.

Capitalized development costs are then amortized over the probable useful life of the intangible asset, as from the commissioning date. They are depreciated on a straight-line basis over a minimum period of time.

Costs expensed in a year prior to the decision to capitalize may not be capitalized subsequently.

Mineral exploration and pre-mining development

Mineral exploration and pre-development work are valued according to the following rules:

- Exploration expenses whose purpose is to identify new mineral resources, and expenses related to assessments and pre-development of identified deposits are incurred before project profitability is determined and are recognized as research and development expenses for the period.
- Pre-mining development expenses concern a project which, as of the date of the financial statements, has a strong chance of technical success and commercial profitability, and are capitalized. Indirect costs, excluding overhead expenses, are included in the valuation of these costs. Capitalized pre-mining expenses are amortized in proportion to the number of tons mined from the reserves they helped identify.

Greenhouse gas emissions allowances

Following the withdrawal of IFRIC 3 by the IASB, and pending a decision by regulators on accounting for greenhouse gas emission allowances, New AREVA Holding does not recognize an asset or provision as long as the group's emissions are lower than the allowances it has received.

New AREVA Holding does not trade speculatively on emission allowance markets. The group's only transactions were sales of rights corresponding to allowances allocated to it in excess of its actual carbon dioxide emissions. Proceeds from these sales are recognized in profit or loss under other operating income.

Other intangible assets

An intangible asset is recognized when it is probable that future economic benefits therefrom will accrue to the company and if the cost of this asset can be reliably estimated based on reasonable and documented assumptions.

Intangible assets are recorded at their acquisition or production cost.

Goodwill and trademarks produced internally are not capitalized.

Depreciation of intangible assets is calculated using the most appropriate method for the asset category (straight-line depreciation or as a function of the production units), starting on the date they were placed in service and over the shorter of their probable period of use or, when applicable, the length of their legal protection.

An intangible asset whose useful life is not defined, such as a brand, is not amortized, but is subject to impairment tests (see Note 1.3.9).

1.3.8.4. Property, plant and equipment

Property, plant and equipment are recognized at acquisition or production cost, including startup expenses, less cumulative depreciation and impairment.

The cost of nuclear facilities includes the New AREVA Holding group's share of provisions for end-of-lifecycle operations, estimated at the date they are placed in service, termed "end-of-lifecycle assets – group share" (see Note 1.3.17). In accordance with IFRIC 1, changes in provisions for end-of-lifecycle operations coming from

changes in estimates or calculation assumptions and relating to nuclear facilities in operation are offset by a change in the same amount of the assets to which these provisions relate.

Property, plant and equipment are depreciated based on the approach deemed most representative of the economic depreciation of the assets (straight-line depreciation or as a function of the production units); each component is depreciated over its specific useful life.

Mining land is depreciated over the operating period of the deposit; site layout and preparation expenses are depreciated over 10 years; buildings over 10 to 45 years; production facilities, equipment and tooling other than nuclear facilities over 5 to 10 years; general facilities and miscellaneous fixtures over 10 to 20 years; and transportation equipment, office equipment, computer equipment and furniture over 3 to 10 years.

The nuclear facilities are depreciated on a straight line over their useful life, measured by taking into account the duration of the portfolios of existing or reasonably foreseeable contracts performed in those facilities.

Depreciation periods are revised if the group's backlog changes significantly.

Changes in the asset value of those facilities, recognized as an offset to changes in the value of provisions for the corresponding end-of-lifecycle operations, as explained above, are depreciated prospectively over their remaining useful life.

Assets financed under leasing arrangements, which transfer, in substance, nearly all the risks and rewards inherent in ownership of the asset to New AREVA Holding, are recognized in the statement of financial position as property, plant and equipment assets and depreciated as indicated above. Assets financed by customers are depreciated over the term of the corresponding contracts.

1.3.9. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND GOODWILL

Goodwill and intangible assets with an indefinite useful life

Impairment tests on goodwill and intangible assets with indefinite useful lives are systematically performed at least once a year. These tests are performed at the level of the cash-generating units (CGU) to which such goodwill and intangible assets belong.

A CGU is defined as the smallest group of assets whose use generates cash inflows independently of the group's other assets or groups of assets.

Impairment is recognized when the recoverable amount of a CGU is less than the net carrying amount of the assets belonging to it. The recoverable amount of a CGU is the higher of:

- its fair value less disposal costs, corresponding to the net realizable value based on observable data when available (recent transactions, offers received from potential acquirers, reported ratios for comparable publicly traded companies) or on analyses conducted by internal or external experts of the New AREVA Holding group;
- its value in use, which is equal to the present value of the estimated future cash flows it generates, plus its "residual value", corresponding to the present value of cash flows for the "base" year, discounted to infinity, estimated at the end of the future cash flow period. However, some CGU have a defined lifecycle (by ore resources in Mining or by the duration of operating permits in the nuclear businesses); the cash flows taken into account to assess their value in use are not discounted to infinity but within the limit of their expected operating life. To determine the value in use, future cash flows are discounted based on a discount rate which reflects current assessments of the time value of money and the specific risk of the asset or the CGU in question.

Other property, plant and equipment and intangible assets

Impairment tests are performed when there is an indication of impairment of property, plant and equipment or intangible assets with finite useful lives.

When no estimate of an individual asset's recoverable amount may be established, the group determines the recoverable amount of the cash-generating unit (CGU) to which the asset belongs.

1.3.10. INVENTORIES AND WORK-IN-PROCESS

Inventories and work-in-process are valued at their production cost in the case of goods and at their acquisition cost in the case of goods acquired for consideration. For valuation, either the “first-in first-out” method (FIFO) or the “weighted average” method is used (weighted average cost per unit), depending on the category of inventory.

When the probable net market value of inventory or work-in-process is less than its net cost, it is written down.

Financial expenses and research and development costs funded by New AREVA Holding are not taken into account in the valuation of inventories and work-in-process. However, the cost of research and development programs funded by customers is recognized in inventories and work-in-process, as is amortization of capitalized development expenditures.

The costs incurred to get a contract from a customer (“proposal costs”) are recognized in work-in-process when there is a high probability on the date of year-end closing that the contract will be signed; in the opposite case, the proposal costs are recognized in profit and loss under “Marketing and sales expenses” and “General and administrative expenses.

1.3.11. TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable, generally due in less than one year, are recognized using the “amortized cost” method.

An impairment charge is recognized to reflect the probable recovery value when collection is not assured.

1.3.12. FINANCIAL ASSETS

Financial assets consist of:
- assets earmarked for end-of-lifecycle operations;
- other available-for-sale securities;
- loans, advances and deposits;
- securities held for trading;
- put and call options on securities;
- derivatives used for hedging (see Note 1.3.21);
- cash and cash equivalents.

They are valued in accordance with IAS 39.

Regular purchases and sales of financial assets are recognized at the date of transaction.

1.3.12.1. Assets earmarked for end-of-lifecycle operations

This heading brings together all of the investments that New AREVA Holding has decided to devote to the funding of its future end-of-lifecycle operations in the nuclear business, including facility dismantling and waste retrieval and packaging. It includes directly-held publicly traded shares and bonds, dedicated share investment funds, dedicated bond and money-market investment funds, and cash. It also includes receivables resulting from agreements with third parties liable for payment of a share of the financing of end-of-lifecycle operations. These receivables are recognized using the amortized cost method.

- Publicly traded shares are classified as “available-for-sale securities” defined in IAS 39. They are recognized at their fair value, corresponding to the last traded price of the year. Changes in value are recorded under “Other items of comprehensive income” and are presented on the balance sheet in their after-tax amount under “Deferred unrealized gains and losses on financial instruments”, except for lasting impairment, which is recorded in net financial income for the year.

- New AREVA Holding does not consolidate its earmarked investment fund assets on a line-by-line basis insofar as the company does not control them according to IFRS 10 criteria:
    - New AREVA Holding is not involved in the management of the dedicated investment funds, which are managed by independent and reputable asset management firms. These investment funds are benchmarked to the MSCI index of large European capitalizations, with strict limits on risk. Furthermore, the funds are regulated by the French stock market authority AMF (Autorité des marches financiers) and therefore subject to regulations governing investment and concentration of risk.
    - New AREVA Holding does not have control over the mutual funds’ management firms.
    - New AREVA Holding does not hold voting rights in the mutual funds.

- The investment funds do not trade directly or indirectly in financial instruments issued by New AREVA Holding.
- None of the financial investments made by the funds are strategic to New AREVA Holding.
- New AREVA Holding receives no benefit and bears no risk other than that normally associated with investments in investment funds and in proportion to its holding.
- New AREVA Holding may terminate the management agreements only in specific cases (gross negligence, fraud, etc.). Consequently, New AREVA Holding cannot replace a fund management company at will.

Accordingly, the dedicated investment funds are recorded on a single line in the balance sheet in an amount corresponding to New AREVA Holding's share of their net asset value as of the end of the year.

In view of the long-term investment objective, investment funds earmarked to fund end-of-lifecycle operations are classified as "available-for-sale securities". Consequently, the accounting treatment of changes in value and the methods of assessing and recognizing impairment are identical to those applicable to traded shares held directly.

- As an exception to the rules described above, bonds held directly as well as certain dedicated investment funds consisting exclusively of bonds held to maturity are classified in the "securities held to maturity" category and valued using the amortized cost method.

1.3.12.2. Other available-for-sale securities

This heading combines the other shares held by New AREVA Holding in publicly traded companies, except for shares in joint ventures and associates consolidated under the equity method, and shares held for trading.

These shares are valued in the same manner as shares allocated to the dedicated portfolio:

- fair value equal to the last traded price of the year;
- changes in fair value recorded under "Other items of comprehensive income", except for lasting impairment, which is recognized in net financial income.

This item also includes the group's interests in the capital of unconsolidated companies, either because New AREVA Holding does not have control and has no significant influence over them, or because of they are insignificant. These shares are valued at their acquisition cost when their fair value cannot be estimated reliably. This is particularly the case for privately held companies.

1.3.12.3. Lasting impairment of assets earmarked for end-of-lifecycle operations and other available-for-sale securities

Lasting impairment is recognized in the event of a significant or prolonged drop in the price or net asset value of a line of securities below their initial value. This impairment is calculated as the difference between the prices traded on the stock market or the net asset value of the securities on the last day of the period and their initial value, corresponding to their historical acquisition cost.

New AREVA Holding determines the significant or lasting nature of a drop in the price or liquidation value of a line of securities using several criteria, depending on:

- the type of investments used, where the level of volatility and risk may vary substantially: money-market, bond or equity investment funds; bonds or equities held directly;
- whether or not they are earmarked to fund end-of-lifecycle operations: assets earmarked for end-of-lifecycle operations must legally be held for very long periods of time, with expenses covered occurring after 2050.

New AREVA Holding has therefore established thresholds beyond which it considers that a drop in the price or net asset value of a line of securities is significant or prolonged and requires the recognition of lasting impairment. The impairment is measured for significance by comparing the price or net asset value of the line of securities with its historical acquisition cost. The prolonged nature of a drop is measured by observing the length of time during which the price or net asset value of the line of securities continued to be below its historical acquisition cost.

The drop is always considered significant or lasting if it exceeds the following thresholds, which are objective indicators of impairment:

	Significant	Lasting
Assets earmarked for end-of-lifecycle operations		
• Money-market investment funds	5%	1 year
• Bond investment funds and bonds held directly	25%	2 years
• Equity investment funds	50%	3 years
• Directly held shares	50%	3 years
Other available-for-sale securities		
• Directly held shares	50%	2 years

Securities that have dropped below these thresholds are not subject to lasting impairment unless other available information on the issuer indicates that the drop is probably irreversible. In that case, New AREVA Holding uses its own judgment to determine whether lasting impairment should be recognized.

These thresholds are likely to be re-estimated over time as a function of changes in the economic and financial environment.

Impairment of available-for-sale securities is irreversible in nature and may only be released to profit and loss on sale of the securities. An increase in prices or in net asset value subsequent to the recognition of impairment is recorded as a change in fair value under “Other items of comprehensive income”. Any additional loss of value affecting a line of previously impaired securities is recorded as additional impairment in net financial income for the year.

1.3.12.4. Loans, advances and deposits

This heading mainly includes loans related to unconsolidated interests, advances for acquisitions of interests, and security deposits.

These assets are valued at amortized cost. Impairment is recognized when the recoverable amount is less than the net carrying amount.

1.3.12.5. Securities held for trading

This heading includes investments in equities, bonds and shares of funds held to generate a profit based on market opportunities.

These assets are recognized at fair value based on their stock market price or their net asset value at the end of the period. Changes in fair value are recognized under financial income for the period.

1.3.12.6. Put/call options on securities

Put and call options on traded securities are recognized at fair value on the date of closing using the Black-Scholes pricing model; changes in value are recorded under net financial income for the year.

The price of an option consists of intrinsic value and time value. Intrinsic value is the difference between the strike price of an option and the market price of the underlying security. Time value is based on the security's volatility and the date on which the option may be exercised.

1.3.12.7. Cash and cash equivalents

Cash includes bank balances and non-trade current accounts with unconsolidated entities.

Cash equivalents include risk-free marketable securities with an initial maturity of three months or less, or which may be converted into cash almost immediately. In particular, these assets include marketable debt instruments and shares of money market funds in euros, valued at amortized cost.

1.3.13. TREASURY SHARES

Treasury shares are not recognized in the balance sheet but deducted from equity, at their acquisition cost.

1.3.14. ASSETS OF OPERATIONS HELD FOR SALE

Non-current assets held for sale and the assets of operations held for sale (see Note 1.3.1.1) are recognized at the lower of their net carrying amount before reclassification and their fair value, minus costs to sell. They are presented under a specific heading of the balance sheet; depreciation is discontinued upon transfer to this category.

1.3.15. EMPLOYEE BENEFITS

The group recognizes the total amount of its pension, early retirement, severance pay, medical insurance, long-service medals, accident and disability insurance, and other related commitments, whether for active personnel and for retired personnel, in application of the provisions of amended IAS 19.

For defined contribution plans, the group's payments are recognized as expenses for the period to which they relate.
In the case of defined benefit plans, benefit costs are estimated using the projected unit credit method. Under this method, accrued pension benefits are allocated to service periods based on the plan vesting formula. If services in subsequent years result in accrued benefit levels that are substantially higher than those of previous years, the company must allocate the accrued benefits on a straight-line basis.

The amount of future benefit payments to employees is determined based on salary trend assumptions, retirement age and probability of payment. The net present value of these future payments is calculated using a discount rate specific to each geographic and currency area, determined as a function of the interest rate of government bonds issued by prime companies for the same duration as New AREVA Holding's benefit liabilities.

Actuarial gains and losses relating to post-employment benefits (change in the valuation of the commitment and financial assets due to changes in assumptions and experience differences) are recognized under "other items of comprehensive income" and are presented on the balance sheet in their after-tax amount under the equity account "consolidated premiums and reserves"; they are not recyclable to the income statement.

On the other hand, actuarial gains and losses relating to benefits for currently employed employees (e.g. long-service medals) are recognized in the income statement.

The effects of plan changes (gains and losses) are recognized in the income statement under the heading “other operating income and expenses”.

The costs relating to employee benefits (pensions and other similar benefits) are split into two categories:

- the discounting reversal expense for the provision, net of the expected yield on assets earmarked for retirement plans, are charged to net financial income; the expected yield of the assets is calculated using the same interest rate used to discount the provision;
- the current service cost is split between the different operating expense items by destination: cost of sales, research and development expenses, marketing and sales expenses, and general and administrative expenses.

1.3.16. PROVISIONS

As provided in IAS 37, a provision is recognized when the group has an obligation towards a third party at the end of the period, whether legally, contractually or implicitly, and it is probable that a net outflow of resources will be required after the end of the period to settle this obligation, without receiving consideration at least equal to the outflow. A reasonably reliable estimate of net outflow must be determined in order to recognize a provision.
Provisions for restructuring are recognized when the restructuring has been announced and a detailed plan has been presented or the restructuring has begun.

When the outflow of resources is expected to occur in more than two years, provisions are discounted to net present value if the impact of discounting is material.

1.3.17. PROVISIONS FOR END-OF-LIFECYCLE OPERATIONS

Provisions for end-of-lifecycle operations are discounted by applying an inflation rate and a discount rate, determined based on the economic situation of the country in which the particular facility is located, to estimated future cash flows by maturity.

The share of provisions for end-of-lifecycle operations corresponding to funding expected from third parties is recognized in a non-current asset account, “end-of-lifecycle asset – third party share”, which is discounted in exactly the same way as the related provisions.

The New AREVA Holding group’s share of provisions for end-of-lifecycle operations, estimated at the date the corresponding nuclear facilities are placed in service, is an integral part of the cost of those facilities, which are recognized in property, plant and equipment (see Note 1.3.8.4) as “end-of-lifecycle assets – group share”.

The provisions for the retrieval and packaging of waste are recognized as operating expenses through profit and loss.

Treatment of income and expenses from discounting reversals

The discounting of the provision is partially reversed at the end of each period: the discounting reversal corresponds to the increase in the provision due to the passage of time. This increase is recorded as a financial expense.

Similarly, the discounting of the provision corresponding to the third-party share is partially reversed rather than amortized.
The resulting increase in the third-party share is recognized as financial income.

The share financed by third parties is reduced for the value of work done on their behalf, with recognition of a receivable from these third parties in the same amount.

Treatment of amortization

The group's share of end-of-lifecycle assets is amortized over the same period as the facilities concerned.

The corresponding amortization expense is not considered as part of the cost of inventories or the cost of contracts, and is not taken into account in the calculation of their percentage of completion. However, it is included in the income statement under cost of sales and thus deducted from gross margin.

Inflation and discount rates used to discount end-of-lifecycle operations

The inflation and discount rates used to discount end-of-lifecycle operations are determined according to the following principles.

The inflation rate is set in accordance with the long-term inflation projections for the Eurozone and taking into account the European Central Bank's target rate.

The discount rate is set:

- pursuant to IAS 37, i.e. based on market conditions at year-end closing and the specific characteristics of the liability; and
- to comply with the regulatory cap defined by the decree of February 23, 2007 and the order of March 23, 2015 amending the order of March 21, 2007.

The rate thus results from implementation of the following approach:

- an estimate is made by reference to the moving average yield of 30-year French OATs over a 10-year period, plus a spread applicable to prime corporate borrowers, to ensure the compliance of the rate selected with the regulatory cap;
- a rate curve is constructed based on the rate curve of the French State (OAT rates) at the closing date, extended for non-liquid maturities using a long-term break-even rate, plus a spread applicable to prime corporate borrowers and a liquidity risk premium.

Based on expected disbursements, a single equivalent rate is deducted from the rate curve constructed in this manner.

For example, the discount rate is revised based on changes in national economic conditions with a lasting medium- and long-term impact, in addition to the potential effects of regulatory caps.

For facilities located in France, New AREVA Holding chose a long-term inflation assumption of 1.65% and a discount rate of 4.1% at December 31, 2016, a reduction compared with the rate of 4.5% in 2015.

Treatment of changes in assumptions

Changes in assumptions relate to changes in cost estimates, discount rates and disbursement schedules.

As provided in IFRS, the group uses the prospective method:

- if the facility is in operation, the shares of end-of-lifecycle assets of the group and third parties are corrected in the same amount as the provision; the group's share of end-of-lifecycle assets is amortized over the remaining life of the facilities;
- if the facility is no longer in operation, the impact is recognized during the year of the change. The impact of changes in cost estimates is recognized under operating income, while the impact of changes in discount rates and disbursement schedules is recognized under net financial income.

Provisions for waste retrieval and packaging funded by the group have no corresponding end-of-lifecycle asset. Consequently, changes in assumptions concerning the group's share of these provisions are recognized immediately in the income statement. Impacts from changes in cost estimates are recognized under operating income. Impacts from changes in discount rates and disbursement schedules are recognized under financial income.

1.3.18. BORROWINGS

Borrowings include:

- put options held by minority shareholders of AREVA group subsidiaries;
- obligations under finance leases; and
- other interest-bearing debt.

1.3.18.1. Obligations under finance leases

As provided in IAS 17, leasing arrangements are considered finance leases when all of the risks and rewards inherent in ownership are, in substance, transferred to the lessee. At inception, finance leases are recognized as a debt offsetting an asset in the identical amount, corresponding to the lower of the fair value of the property and the discounted net present value (NPV) of future minimum payments due under the contract.

Lease payments made subsequently are treated as debt service and allocated to repayment of the principal and interest, based on the rate stipulated in the contract or the discount rate used to value the debt.

1.3.18.2. Other interest-bearing debt

This heading includes:

- interest-bearing advances from customers: interest-bearing advances from customers are accounted for as borrowings, while non-interest-bearing advances are considered operating liabilities (see Note 1.3.19);
- loans from financial institutions;
- bonds issued by AREVA;
- short-term bank facilities.

Interest-bearing debt is recognized at amortized cost based on the effective interest rate method.

Bond issues hedged with a rate swap (fixed rate / variable rate swap) qualified as fair value hedges are revalued in the same amount as the hedging derivative.

1.3.19. ADVANCES AND PREPAYMENTS RECEIVED

There are three types of advances and prepayments from customers:

- interest-bearing advances, which are presented as borrowings (see Note 1.3.18.2);
- customer advances and prepayments invested in non-current assets: this heading records the amounts received from customers and used to finance capital expenditures for the performance of long-term contracts to which they have subscribed;
- advances and prepayments on orders: this heading records advances and prepayments from customers that do not fall under the preceding two categories; they are reimbursed by charges to revenue earned from the contracts in question.

Only advances and prepayments effectively collected are recognized.

1.3.20. TRANSLATION OF FOREIGN CURRENCY DENOMINATED TRANSACTIONS

Foreign currency-denominated transactions are translated by group companies into their functional currency at the exchange rate prevailing at the transaction date.
Monetary assets and liabilities denominated in foreign currencies are revalued at the exchange rate prevailing on the last day of the period. Foreign exchange gains and losses are then recognized:

- in operating income when related to operating activities: trade accounts receivable, trade accounts payable, etc.;
- in financial income when related to loans or borrowings.

1.3.21. DERIVATIVES AND HEDGE ACCOUNTING

1.3.21.1. Risks hedged and financial instruments

The New AREVA Holding group uses derivative instruments to hedge foreign exchange risks, interest rate risks and the price of commodities. The derivatives used are mainly forward exchange contracts, currency and interest rate swaps, inflation swaps, currency options and commodity options.

The risks hedged relate to receivables, borrowings and firm commitments in foreign currencies, planned transactions in foreign currencies, and planned sales and purchases of commodities.

1.3.21.2. Recognition of derivatives

As provided in IAS 39, derivatives are initially recognized at fair value and subsequently revalued at the end of each accounting period until settled.

Accounting methods for derivatives vary, depending on whether the derivatives are designated as fair value hedging items, cash flow hedging items, hedges of net investments in foreign operations, or do not qualify as hedging items.

Fair value hedges

This designation concerns hedges of firm commitments in foreign currencies: purchases, sales, receivables and debt. The hedged item and the derivative are revalued simultaneously and any changes in value are recorded in the income statement.

Cash flow hedges

This designation covers hedges of probable future cash flows: planned purchases and sales in foreign currencies, planned purchases of commodities, etc.

The highly probable hedged items are not valued in the balance sheet. Only the derivative hedges are revalued at the end of each accounting period. The portion of the gain or loss that is considered effective is recognized under “other items of comprehensive income” and presented directly in equity under the balance sheet heading “deferred unrealized gains and losses on financial instruments”, on an after-tax basis. Only the ineffective portion of the hedge impacts income for the period.

The amounts recognized under “deferred unrealized gains and losses on financial instruments” are released to income when the hedged item impacts the income statement, i.e. when the hedged transaction is recognized in the financial statements.

Hedges of net investments in foreign operations

This heading relates to borrowings in a foreign currency and to borrowings in euros when the euro has been swapped into a foreign currency to finance the acquisition of a subsidiary using the same functional currency. Currency translation adjustments on these borrowings are recognized under “other items of comprehensive income” and presented on the balance sheet under “currency translation reserves” in their net amount after tax; only the ineffective portion is recognized through profit and loss.

The amount accumulated in currency translation reserves is released to profit and loss when the subsidiary in question is sold.

Derivatives not qualifying as hedges

When derivatives do not qualify as hedging instruments, fair value gains and losses are recognized immediately in the income statement.

1.3.21.3. Presentation of derivatives in the statement of financial position and statement of income

Presentation in the statement of financial position

Derivatives used to hedge risks related to market transactions are reported under operating receivables and liabilities in the statement of financial position. Derivatives used to hedge risks related to loans, borrowings and current accounts are reported under financial assets or borrowings.

Presentation in the statement of income

The revaluation of derivatives and hedged items relating to market transactions affecting the statement of income is recognized under “other operating income and expenses”, except for the component corresponding to the discount/premium, which is recognized in financial income.

For loans and borrowings denominated in foreign currencies, fair value gains and losses on financial instruments and hedged items are recognized in financial income.

1.3.22. INCOME TAX

As provided in IAS 12, deferred taxes are determined according for all temporary differences between net carrying amounts and the tax basis of assets and liabilities, to which is applied the anticipated tax rate at the time of reversal of these temporary differences. They are not discounted.

Temporary taxable differences generate a deferred tax liability.

Temporary deductible differences, tax loss carry-forwards, and unused tax credits generate a deferred tax asset equal to the probable amounts recoverable in the future. Deferred tax assets are analyzed case by case for recoverability, taking into account the income projections of the group's strategic action plan.

Deferred tax assets and liabilities are netted for each taxable entity if the entity is allowed to offset its current tax receivables against its current tax liabilities.

Deferred tax liabilities are recorded for all taxable temporary differences of subsidiaries, associates and partnerships, unless AREVA is in a position to control the timing of reversal of the temporary differences and it is probable that such reversal will not take place in the foreseeable future. Tax accounts are reviewed at the end of each financial year, in particular to take into account changes in tax laws and the likelihood that amounts recognized will be recovered.

Deferred taxes are recognized through profit and loss, unless they concern "other items of comprehensive income", i.e. changes in the value of available-for-sale securities and derivatives considered as cash flow hedges, currency translation adjustments on borrowings considered as hedges of net investments in foreign operations, or actuarial gains and losses resulting from changes in assumptions used to calculate post-employment employee benefits. Deferred taxes related to these items are also recognized under "other items of comprehensive income".

New AREVA Holding elected to recognize the value added business tax (*contribution sur la valeur ajoutée des entreprises,* CVAE); as of 2010, all of its French subsidiaries are subject to this tax on net income (including the tax for Chamber of Commerce and Industry expenses) at the rate of 1.6%. New AREVA Holding considers that the base for calculation of the CVAE is a net amount rather than a gross amount, since the value added of its largest French subsidiaries represents a relatively small percentage of their revenue, bringing the value added business tax into the scope of accounting standard IAS 12, Income Taxes.

As provided in IAS 12, this election requires recognition of deferred taxes at the rate of 1.6% on temporary differences for:

- assets that produce economic benefits subject to the CVAE tax that cannot be deducted from the value added. At January 1, 2010, the basis selected for temporary differences consisted of the net carrying amount of property, plant and equipment and intangible assets eligible for depreciation. Beginning in 2010, no deferred tax liability is recognized on asset acquisitions other than business combinations, in application of the exemption provided by IAS 12 for initial recognition of an asset or a liability;
- asset impairments and provisions that may not be deducted from the CVAE but that relate to expenses that will be deducted from the value added at a later date.

Since the CVAE tax is deductible for income tax purposes, deferred taxes are recognized at the standard rate on deferred tax assets and liabilities recognized for the CVAE, as described in the previous paragraph.

DEFERRED TAX ASSETS

The recoverable share of the New AREVA Holding group's deferred tax assets is that for which the probability of recovery is higher than 50%. To determine that probability, the group performs a three-stage analysis: (a) demonstration of the non-recurrent nature of the losses; (b) analysis of the outlook for future income; and (c) analysis of tax management opportunities.

Regarding the outlook for future income, the probability of future taxable profits to offset losses carried forward is assessed based on forecasts generated as part of the budget process validated by management. The income outlook is determined for a 10-year period for each entity and/or consolidated area, based on the initial budget and income forecasts for the first 3 years; beyond that time, a standard year derived from third-year data is used.

The 10-year forecasting horizon selected is consistent with the volume in group’s backlog, the operating period of the assets, and the existence of certain framework agreements.

Note 2 – CONSOLIDATION SCOPE

The consolidation scope of the historical consolidated financial statements includes companies held directly or indirectly by entities in the New AREVA Holding consolidation scope at December 31, 2016, including those which carry the U.S. operations which were previously reorganized in order to hold directly, at the date of the Contribution, all of the investments in associates of AREVA Enrichment Services LLC (renamed AREVA Nuclear Materials).

Consequently, the consolidation scope does not include restructuring operations not carried out at December 31, 2016. The front-end and back-end engineering operations of AREVA Projects were excluded from the consolidation scope because they were contributed to New AREVA Holding on January 1, 2017.

2.1. Consolidated companies (French / foreign)

(number of companies)	**2016**		**2015**	
Consolidation method	French	Foreign	French	Foreign
Full consolidation	27	49	29	52
Equity method	1	6	1	6
Sub-total	**28**	**55**	**30**	**58**
Total	**83**		**88**	

2.2. 2016 transactions

Sale of Canberra France and its subsidiaries

On July 1, 2016, New AREVA Holding sold Canberra, an AREVA NC subsidiary specialized in radioactivity detection and measurement instrumentation, to the industrial group Mirion Technologies, Inc.

Buy-back of interests in Société d'Enrichissement du Tricastin Holding

At the end of 2016, New AREVA Holding bought back part of the minority interests of SET Holding, amounting to 7% of the capital, from certain minority shareholders.

Buy-back of interests in Eurodif

At the end of 2016, New AREVA Holding bought back part of the interests in Eurodif's capital from certain minority shareholders.

Note 9 describes transactions which were ongoing at year-end 2016 and which are expected to be finalized in 2017.

2.3. 2015 transactions

There was no significant change in the consolidation scope in financial year 2015.

2.4. Consolidated companies and associates

Name of unit or controlling entity: Company name, legal form	Country	December 31, 2016		December 31, 2015	
		Method	Percentage of interest	Method	Percentage of interest
Holding & Corporate					
New AREVA Holding	France	FC	100	FC	100
AREVA NC SA	France	FC	100	FC	100
AREVA BS	France	FC	100	FC	100
AREVA University	France			FC	100
Chemistry and Enrichment Business Unit					
Eurodif SA	France	FC	100	FC	100
Eurodif Production	France	FC	100	FC	100
Socatri	France	FC	70.76	FC	59.65
Sofidif	France	FC	60	FC	60
SET Holding	France	FC	95	FC	88
SET	France	FC	95	FC	88
ETC	Great Britain	EM	50	EM	50
AREVA Nuclear Materials, LLC	United States	FC	100	FC	100
Mining Business Unit					
AREVA Resources Southern Africa	Virgin Islands	FC	100	FC	100
AREVA Resources Canada	Canada	FC	100	FC	100
Katco	Kazakhstan	FC	51	FC	51
AREVA Mines	France	FC	100	FC	100
Somaïr	Niger	FC	63.40	FC	63.40
CFMM	France	FC	100	FC	100
SMJ	France	FC	100	FC	100
CFM	France	FC	100	FC	100
UG USA Inc	United States	FC	100	FC	100
AREVA Holdings Australia Pty Ltd	Australia	FC	100	FC	100
Société d'exploitation d'Imouraren	Niger	FC	57.66	FC	57.66
AREVA Est Canada Ltée	Canada	FC	100	FC	100
Urangesellschaft Canada Limited	Canada	FC	100	FC	100
UraMin Centrafrique	Central African Republic	FC	100	FC	100
UraMin Namibia (Pty) Ltd	Namibia	FC	100	FC	100
Uranor Inc.	Canada	FC	100	FC	100
AREVA Québec	Canada	FC	100	FC	100
AREVA NC Expansion	France	FC	86.51	FC	86.51
Jordan AREVA Resources	Jordan	FC	50	FC	50
Erongo Desalination Company (Pty) Ltd	Namibia	FC	100	FC	100
AREVEXPLO RCA SA	Central African Republic	FC	70	FC	70
AREVA Gabon	Gabon	FC	100	FC	100
AREVA Processing Namibia	Namibia	FC	100	FC	100
AFMECO Mining & Exploration PTY LTD	Australia	FC	100	FC	100
UG Asia Limited	China	FC	100	FC	100
Cominak	Niger	EM	34	EM	34
Comuf	Gabon	FC	68.42	FC	68.42
Urangesellschaft - Frankfurt	Germany	FC	100	FC	100
AREVA Mongol	Mongolia	FC	66	FC	66

Cogegobi	Mongolia	FC	66	FC	66
AREVA Mines LLC	Mongolia	FC	66	FC	66
Logistics Business Unit					
Mainco	France	FC	100	FC	100
Lemarechal	France	FC	100	FC	100
TN International	France	FC	100	FC	100
Columbiana High Tech	United States	FC	100	FC	100
TN Americas LLC	United States	FC	100		
International Projects Business Unit					
Anadec	Japan			EM	50
AREVA Mace Atkins	Great Britain	EM	33	EM	33
AREVA RMC UK Ltd	Great Britain			FC	100
AREVA NC Japan Projects	Japan			FC	100
Recycling Business Unit					
AREVA Temis	France	FC	100	FC	100
AREVA NC Japan Projects	Japan	FC	100		
Anadec	Japan	EM	50		
AREVA RMC UK Ltd	Great Britain	FC	100		
Dismantling & Services Business Unit					
STMI	France	FC	73.86	FC	73.86
Polinordsud	France	FC	73.86	FC	73.86
MSIS	France	FC	73.86	FC	73.86
Amalis	France	FC	73.86	FC	73.86
CNS	France	FC	51	FC	51
Trihom	France	FC	48.75		
SICN	France	FC	100	FC	100
AREVA Med Business Unit					
AREVA Med SAS	France	FC	100	FC	100
AREVA Med LLC	United States	FC	100	FC	100
Nuclear Measurements Business Unit					
Canberra France SAS	France			FC	100
Canberra Benelux	Belgium			FC	100
Canberra GmbH	Germany			FC	100
Canberra Sweden AB	Sweden			FC	100
Other Corporate					
AREVA Insurance and Reinsurance	France	FC	100	FC	100
PIC	United States	FC	100	FC	100
AREVA Beijing Consulting Co Ltd	China	FC	100	FC	100
AREVA Beijing Technology	China	FC	100	FC	100
AREVA Japan	Japan	FC	100	FC	100
Trihom	France			FC	48.75
AREVA Korea	Republic of Korea	FC	100	FC	100
AREVA Federal Services LLC	United States	FC	100	FC	100
AREVA India Private Ltd	India	FC	100	FC	100
AREVA UK Ltd	Great Britain	FC	100	FC	100

(FC: full consolidation / EM: equity method / JO: joint operation)

Note 3 – REVENUE

(in millions of euros)	**2016**	**2015**
Contracts accounted for according to the percentage of completion method	1,179	1,371
Other sales of products and services		
- Sales of goods	1,708	1,757
- Sales of services	1,515	1,529
Total	**4,401**	**4,658**

Revenue for 2016 and 2015 does not include any significant revenue from exchanges of goods or services for current or future consideration other than cash.

The group elected to present its statement of income based on the destination of income and expense items. Additional information is provided in Notes 4 and 6 below.

Note 4 – ADDITIONAL INFORMATION BY TYPE OF EXPENSE

(in millions of euros)	**2016**	**2015**
Payroll expenses	(1,328)	(1,395)
Employees under contract at year end	18,341	19,179
Operating leases	(21)	(21)

Payroll expenses include salaries and related social security contributions, excluding retirement benefits.

Note 5 – GENERAL AND ADMINISTRATIVE AND OTHER OPERATING INCOME AND EXPENSES

General and administrative expenses

In 2015 and 2016, the group's general and administrative expenses were borne in full by AREVA SA in accordance with the service agreements in force within AREVA. Consequently, the group's general and administrative expenses do not include costs kept within AREVA SA. They will be borne by New AREVA Holding upon the signature of new service agreements between New AREVA Holding SA and its subsidiaries as from the date of AREVA SA's loss of control of New AREVA Holding due to the completion of the capital increase of New AREVA Holding SA.

Other operating expenses

(in millions of euros)	**2016**	**2015**
Restructuring and early retirement costs	(4)	(192)
Income on sales of non-financial assets	(1)	
Goodwill impairment	-	-
Impairment of other assets	(306)	(193)
Other operating expenses	(89)	(184)
Total other operating expenses	**(399)**	**(569)**

Other operating income

(in millions of euros)	2016	2015
Income on disposals of assets other than financial assets		4
Other operating income	29	82
Total other operating income	**29**	**87**

Restructuring costs are described in Note 23.

Impairment of goodwill, of intangible assets and of property, plant and equipment are described in Notes 10, 11 and 12 respectively.

In 2015 and 2016, other operating expenses included in particular:

- a foreign exchange loss on commercial transactions in the amount of 7 million euros (compared with 31 million euros in 2015);
- expenses related to the postponed of work to start production at the Imouraren and Trekkopje mining sites and to the development of infrastructure, in the amount of 29 million euros in 2016 (compared with 68 million euros in 2015);
- a provision constituted in 2015 for an industrial equipment supply contract in the amount of 40 million euros (see Note 23);

In 2015 and 2016, other operating income included in particular a foreign exchange gain on commercial transactions in the amount of 20 million euros (compared with 53 million euros in 2015).

Note 6 - RECONCILIATION BETWEEN OPERATING INCOME AND EBITDA

(in millions of euros)	2016	2015
Operating income	405	(93)
Goodwill impairment	0	0
Net increase in depreciation and impairment of intangible assets, net of reversals	105	116
Net increase in depreciation and impairment of property, plant and equipment, net of reversals	781	629
Impairment of current assets, net of reversals	32	127
Provisions, net of reversals (*)	(216)	252
Investment subsidies recognized through profit and loss		
Costs of end-of-lifecycle operations performed	230	267
EBITDA	**1,338**	**1,297**

(*) including increases and reversals of provisions for employee benefits

Note 7 – NET FINANCIAL INCOME

(in millions of euros)	2016	2015
Net borrowing costs	**(219)**	**(166)**
Income from cash and cash equivalents	9	4
Gross borrowing costs	(228)	(169)
Other financial income and expenses	**(293)**	**(66)**
Share related to end-of-lifecycle operations	**(91)**	**115**
Income from disposal of securities earmarked for end-of-lifecycle operations	90	132
Dividends received	216	145
Income from receivables related to dismantling and from discount reversal on earmarked assets	23	24
Impairment of securities	(22)	(3)
Impact of changes in discount rate and of schedule revisions	(178)	9
Unwinding expenses on end-of-lifecycle operations	(220)	(193)
Share not related to end-of-lifecycle operations	**(202)**	**(181)**
Foreign exchange gain (loss)	-	16
Income from disposal of securities and change in value of securities held for trading	(1)	-
Income from equity associates	1	-
Dividends received	2	1
Impairment of financial assets	-	(20)
Interest on customer contract prepayments	(54)	(68)
Financial income from pensions and other employee benefits	(30)	(33)
Other financial expenses	(130)	(80)
Other financial income	9	4
Net financial income	**(512)**	**(231)**

Gross borrowing costs for the 2016 financial year include interest expense related to the bond debt recognized as from the financial restructuring, i.e. November 3, 2016, in the amount of 38 million euros.

The other financial expenses include the discount rate reduction impact on provisions for contract completion by 68 million euros (see note 13).

Note 8 – INCOME TAX

Analysis of tax expense

(in millions of euros)	2016	2015
Current taxes (France)	(201)	(157)
Current taxes (other countries)	(34)	(68)
Total current taxes	**(235)**	**(225)**
Deferred taxes	(97)	14
Total taxes	**(332)**	**(210)**

Reconciliation of tax expense and income before taxes

(in millions of euros)	2016	2015
Net income	(249)	(536)
Less:		
Net income from operations sold, discontinued or held for sale	(70)	1
Minority interests	(110)	7
Net income of associates	(10)	(6)
Tax expense (income)	332	210
Income before tax	(107)	(325)
Theoretical tax income (expense)	37	112
Impact of tax consolidation		
Transactions taxed at a reduced rate	(20)	(7)
Unrecognized deferred taxes	(359)	(145)
Other permanent differences	10	(170)
Effective tax income (expense)	**(332)**	**(210)**

Other permanent differences

(in millions of euros)	2016	2015
Impact of permanent differences for tax purposes	(10)	37
Differences between the French tax rate and tax rates applicable abroad	(9)	7
CVAE business tax	(22)	(11)
Other	51	(204)
Total other permanent differences	**10**	**(170)**

Tax rates used in France

(percentage)	2016	2015
Tax rate	34.43%	34.43%

Effective tax rate for the group

(in millions of euros)	2016	2015
Operating income	405	(93)
Net financial income	(512)	(231)
Other income		
Total income subject to tax	(107)	(325)
Tax income (expense)	(332)	(210)
Effective tax rate	**NA**	**NA**

Deferred tax assets and liabilities

(in millions of euros)	2016	2015
Deferred tax assets	178	201
Deferred tax liabilities	113	100
Net deferred tax assets and liabilities	**65**	**101**

Main categories of deferred tax assets and liabilities

(in millions of euros)	2016	2015
Tax impact of temporary differences related to:		
Non-current assets	(101)	(124)
Working capital assets	23	25
Provisions for pension obligations	107	170
Provisions for restructuring	2	0
Tax-driven provisions	(129)	(124)
Provisions for dismantling	32	30
Impact of loss carry-forwards and deferred taxes	91	92
Other temporary differences	41	32
Net deferred tax assets and liabilities	**65**	**101**

Schedule

(in millions of euros)	2016	2015
Deferred tax assets to be recovered in more than 12 months	(99)	69
Deferred tax assets to be recovered in 12 months or less	164	32

Change in consolidated deferred tax assets and liabilities

(in millions of euros)	2016	2015
At January 1	**101**	**115**
Tax on continuing operations, recognized in profit or loss	(97)	14
Tax recognized in operations held for sale	2	(2)
Tax recognized outside profit or loss	38	(31)
Change in consolidated group	15	(1)
Currency translation adjustments	7	5
At December 31	**65**	**101**

Consolidated deferred tax income and expenses by category of temporary difference

(in millions of euros)	2016	2015
Property, plant and equipment, intangible assets and non-current financial assets	77	67
Working capital assets	25	1
Employee benefits	(64)	(6)
Provisions for restructuring	(1)	48
Tax-driven provisions	(30)	(32)
Provisions for end-of-lifecycle operations	(6)	1
Net loss carry-forwards and deferred taxes	213	22
Impairment of deferred taxes	(359)	(145)
Other temporary differences	49	58
Net deferred tax income (expenses)	**(97)**	**14**

Deferred taxes recognized outside profit or loss

(in millions of euros)	2016	2015
Change in method		
IAS 32-39 impacts	39	(13)
Actuarial differences on provisions for pensions and other	(1)	(18)
Net deferred taxes recognized outside profit or loss	**38**	**(31)**

Deferred tax assets not recognized

(in millions of euros)	2016	2015
Tax credits	-	-
Tax losses	406	179
Other temporary differences	1,177	1,062
Total deferred tax assets not recognized	**1,583**	**1,241**

NOTE 9 – ITEMS RELATED TO OPERATIONS SOLD OR HELD FOR SALE

The following operations meet the criteria of IFRS 5 for classification as assets and liabilities of operations sold or held for sale at December 31, 2016, and each constitutes a separate and leading branch of activity.

Nuclear Measurements

In June 2015, New AREVA Holding began the process of selling its subsidiary Canberra France S.A.S., which specializes in radioactivity detection and measurement instrumentation, and announced on July 1, 2016 the completion of the sale to the industrial group Mirion Technologies Inc.
The capital gain from this sale came to 71 million euros.

New NP

AREVA and EDF signed a memorandum of understanding on July 29, 2015 presenting the principal terms and conditions of the project with a view to finalizing definitive agreements. AREVA, AREVA NP and EDF signed a share purchase agreement on November 15, 2016 which sets the terms and conditions for the sale of an interest giving EDF exclusive control of an entity tentatively called "New NP", a wholly owned subsidiary of AREVA NP, which will combine the industrial operations of the design and supply of nuclear reactors and equipment, fuel assemblies and services to the installed base of the group.
The operations of the target consolidation scope of New NP legally held by New AREVA Holding at the end of 2016 were reclassified in operations held for sale in 2015 and 2016. These operations will be transferred to New NP before its sale to EDF, planned for the end of 2017. This mainly concerns AREVA Beijing Technology and the NP operations held by AREVA Federal Services LLC.

(in millions of euros)	**2016**	**2015**
Net income from operations sold	(1)	-
Income from disposals net of tax	71	-
Net income from operations held for sale	(1)	(1)
Net income from discontinued operations	**70**	**(1)**

(in millions of euros)	**2016**	**2015**
Net cash from operations sold	63	-
Net cash from operations held for sale	(2)	31
Net income from discontinued operations	**61**	**31**

The contribution to consolidated income of discontinued operations is as follows:

(in millions of euros)	**Nuclear Measure ments**	**New NP**	**2016**
Revenue	21	20	41
Operating income	70	(1)	70
Net financial income	0	0	0
Income tax	0	0	0
Net income for the period	**70**	**(1)**	**70**

Transactions between the continuing operations and discontinued operations or operations held for sale are not significant.

The statement of cash flows contributing to operations sold, discontinued or held for sale is shown below:

(in millions of euros)	**Nuclear Measure-ments**	**New NP**	**2016**
Net cash flow from operating activities	(28)	(9)	**(37)**
Net cash flow from investing activities	91	0	**91**
Net cash flow from financing activities	0	6	**5**
Other changes	0	1	**1**
Increase (decrease) in net cash	**63**	**(2)**	**61**

Transactions between the continuing operations and discontinued operations or operations held for sale are not significant.

The contribution to consolidated income of discontinued operations is as follows:

(in millions of euros)	**Nuclear Measure-ments**	**New NP**	**2015**
Revenue	49	20	**70**
Operating income	7	(5)	**2**
Net financial income	(0)	(0)	**(0)**
Income tax	(2)	(0)	**(2)**
Net income for the period	**5**	**(5)**	**(1)**

Transactions between the continuing operations and discontinued operations or operations held for sale are not significant.

The statement of cash flows contributing to operations sold, discontinued or held for sale is shown below:

(in millions of euros)	**Nuclear Measure-ments**	**New NP**	**2015**
Net cash flow from operating activities	34	(4)	30
Net cash flow from investing activities	(1)	(0)	(1)
Net cash flow from financing activities	(0)	0	(0)
Other changes	0	2	2
Increase (decrease) in net cash	**32**	**(2)**	**31**

Transactions between the continuing operations and discontinued operations or operations held for sale are not significant.

Assets and liabilities of discontinued operations at December 31, 2016 are as follows:

(in millions of euros)	2016	2015
Non-current assets		**14**
Goodwill on consolidated companies		9
Intangible assets		
Property, plant and equipment		3
Other non-current financial assets		
Deferred tax assets		2
Current assets	**23**	**65**
Inventories and work-in-process		10
Trade accounts receivable and related accounts	13	34
Other operating receivables	8	12
Current tax assets		
Other non-operating receivables		
Cash and cash equivalents	1	9
Other current financial assets		
Total assets held for sale	**23**	**79**

(in millions of euros)	2016	2015
Non-current liabilities		**2**
Employee benefits		2
Non-current provisions		
Long-term borrowings		
Deferred tax liabilities		
Current liabilities	**15**	**73**
Current provisions	1	2
Short-term borrowings	1	
Advances and prepayments received	1	6
Trade accounts payable and related accounts	11	18
Other operating liabilities	2	43
Current tax liabilities		
Other non-operating liabilities		4
Total liabilities held for sale	**15**	**75**

Note 10 – GOODWILL

(in millions of euros)	**December 31, 2015**	Increase	Disposals	Impairment	Operations held for sale	Currency translation adjustments and other	**December 31, 2016**
Mining	**883**					30	**913**
Front End (Chemistry, Enrichment)	**161**						**161**
Back End	**228**						**228**
Total	**1,272**	**-**	**-**	**-**	**-**	**30**	**1,303**

Goodwill impairment tests

As indicated in Notes 1.2. *Estimates and judgments* and 1.3.9. *Impairment of property, plant and equipment, intangible assets and goodwill*, the group performs asset impairment tests based on its best estimate of their recoverable value, which corresponds to the higher of their net realizable value or their estimated value in use, based on projected cash flows resulting from the budget, mining plans and the assumptions they contain.

These tests consist of comparing the net carrying amount of the assets of cash generating units (after inclusion of write-downs of property, plant and equipment and intangible assets listed in Notes 11 and 12) to their recoverable amount.

The discount rates used for these tests are based on the calculation of the average cost of capital for each operating segment. They are calculated using observed market data and evaluations prepared by specialized firms (10-year risk-free rates, risk premiums on equity markets, volatility indices, credit spreads and debt ratios of comparable businesses in each segment).

The following assumptions were used to determine the net present value of the cash flows to be generated by the CGUs:

December 31, 2016	**After tax discount rate**	**Growth rate of pro forma year**	**Final year**
Mining	7.50%-12.00%	n/a	2070
Front End (Chemistry, Enrichment)	6.70%	n/a	2070
Back End	6.40%-6.70%	1.75%	2026

December 31, 2015	**After tax discount rate**	**Growth rate of pro forma year**	**Final year**
Mining	9.50%	Na	2070
Front End (Chemistry, Enrichment)	6.50%	1.75%	2025
Back End	4.50%	1.75%	2025

These impairment tests were calculated using exchange rates in effect on the balance sheet date.

Mining

The recoverable amount of the Mining CGU is determined based on the value in use. The value in use of mining operations is calculated based on forecast data for the entire period, up to the planned end of mining operations at existing mines and marketing of the corresponding products (i.e. until 2077), rather than on a base year. The value in use is determined by discounting estimated future cash flows per mine at rates between 7.50% and 12%

(9.50% at December 31, 2015) and using a euro/US dollar exchange rate of 1.05 at December 31, 2016 (1.09 at December 31, 2015).

Future cash flows were determined using the New AREVA Holding price forecasts to 2030, projected to 2077. The price forecast is based among other things on New AREVA Holding's vision of changes in uranium supply (uranium mines and secondary resources) and demand (linked to the quantity of material used by world nuclear power plants over the period and the procurement strategies of the utilities involved). The price forecast was updated in December 2016 to reflect in particular the drop in volumes purchased by Chinese utilities and the anticipated closure of certain US reactors.

The result of this test was higher than the net carrying amount and therefore does not result in goodwill impairment.

The test remains sensitive to discount rates, to foreign exchange parity and to the anticipated future prices of uranium. The value in use of the assets of the Uranium Mining CGU would fall by the amounts below if any of the following assumptions were used:

- a discount rate of 50 basis points higher: 174 million euros
- a euro/US dollar exchange rate of 5 eurocents higher (i.e. 1.10 instead of 1.05): 371 million euros
- uranium sales price assumptions of 5 dollars less per pound than the price forecast drawn up by New AREVA Holding for the entire period of the business plans: 501 million euros

However, such deterioration would not lead to a write-down of the goodwill of the Mining CGU.

On this point, the sensitivity analysis was carried out without taking into account a revision of economically mineable uranium quantities or production schedules resulting from this price change.

Front End and Back End

The impairment tests carried out at December 31, 2016 on the CGUs carried by the Front End (Chemistry-Enrichment) and Back End did not give rise to recognition of goodwill impairment.

For the Back End, sensitivity analyses show that the use of a discount rate of 50 basis points higher or a growth rate for the base year of 1% lower than the above-mentioned rates would not have led to the recognition of impairment for the goodwill, since its recoverable value remains greater than the net carrying amount of assets.

For the Enrichment CGU, the test is very sensitive to the discount rate, to exchange rate parity, and to the long-term price expectations for separative work units (SWU). The value in use of the assets of the Enrichment CGU would fall by the amounts below if any of the following assumptions were used:

- a discount rate of 50 basis points higher: 240 million euros
- a euro/US dollar exchange rate of 5 eurocents higher (i.e. 1.10 instead of 1.05): 190 million euros
- sales price assumptions of 1 US dollar less per SWU compared with the price forecast drawn up by New AREVA Holding: 35 million euros

However, taken separately, such deterioration would not lead to a write-down of the goodwill of the Enrichment CGU.

Note 11 – INTANGIBLE ASSETS

(in millions of euros)	Pre-mining expenses	R&D expenses	Mineral rights	Concessions & brevets	Software	Intangible assets in progress	Other	Total
Gross amount at December 31, 2015	**1,825**	**47**	**1,271**	**407**	**354**	**299**	**190**	**4,394**
CAPEX	24	9	0	0	0	24	0	58
Disposals	(0)	-	-	(0)	(1)	-	(0)	(1)
Operations held for sale	-	-	-	-	-	-	-	-
Currency translation adjustments	92	1	40	1	0	12	1	147
Change in consolidated group	-	-	-	-	0	-	-	0
Other changes	18	-	-	0	3	(11)	(0)	11
Gross amount at December 31, 2016	**1,960**	**58**	**1,310**	**408**	**357**	**324**	**192**	**4,608**
Depreciation and provisions at December 31, 2015	**(842)**	**(1)**	**(1,271)**	**(65)**	**(320)**	**(252)**	**(59)**	**(2,810)**
Net increase in depreciation / impairment (1)	(68)	(1)	(0)	(13)	(4)	(0)	(18)	(105)
Disposals	-	-	-	0	1	-	-	1
Operations held for sale	-	-		-	-	-	-	-
Currency translation adjustments	(45)	-	(40)	(1)	(0)	(8)	(1)	(94)
Change in consolidated group	-	-	-	(0)	(0)	-	-	(0)
Other changes	(2)	-	-	-	-	-	2	1
Depreciation and provisions at December 31, 2016	**(957)**	**(3)**	**(1,310)**	**(78)**	**(323)**	**(260)**	**(75)**	**(3,007)**
Net carrying amount at December 31, 2015	**983**	**46**	**0**	**342**	**34**	**48**	**131**	**1,584**
Net carrying amount at December 31, 2016	**1,003**	**55**	**0**	**330**	**33**	**64**	**117**	**1,601**

(1) No impairment of intangible assets was recognized at December 31, 2016.

Pre-mining expenses recorded in intangible assets (see Note 1.3.8.3) are subject to impairment tests of the CGUs to which they are attached.

In 2016, investments in intangible assets primarily concern pre-mining expenses in Canada and Niger.

Note 12 – PROPERTY, PLANT AND EQUIPMENT

(in millions of euros)	Land	Buildings	Plant, equipment and tooling	End-of-lifecycle assets – AREVA share	Other	In progress	Total
Gross amount at December 31, 2015	**152**	**1,779**	**19,344**	**1,297**	**1,448**	**1,909**	**25,928**
CAPEX	-	6	30	-	3	461	500
Disposals	(0)	(6)	(53)	-	(37)	(22)	(119)
Operations held for sale	-	-	-	-	-	-	-
Currency translation adjustments	2	19	50	0	28	14	114
Change in consolidated group	-	-	3	-	-	-	3
Other changes	2	84	332	230	24	(395)	276
Gross amount at December 31, 2016	**156**	**1,882**	**19,705**	**1,527**	**1,465**	**1,966**	**26,702**
Depreciation and provisions at December 31, 2015	**(75)**	**(832)**	**(14,529)**	**(976)**	**(1,167)**	**(757)**	**(18,335)**
Net increase in depreciation / impairment [1]	(1)	(69)	(316)	(33)	(41)	(322)	(781)
Disposals	0	5	47	-	26	-	79
Operations held for sale	-	-	-	-	-	-	-
Currency translation adjustments	(0)	(7)	(15)	(0)	(23)	(1)	(46)
Change in consolidated group	-	-	-	-	-	-	-
Other changes	(4)	(36)	(282)	(11)	15	254	(64)
Depreciation and provisions at December 31, 2016	**(80)**	**(939)**	**(15,094)**	**(1,019)**	**(1,190)**	**(826)**	**(19,148)**
Net carrying amount at December 31, 2015	**76**	**946**	**4,816**	**322**	**280**	**1,152**	**7,593**
Net carrying amount at December 31, 2016	**76**	**943**	**4,612**	**508**	**275**	**1,141**	**7,554**

[1] *Impairment of property, plant and equipment in the amount of 346 million euros was recognized at December 31, 2016.*

Interest expenses capitalized in the cost of property, plant and equipment were not significant at December 31, 2015 and December 31, 2016.

MINING ASSETS IN NIGER - IMOURAREN

The group holds 57.7% of the Imouraren mining asset, with the remaining 42.3% held by minority interests (the State of Niger, Sopamin, and Korea Imouraren Uranium Investment [KIU]).

The site has been in “care and maintenance” status since 2015. The project will restart when uranium market conditions permit. Discussions are in progress with the State of Niger to agree on a new schedule and sign an amendment to the strategic partnership agreement of May 26, 2014.

Impairment of 194 million euros was recognized for certain assets devoted to the project (equipment and studies) at December 31, 2015.

In view of uranium market conditions, an impairment test was carried out. The total impairment recorded for the period ended December 31, 2016 amounted to 316 million euros based on the value in use obtained by discounting estimated future cash flows at the rate of 12% (11.50% at December 31, 2015) and based on a euro/US dollar exchange rate of 1.05 at December 31, 2016 (1.09 at December 31, 2015).
After recognition of that impairment, the net carrying amount of the Imouraren project's property, plant and equipment and intangible assets was 348 million euros at December 31, 2016 (compared with 692 million euros at December 31, 2015).

The test remains sensitive to discount rates, to exchange rate parity, and to the anticipated future prices of uranium. The value in use of the assets of Imouraren, and thus their carrying amount, would fall by the amounts below if any of the following assumptions were used:

- a discount rate of 50 basis points higher: 54 million euros
- a euro/US dollar exchange rate of 5 eurocents higher (i.e. 1.10 instead of 1.05): 78 million euros
- selling price assumptions of 5 dollars per pound of uranium over the entire period of the business plans: 87 million euros

The impairment translates into a debit balance of 285 million euros for minority interests at the end of December 2016.

MINING ASSETS IN NAMIBIA - TREKKOPJE

The carrying amount of intangible assets and property, plant and equipment in Namibia includes the developed mining infrastructure and the desalination plant infrastructure. However, the value in use of the desalination plant was tested separately from that of the mining infrastructure.

The desalination plant's value in use was justified based on an updated business plan using a discount rate of 8.50% (7.50% at December 31, 2015).

Impairment in the amount of 22 million euros was recorded on the carrying amount of intangible assets and property, plant and equipment of the mine at December 31, 2015, and additional impairment of 10 million euros was recorded at December 31, 2016 based on their fair value, determined from a multiple of uranium resources in the ground.

After recognition of impairment of the mining assets, the total carrying amount of Trekkopje's property, plant and equipment and intangible assets was 250 million euros (compared with 256 million euros at December 31, 2015).

COMURHEX II PLANT

Impairment tests carried out in previous years on property, plant and equipment under construction for the Comurhex II uranium conversion plant had led to the write-down in full of capitalized amounts at December 31, 2014, i.e. 811 million euros (including a charge of 599 million euros in 2014).

A review of market conditions and of the balance of supply and demand led to the decision to no longer consider the extension of the plant's production capacity from 15,000 metric tons to 21,000 metric tons. Sales prices and volumes produced were also revised to reflect the latest market price trends, contracts under negotiation and conversion market forecasts. In addition, the cost of construction at completion of the first phase of the plant was raised by 66 million euros in 2015. This amount did not change over the 2016 financial year.

The impairment test shows that the value in use of property, plant and equipment under construction – valued at December 31, 2016 using a discount rate of 6.70% (compared with 6.50% at December 31, 2015), a euro/US dollar exchange rate of 1.05 corresponding to the rate at December 31, 2016, and sales price assumptions for conversion units resulting from New AREVA Holding's mid- and long-term forecasts for the balance of supply and demand – was used to justify their net carrying amount, which is equal to the amounts capitalized at December 31, 2016, i.e. 183 million euros.

The result of the impairment test remains sensitive to the assumptions used, in particular the discount rate, the euro / US dollar exchange rate, long-term sales prices and volumes sold.

The value in use of the property, plant and equipment under construction would fall by the amounts below if any of the following assumptions were used:

- a discount rate of 50 basis points higher: 50 million euros
- a euro/US dollar exchange rate of 5 eurocents higher (i.e. 1.10 instead of 1.05): 99 million euros
- sales price assumptions of 1 US dollar less per conversion unit compared with the price forecast drawn up by New AREVA Holding: 62 million euros

GEORGES BESSE II PLANT

Given the drop in market indicators, the impairment test of property, plant and equipment related to the Georges Besse II plant was carried out using a discount rate of 6.70% (compared with 6.50% at December 31, 2015), a euro / US dollar exchange rate of 1.05 corresponding to the rate at December 31, 2016, and SWU sales price assumptions resulting from New AREVA Holding's mid- and long-term forecasts for supply and demand. On that basis, no impairment was recognized at December 31, 2016.

A sensitivity analysis using the same parameters as the Enrichment CGU (see Note 10) would not lead to recognition of impairment.

Note 13 – END-OF-LIFECYCLE OPERATIONS

The table below summarizes New AREVA Holding accounts affected by the treatment of end-of-lifecycle operations and their financing.

Assets *(in millions of euros)*	**December 31, 2016**	**December 31, 2015**	**Shareholders' equity and liabilities** *(in millions of euros)*	**December 31, 2016**	**December 31, 2015**
End-of-lifecycle assets – New AREVA Holding share (1)	508	322			
Assets earmarked for end-of-lifecycle operations	6,216	6,299	**Provisions for end-of-lifecycle operations**	**7,341**	**6,920**
• **End-of-lifecycle assets – third party share** (2)	**127**	**178**	• Funded by third parties (2)	127	178
• **Assets earmarked for end-of-life cycle operations** (3)	**6,089**	**6,122**	• Funded by New AREVA Holding	7,214	6,742

(1) Amount of total provision to be funded by New AREVA Holding still subject to amortization.
(2) Amount of the provision to be funded by third parties.
(3) Portfolio of financial assets and receivables earmarked to fund New AREVA Holding's share of the total provision.

END-OF-LIFECYCLE ASSETS

The group's share of assets is classified under property, plant and equipment on the statement of financial position (see Note 12).

	AREVA share					
(in millions of euros)	**Gross**	**Amortization**	**Net amount**	**Third party share**	**December 31, 2016**	**December 31, 2015**
Dismantling	**1,527**	**(1,019)**	**508**	**127**	**635**	**500**

(in millions of euros)	**Net carrying amount at December 31, 2015**	**Increase**	**Decrease**	**Increases in reversals of amortization and provisions**	**Unwinding**	**Other changes**	**Net carrying amount at December 31, 2016**
AREVA share	322	196	(11)	(23)	-	24	508
Third party share	178	0	(57)		4	2	127
TOTAL	**500**	**196**	**(68)**	**(23)**	**4**	**26**	**635**

In addition to the value of its property, plant and equipment, the group recognizes the future share of the costs of end-of-lifecycle operations (nuclear facility dismantling, legacy waste retrieval and packaging, waste shipping and waste disposal) for which it has financial responsibility; the group's share is amortized according to the same schedule as the underlying property, plant and equipment. It also recognizes a third party share of assets for dismantling and waste retrieval and packaging operations to be funded by certain customers. Conversely, a provision is recorded to cover the total estimated cost of end-of-lifecycle operations as soon as a facility starts up, including any share funded by third parties.
The third-party share remaining in the end-of-lifecycle assets mainly corresponds to the funding expected from CEA for its share of funding for the Pierrelatte site. In 2016, this item decreased due to work performance and the transfer of certain contracts to dismantling receivables.

The increase in the group's share of assets, which concerns the operating facilities, is mainly due to the change in the discount rate (from 4.50% to 4.10%) applied by the group.

PROVISIONS FOR END-OF-LIFECYCLE OPERATIONS

(in millions of euros)	**Net carrying amount at December 31, 2015**	**Reversals (when risk has materialized): expenses for the year**	**Unwinding**	**Change in assumptions, revised budgets, etc.**	**Operations held for sale**	**Net carrying amount at December 31, 2016**
Provision for nuclear facility dismantling	4,938	(140)	156	326	-	5,280
Provision for waste retrieval and packaging	1,982	(87)	65	101	-	2,061
PROVISIONS FOR END-OF-LIFECYCLE OPERATIONS	**6,920**	**(227)**	**221**	**427**	**-**	**7,341**

In 2016, excluding expenses for the year and unwinding expense, the main change in liabilities comes from the change in the discount rate applied by the group (from 4.50% to 4.10%).

An audit is in progress by the administrative authority (DGEC, the General Directorate of Energy and Climate) of the dismantling estimate for the Georges Besse I enrichment plant. Once the conclusions of that audit have been finalized, they will be analyzed and included in the valuation of the dismantling estimate for that facility in 2017.

Provisions for end-of-lifecycle operations for facilities entering in the scope of article 20 of the law of June 28, 2006, codified in articles L. 594-1 et seq. of the French Environmental Code

Provisions for end-of-lifecycle operations of facilities covered by the Law of June 28, 2006 pertaining to the sustainable management of nuclear materials and nuclear waste were broken down as follows at December 31, 2015 and December 31, 2016:

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
Dismantling of regulated nuclear facilities, excluding long-term radioactive waste management	4,645	4,310
Dismantling of used fuel, excluding long-term radioactive waste management	-	-
Retrieval and packaging of legacy waste, excluding long-term radioactive waste management	1,217	1,204
Long-term radioactive waste management	1,186	1,148
Post-closure disposal center monitoring costs	52	44
Total provisions for end-of-lifecycle operations of facilities covered by the French law of June 28, 2006	**7,100**	**6,706**
Provisions for end-of-lifecycle operations of facilities not covered by the French law of June 28, 2006	241	214
TOTAL PROVISIONS FOR END-OF-LIFECYCLE OPERATIONS	**7,341**	**6,920**

Nature of the commitments

As a nuclear facility operator, the group has a legal obligation to secure and dismantle its production facilities when they are shut down permanently in whole or in part. The group must also retrieve and package, in accordance with prevailing standards, the various waste types generated by operating activities which could not be processed during treatment. These installations concern the front end of the cycle, especially the Pierrelatte site, and the back end of the cycle, including the treatment plants at la Hague and the MELOX and Cadarache MOX fuel fabrication plants.

In December 2004, the CEA, EDF and AREVA NC signed an agreement concerning the Marcoule security-regulated nuclear facility (INBS) which transfers the responsibilities of site owner-operator to the CEA, which will be responsible for funding the site cleanup effort. This agreement does not cover final disposal costs for long-lived high- and medium-level waste. Accordingly, provisions for the Marcoule site include only New AREVA Holding's share of waste shipping and final waste disposal costs.

Determination of provisions for end-of-lifecycle operations

In accordance with the article 20 of the French program law no. 2006-739 of June 28, 2006 on the sustainable management of radioactive materials and waste, codified in articles L. 594-1 *et seq.* of the French Environmental Code, New AREVA Holding submits a report to the administrative authority every three years on cost estimates and calculation methods for provisions, in addition to an annual update of this report. The methods used by New AREVA Holding to value the cost of end-of-lifecycle operations, summarized hereunder, are described in these documents.

Principles for valuing costs for dismantling and for waste retrieval and packaging

The valuation of facility dismantling costs is based on methods that provide the best estimate of costs and schedules for design studies and operations:

- For facilities in operation, this involves an upstream valuation based on a technical and economic model produced mainly with the ETE EVAL application used for the different types of facilities to be dismantled. It is based on an inventory of equipment and the latter's estimated radiological condition, and on models with unit cost scenarios and ratios. These valuations are updated at least once every three years and when there is a change in applicable regulations or substantial technological developments may be expected. The valuation of the future dismantling of the UP2-800 / UP3 plant at la Hague was thus updated in 2016.
- For facilities that are shut down and starting from the kick-off of the dismantling project, a series of studies and the condition of the facility are used to establish a cost, supplemented by a risk analysis. The estimated are updated every year.
- The costs are revised to take inflation into account and to reflect economic conditions for the year. They are then allocated by year, adjusted for inflation and discounted to present value, as explained in Note 1.3.17. A provision is then recognized based on the present value. The discounting reversal is recognized in "Net financial expense".

Assumptions

In general, provisions related to nuclear facility dismantling and waste retrieval and packaging are based on the following assumptions:

- Some waste from fuel treatment operations performed under older contracts could not be processed on site, as packaging facilities were not yet in service at that time. This waste will be retrieved and packaged following a scenario and using technical methods approved by the regulatory authority.
- An inventory of costs to bring the site to the target decommissioning level will be established, with buildings generally decontaminated where they stand except for special circumstances, and with all nuclear waste areas decommissioned to conventional waste status. The final condition (buildings and soils) of the facilities to be dismantled serves as a base assumption for the dismantling scenario and cost estimates. For each facility, a dismantling plan is systematically prepared, either during the initial license application or during the safety review. Soil cleanup expenses, if applicable, are determined with the objective of returning the facility to a final state of decontamination consistent with current regulations. Naturally, this assumption reflects the future use intended by New AREVA Holding for the industrial site in question, beyond the timeframe planned for dismantling operations.
- Operations would start without any waiting period for radioactive decay after final shutdown of production.
- Expenses are valued based on anticipated costs, including subcontracting, personnel costs, radiation protection, consumables, equipment and the treatment of the resulting waste. The valuation also includes a share of technical support costs of the entities in charge of the dismantling operations and of the related sites, as well as taxes and insurance.
- Costs to ship radioactive waste and dispose of it at Andra facilities are estimated and include the valuation of waste processing and disposal methods that do not currently exist, such as:
    - estimates of future expenses for deep disposal of long-lived medium- and high-level waste;
    - the scope and terms for Andra's future acceptance of waste at its long-lived low-level disposal site and deep geological repository (CIGEO).

Uncertainties and opportunities

In addition to the caution of the above assumptions and in view of the duration of the end-of-lifecycle commitments, the uncertainties and opportunities cited as examples below are taken into account when they occur:

- Uncertainties:
  - Revision of scenarios of certain waste retrieval and packaging projects at la Hague during the qualification of waste retrieval processes
  - Differences between the expected initial conditions of the legacy facilities and the actual initial conditions (presence of asbestos, for example)
  - Uncertainties related to changes in the nuclear safety authority's requirements (e.g. for final conditions and soil treatment) and to changes in generally applicable regulations
- Opportunities:
  - Gains generated by the learning curve and industrial standardization of operating procedures
  - In-depth investigations on the condition of the facilities using new technologies in order to reduce the uncertainty related to initial facility conditions

Consideration of identified risks and unforeseen events

The technical cost of end-of-lifecycle operations is backed up by consideration of:

- a prudent reference scenario that takes operating experience into account;
- a margin for risks identified through risk analyses conducted in accordance with the New AREVA Holding standard and updated regularly as the projects advance;
- a margin for unforeseen events designed to cover unidentified risks.

Discount rate

The inflation rate is set in accordance with the long-term inflation projections for the Eurozone and taking into account the European Central Bank's target rate.

The discount rate is set:

- pursuant to IAS 37, i.e. based on market conditions at year-end closing and the specific characteristics of the liability; and
- to comply with the regulatory cap defined by the decree of February 23, 2007 and the order of March 23, 2015 amending the order of March 21, 2007.

The rate thus results from implementation of the following approach:

- an estimate is made by reference to the moving average yield of 30-year French OATs over a 10-year period, plus a spread applicable to prime corporate borrowers, to ensure the compliance of the rate selected with the regulatory cap;
- a rate curve is constructed based on the rate curve of the French State (OAT rates) at the closing date, extended for non-liquid maturities using a long-term break-even rate, plus a spread applicable to prime corporate borrowers and a liquidity risk premium.

Based on expected disbursements, a single equivalent rate is deducted from the rate curve constructed in this manner.

For example, the discount rate is revised based on changes in national economic conditions, with a lasting medium- and long-term impact, in addition to the potential effects of regulatory caps.

For facilities located in France, New AREVA Holding chose a long-term inflation assumption of 1.65% and a discount rate of 4.10% at December 31, 2016, a reduction compared with the rate of 4.5% in 2015.

At December 31, 2016, the use of a discount rate 25 basis points higher or lower than the rate used (4.10%) would have the effect of changing the value of provisions for end-of-lifecycle operations by -360 million euros with a rate of +25 bps or +394 million euros with a rate of -25 bps respectively.

By letter dated February 28, 2017, the Minister of Economy and Finance and the Minister of Environment, Energy and Oceans informed the Chairman of the Board of Directors of AREVA NC of their decision to modify the formula for calculating the regulatory cap on the discount rate, as from 2017. This decision will translate into a change in the order of March 21, 2007, amended by the order of March 24, 2015. The new formula would gradually lead, over a period of 10 years starting with the regulatory cap recognized at December 3, 2016 (4.3%), to, in 2026, a cap equal to the average for the last four years of the 30-year Treasury Constant Maturity Rate (TEC 30) plus 100 basis points.

Final waste removal and disposal

New AREVA Holding sets up a provision for expenses related to radioactive waste.
These expenses include:

- the removal and near-surface disposal of short-lived, very low-level and low-level waste and its share of monitoring of Andra's Centre de la Manche and Centre de l'Aube disposal facilities, which received or still receive its waste;
- the removal and underground disposal of long-lived low-level waste (graphite);
- the removal and disposal of long-lived medium- and high-level waste covered by the French law of December 30, 1991 (now codified in articles L. 542-1 *et seq.* of the French Environmental Code). The provision is based on the assumption that a deep geologic repository will be deployed (hereinafter called Cigéo).

Concerning the ministerial order of January 15, 2016, which set the cost pertaining to implementation of Cigéo at 25 billion euros, that impact had already been taken into account in 2015 and there was no change in that assumption in 2016.

For purposes of sensitivity analysis, any increase of 1 billion euros in the amount of the estimate for the Cigéo project would lead to an additional charge of 29 million euros by New AREVA Holding, based on the method used to establish the existing provision.

Tentative schedule of provision disbursements

The following table shows the forward payment schedule of provisions both within and outside the scope of the law of June 28, 2006, excluding Andra's monitoring costs:

(in millions of euros)	**December 31, 2016**
2017	292
2018 – 2020	1,402
2021 – 2025	1,592
2026 – 2035	1,667
2036 and beyond	8,525
TOTAL PROVISIONS BEFORE DISCOUNTING	**13,478**

ASSETS EARMARKED FOR END-OF-LIFECYCLE OPERATIONS

This heading consists of the following:

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
Receivables related to end-of-lifecycle operations	779	739
Earmarked assets	5,310	5,382
TOTAL	**6,089**	**6,122**

Receivables related to end-of-lifecycle operations correspond principally to receivables resulting from the signature of a contract in December 2004 under which the CEA agreed to fund a share of facility dismantling costs at the La Hague and Cadarache plants and a share of waste retrieval and packaging costs at the UP2-400 plant.

Purpose of earmarked portfolio

To meet its end-of-lifecycle obligations, the group voluntarily built up a special portfolio earmarked for the payment of its future facility dismantling and waste management expenses. This obligation has applied to all nuclear operators in France since the Law no. 2006-739 of June 28, 2006 and the implementing decree no. 2007-243 of February 23, 2007 came into force. This portfolio was composed based on a schedule of disbursements over more than a century and is therefore managed with long-term objectives. The portfolio is comprised of financial assets covering all of the group's commitments, whether related to obligations imposed by the Law of June 28, 2006 for regulated nuclear facilities located in France, or related to other end-of-lifecycle commitments for facilities located in France or abroad.

The group relies on independent consultants to study strategic target asset allocations to optimize the risk/return of the portfolio over the long term and to advise AREVA on the choice of asset classes and portfolio managers. These recommendations are submitted to the Cleanup and Dismantling Fund Monitoring Committee. Long-term asset allocations indicate the target percentage of assets to cover liabilities (bonds and money market assets, including receivables from third parties) and the diversification of assets (shares of stock, etc.), subject to limitations imposed by the French decree no. 2007-243 of February 23, 2007 and its amendment by the decree no. 2013-678 of July 24, 2013, both in terms of the control and spread of risks and in terms of type of investments.

At December 31, 2016, for the scope of end-of-lifecycle obligations, the legal entities which make up New AREVA Holding show under-coverage of end-of-lifecycle liabilities by earmarked assets. By letter of January 5, 2017, the authority required AREVA NC to restore 100% coverage within a regulatory limit of three years.

New AREVA Holding ensured that all AREVA NC funds are held, registered and valued by a single custodian capable of performing the necessary control and valuation procedures independently, as required by the implementing decree.

The Equity segment is primarily managed by external service providers via:

- an equity management agreement, and
- earmarked investment funds.
- The rate segment (bonds and money market) is invested via:
- open-ended mutual funds,
- earmarked investment funds, and
- directly held bonds.

The portfolio of assets earmarked to fund end-of-lifecycle expenses includes the following:

(in millions of euros)	December 31, 2016	December 31, 2015
In market value or liquidation value		
Publicly traded shares	1,098	1,325
Equity investment funds	1,197	1,094
Bond and money market mutual funds	2,342	2,258
Unlisted mutual funds	112	96
At amortized cost		
Bonds and bond mutual funds held to maturity	561	610
Portfolio of securities earmarked for end-of-lifecycle operations	**5,310**	**5,382**
Receivables related to end-of-lifecycle operations	779	739
TOTAL FINANCIAL ASSETS EARMARKED FOR END-OF-LIFECYCLE OPERATIONS	**6,089**	**6,122**

(in millions of euros)	December 31, 2016	December 31, 2015
By region		
Eurozone	5,536	5,509
Non-euro Europe	471	537
Other	82	75
TOTAL	**6,089**	**6,122**

Financial assets held as securities or mutual funds represent 87% of all earmarked assets at December 31, 2016. Earmarked assets were allocated as follows: 40% equities, 47% bonds and 13% receivables.

The contractual framework for the main receivable related to end-of-lifecycle operations (receivable from the CEA in the amount of 681 million euros at December 31, 2016) was amended in 2015 in order to define a payment schedule by the CEA for the principal and interest, with the last payment scheduled for 2024.

The receivables from the CEA and EDF related to overfunding by New AREVA Holding in connection with tax payments related to financing provided to Andra between 1983 and 1999 were discussed with these two operators in 2015. The CEA confirmed to New AREVA Holding that a debt in an amount equal to New AREVA Holding's receivable, i.e. 16 million euros, was recognized in the CEA's accounts for the year ended December 31, 2016. In addition, 35 million euros for advance payments to be received from a third party were recorded in 2016.

Performance of financial assets earmarked for end-of-lifecycle operations by asset class[(#)]

Asset class	**2016**	**2015**
Shares	+1.4%	+12.8%
Rate products (including receivables related to end-of-lifecycle operations)	3.2%	+1%
TOTAL FINANCIAL ASSETS EARMARKED FOR END-OF-LIFECYCLE OPERATIONS	**2.4%**	**+5.8%**

(#) Performance reported for these asset classes includes that of mutual funds earmarked for end-of-lifecycle operations of regulated French and foreign nuclear facilities not subject to the French law of June 28, 2006.

Including interest on receivables used to determine the performance of rate instruments, the overall performance of earmarked assets would be +2.4% for the 2016 calendar year.

Risk description and assessment

Equity investments in the portfolio of earmarked securities include mainly:

- A mandate of publicly-traded shares, which includes about thirty companies based in the European Union. The securities are held in order to generate gains over the long term. Although it is not a management guideline, the mandate will be assessed over the long term by reference to the MSCI EMU index, net dividends reinvested. The nature of the long-term mandate is not compatible with an evaluation against a benchmark.
- Dedicated equity funds with diversified management strategies centered on European securities. The managers must follow strict rules of exposure, depending on the objectives of the fund involved: including limits on the amounts invested per issuer or in percentage of the net value of the portfolio, limits on exposures in currencies other than the euro, tracking error (relative risk compared with the benchmark), and limits on exposures to certain types of instruments. Together, these limits are designed to comply with investment rules established in the implementing decree of the Law of June 28, 2006.

As regards securities held by AREVA NC, interest rate products in the portfolio of earmarked securities mainly include:

- Directly held securities consisting of government bonds from the Eurozone, which will be held to maturity. They are recognized at amortized cost under "securities held to maturity".
- Dedicated bond funds and open-ended money market funds. The sensitivity to interest rates of bond funds is limited in both directions, including the portfolio's overall consistency with preset long-term sensitivity objectives and the sensitivity of the liabilities to the discount rate used. The issuers' ratings (Moody’s or Standard & Poor’s) are used to manage the credit risk exposure of money market and bond funds.

For Eurodif, mandates and bond funds were established specifically to match disbursement flows.

Valuation

The mutual funds’ net asset value is determined by valuing the securities held by each fund at market value on the last day of the period.

Derivatives

Derivatives may be used for hedging or to acquire a limited exposure. They are subject to specific investment guidelines prohibiting leverage. Total nominal commitments may not exceed the fund’s net assets. Sales of puts and calls must be fully covered by underlying assets (and are prohibited on assets not included in the portfolio).

Risk assessment and management of the earmarked portfolio

The risks underlying the portfolios and funds holding assets under the management mandate for end-of-lifecycle operations are assessed every month. For each fund or earmarked asset, this assessment allows the maximum total loss to be estimated with a 95% level of confidence for different portfolio maturities using the VaR (Value at Risk) method and volatility estimates. A second estimate is done using deterministic scenarios: impact of rates and/or declining equity markets.

The impacts of changes in equity markets and interest rates on the valuation of earmarked assets are summarized in the following table:

Base case (December 31, 2016)	
(in millions of euros)	
Assumption: declining equity markets and rising interest rates	
-10% on equities	-240
+100 basis points on rates	-64
TOTAL	**-304**
Assumption: rising equity markets and declining interest rates	
+10% on equities	+240
-100 basis points on rates	+64
TOTAL	+304

Note 14 – INFORMATION ON JOINT VENTURES AND ASSOCIATES

INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
Joint Ventures		
Cominak	**17**	**14**
Other joint ventures	**0**	**0**
Total Joint Ventures	**17**	**14**
Associates		
Total Associates	**-**	**-**
Total	**17**	**14**

SHARE IN NEGATIVE NET EQUITY OF JOINT VENTURES AND ASSOCIATES

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
Joint Ventures		
ETC	63	59
Total	**63**	**59**

SHARE IN INCOME OF JOINT VENTURES AND ASSOCIATES

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
Joint Ventures		
Cominak	4	2
ETC	6	4
Other joint ventures	0	(0)
Total Joint Ventures	**10**	**6**
Associates		
Total Associates	**-**	**-**
Total	**10**	**6**

A joint venture is considered to be significant if its revenue or balance sheet total is more than 200 million euros. An associate is considered to be significant when its balance sheet total is more than 200 million euros.

Financial information required under IFRS 12 is presented before eliminations of intercompany transactions and restatements, and is based on 100% ownership.

SIGNIFICANT JOINT VENTURES

(in millions of euros)	December 31, 2016	December 31, 2015
	ETC	**ETC**
	Front End	Front End
Country	UK	UK
% held	50%	50%
Revenue	**55**	**323**
EBITDA	**44**	**79**
Net income	**27**	**42**
Including increases to amortization and depreciation	(5)	(2)
Including interest income / expense	(0)	0
Including tax income / expense	-	-
Other items of comprehensive income	**(19)**	**24**
Comprehensive income	**8**	**66**
Current assets	**138**	**127**
Including cash and cash equivalents	2	11
Non-current assets	**40**	**47**
Current liabilities	**107**	**107**
Including current financial liabilities	-	
Non-current liabilities	**51**	**54**
Including non-current financial liabilities	-	
Net assets	**20**	**13**
Share of net equity before eliminations at the beginning of the year	**6**	**(27)**
Share of comprehensive income	4	33
Share of dividend distributions	-	-
Other changes	-	-
Share of net equity before eliminations at the end of the year	**10**	**6**
Goodwill and consolidation entries	(73)	(65)
Investments in joint ventures at year-end closing	**0**	**0**
Share of negative net equity	**(63)**	**(59)**

Enrichment Technology Company (ETC) is a joint venture held in equal shares by AREVA and Urenco. Its main activity is to build, assemble and install centrifuges and associated piping systems enabling its customers to

enrich uranium. ETC is also involved in the design of ultracentrifugation enrichment plants to meet its customers' needs and in project management for the construction of these facilities.

New AREVA Holding considers that it has an implicit obligation to ensure the continuity of ETC operations; consequently, and in accordance with the provisions of IAS 28, New AREVA Holding recognizes its share of negative equity under liabilities on its consolidated balance sheet and its share of negative net income on its statement of income and statement of consolidated comprehensive income.

NON-SIGNIFICANT JOINT VENTURES

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
Investments in non-significant joint ventures at year-end closing	**17**	**14**
Share of net income	4	2
Share of other items of comprehensive income	(1)	0
Share of comprehensive income	3	2

Non-significant joint ventures correspond to Cominak.

Note 15 – OTHER CURRENT AND NON-CURRENT ASSETS

(in millions of euros)	**2016**	**2015**
Available-for-sale securities	45	37
Loans to associates	1	4
Derivatives on financing activities	49	-
Other	40	25
Other non-current assets	**135**	**66**
Other current financial assets	**2**	**19**
Total	**137**	**85**

Available-for-sale securities include investments in privately held companies, mainly the 13% interest in the capital of Euronimba (iron mine in Guinea). At December 31, 2016, the carrying amount of the securities is justified by the potential resale value of the deposit's reserves and resources, based on a valuation per pound of iron in the ground.

Other non-current assets include uranium inventories which were capitalized to fund future mine reclamation expenses abroad.

Note 16 – INVENTORIES AND WORK IN PROCESS

(in millions of euros)	2016	2015
Raw materials and other supplies	314	327
Goods in process	57	12
Services in process	962	852
Finished goods	**365**	**416**
Total gross amount	**1,697**	**1,606**
Provisions for impairment	(436)	(393)
Total net carrying amount	**1,261**	**1,213**
Inventories and work-in-process		
at cost	1,034	741
at fair value net of disposal expenses	227	472
	1,261	**1,213**

At December 31, 2016, write-downs of inventories and work-in-process were recognized in the amount of 46 million euros (compared with 113 million euros in 2015), including 26 million euros for inventories of the separative work units (SWU) of the Enrichment operations and 20 million euros for the conversion inventories (UF_6) of the Chemistry operations.
These write-downs relate to the downward trend of market price indicators for SWUs and conversion over the period.

Note 17 – TRADE ACCOUNTS RECEIVABLE AND RELATED ACCOUNTS

(in millions of euros)	2016	2015
Gross amount	844	840
Impairment	(4)	(13)
Net carrying amount	**841**	**827**

At December 31, 2015 and December 31, 2016, the gross value of trade accounts receivable and related accounts (excluding contracts recognized using the percentage of completion method) does not include receivables maturing in more than one year.

At closing, trade accounts receivable and related accounts included receivables on contracts recognized according to the percentage of completion method in the amount of 102 million euros (versus 89 million euros at December 31, 2015).

Trade accounts receivable and related accounts (gross) *

(in millions of euros)	**Gross amount**	**Maturing in the future**	**Impaired and past due**	**of which: not impaired and past due**					
				Less than 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	More than 1 year
December 31, 2016	**742**	672	3	18	10	6	4	5	25
December 31, 2015	**751**	652	13	34	2	1	4	11	35

* excluding accounts receivable on contracts recognized according to the percentage of completion method.

Note 18 - OTHER OPERATING RECEIVABLES

(in millions of euros)	**2016**	**2015**
French State	261	242
Advances and down payments to suppliers	32	34
Miscellaneous accounts receivable	315	304
Financial instruments	45	20
Other	7	9
Other operating receivables	**661**	**610**
Other non-operating receivables	**62**	**75**

“Miscellaneous accounts receivable” includes prepaid expenses, receivables from suppliers and receivables from employees and benefit management bodies.

“Financial instruments” include the fair value of derivatives hedging market transactions and the fair value of the firm commitments hedged.

Other operating receivables include 29 million euros in receivables maturing in more than one year.
Other non-operating receivables do not include receivables maturing in more than one year.

Note 19 – CASH AND CASH EQUIVALENTS

(in millions of euros)	**2016**	**2015**
Cash and current accounts	1,403	2,605
Cash equivalents	30	41
Total	**1,434**	**2,646**

The current account of New AREVA Holding SA vis-à-vis AREVA SA amounted to 1.299 billion euros at December 31, 2016.

Following the capital increase of New AREVA Holding and subject to its completion, AREVA would hold a minority interest in New AREVA Holding of approximately 40% of the capital and voting rights, leading to the loss of AREVA SA’s control of New AREVA Holding SA. This loss of control would have the immediate consequence of AREVA SA’s repayment of sums due to New AREVA Holding SA for the current account which would be terminated as of right.

At December 31, 2016, the amount of cash and cash equivalents not available to the group amounted to 67 million euros (versus 78 million euros at December 31, 2015):

- 37 million euros held by a subsidiary operating in Kazakhstan, where there are legal restrictions;
- 30 million euros held by a captive insurance firm pursuant to the Solvency2 prudential regulation.

Cash flow related to the Contribution, on November 10, 2016, by (1 019) million euros include:

- A financial current account debit balance of New AREVA Holding vis-à-vis AREVA SA amounting to 1 020 million euros,
- A credit balance of financial current accounts between New AREVA Holding and its subsidiaries amounting to (2 039) million euros.

Note 20 - EQUITY

Capital
At December 31, 2015 and December 31, 2016, AREVA SA held all of the capital of New AREVA Holding.

Currency translation reserves
Currency translation reserves totaled 113 million euros, versus 16 million euros in 2015. The change mainly corresponds to the effects of the US dollar and the Canadian dollar.

Stock option plan
There is no stock option plan.

Earnings per share
An average of 30,668,067 shares was used to calculate earnings per share for 2016.

There is no dilutive element impacting the share capital.

The par value per share is 0.50 euro.

Other transactions with shareholders
AREVA SA undertook a capital reduction of New AREVA Holding by lowering the par value of the shares and increasing the capital of New AREVA Holding by increasing the number of shares, with a net impact of -195 million euros on equity.

In addition, New AREVA Holding bought back part of the minority interests of SET Holding and of Eurodif (see Note 2), with an impact of -121 million euros on equity.

Transactions with companies under common control (share in equity of owners of the group)

In 2016, transactions with companies under common control amounting to -2,094 million euros corresponded mainly to the Financial Restructuring of New AREVA Holding following the contributions of AREVA SA to New AREVA Holding carried out on November 10, 2016 in the amount of -2,137 million euros :

- Bond issues contribution amounting to - 4,959 million euros ;
- Intercompany loans, net of borrowings amounting to 3,499 million euros ;
- Current accounts credit balance amounting to -1,019 million euros ;
- Other contributions amounting to 342 million euros including financial derivatives.

Tax impact of other items of comprehensive income

(in millions of euros)	2016			2015		
	Before tax	Income tax	After tax	Before tax	Income tax	After tax
Actuarial gains and losses on employee benefits	(83)	(1)	(84)	214	(18)	196
Currency translation adjustments of consolidated companies	145		145	(128)		(128)
Change in value of available-for-sale financial assets	(162)	51	(111)	94	(42)	52
Change in value of cash flow hedges	48	(12)	36	(91)	29	(62)
Share in comprehensive income of associates (net of income tax)	(10)		(10)	12		12
Items related to operations sold or held for sale						
Total other items of comprehensive income (net of income tax)	**(63)**	**38**	**(25)**	**102**	**(31)**	**71**

Note 21 - MINORITY INTERESTS

(in millions of euros)	2016	2015
Katco	109	126
SET and SET Holding	82	183
Somaïr	68	65
Imouraren (*)	(285)	(129)
Sofidif	18	18
Other	(32)	(27)
Total	**(40)**	**237**

(*) Imouraren is held by ANC Expansion, which is itself held by CFMM.

New AREVA Holding believes it has an implicit obligation to ensure the continuity of operation of Eurodif and its subsidiaries; consequently, New AREVA Holding recognizes all of the income and negative net equity of these companies in “net income attributable to owners of the parent” and in “equity attributable to owners of the parent”.

Financial information on significant subsidiaries, required under IFRS 12, is presented before elimination of intercompany transactions.
A subsidiary is considered to be significant if the percentage held by minority shareholders is greater than 20%, or if its revenue or total balance sheet is more than 200 million euros.

2016

(in millions of euros)	Imouraren	Somaïr	Katco	SET
	Mining	Mining	Mining	Front End
Country	Niger	Niger	Kazakhstan	France
Minority interests	50.12%	36.60%	49.00%	5.00%
Revenue	**-**	**151**	**228**	**651**
EBITDA	**(8)**	**55**	**171**	**428**
Net income	**(616)**	**6**	**92**	**85**
Share attributable to minority interests	(190)	2	45	4
Current assets	12	139	102	526
Non-current assets	1,376	156	191	5,418
Current liabilities	(223)	(65)	(33)	(778)
Non-current liabilities	(2,009)	(35)	(25)	(3,392)
Net assets	**(844)**	**195**	**235**	**1,773**
Share attributable to minority interests	(312)	71	115	89
Cash flow from operating activities	(54)	35	174	262
Cash flow from investing activities	4	(25)	(39)	(43)
Cash flow from financing activities	45	(7)	(218)	(194)
Increase (decrease) in net cash	**(5)**	**3**	**(1)**	**25**
Dividends paid to minority interests	-	-	(106)	(2)

2015

(in millions of euros)	Imouraren	Somaïr	Katco	SET
	Mining	Mining	Mining	Front End
Country	Niger	Niger	Kazakhstan	France
Minority interests	50.12%	36.60%	49.00%	12.00%
Revenue	**-**	**197**	**361**	**649**
EBITDA	**(26)**	**39**	**298**	**460**
Net income	**(236)**	**5**	**207**	**37**
Share attributable to minority interests	(102)	2	102	4
Current assets	39	135	147	484
Non-current assets	1,716	167	180	5,468
Current liabilities	(74)	(73)	(36)	(690)
Non-current liabilities	(1,909)	(46)	(25)	(3,552)
Net assets	**(227)**	**183**	**267**	**1,709**
Share attributable to minority interests	(122)	67	131	205
Cash flow from operating activities	(62)	30	289	234
Cash flow from investing activities	(20)	(19)	(57)	(157)
Cash flow from financing activities	87	(13)	(179)	(22)
Increase (decrease) in net cash	**5**	**(2)**	**33**	**54**
Dividends paid to minority interests	(42)	-	(88)	-

Note 22 – EMPLOYEE BENEFITS

Depending on the prevailing laws and practices of each country, the group's companies make severance payments to their retiring employees based on their compensation and seniority. Long-service medals and early retirement pensions are paid in France and in Germany, while supplemental pensions contractually guarantee a given level of income to certain employees. Some of the group's companies also grant other post-retirement benefits, such as the reimbursement of medical expenses.

These defined benefit plans are recognized in accordance with the accounting method defined in Note 1.3.15.

The group calls on independent actuaries for a valuation of its commitments each year.

In some companies, these commitments are covered in whole or in part by contracts with insurance companies or pension funds. In such cases, the obligations and the covering assets are valued independently. The difference between the commitment and the fair value of the covering assets is either a funding surplus or a deficit. A provision is recognized in the event of a deficit, and an asset is recognized in the event of a surplus, subject to specific conditions.

Change in the discount rate and other financial assumptions at December 31, 2016

The group's discount rate for the Eurozone was set at 1.50%, compared with 2.15% at year-end 2015. The long-term inflation assumption for the Eurozone was set at 1.5%.

The group's key benefits

The "CAFC plan" set up in 2012 is an early retirement plan consisting of a working time account with matching contributions from the employer for personnel who work at night or in certain jobs identified in the agreement. The system is partially covered by an insurance policy. The population of eligible beneficiaries is open.

The group's second most material early retirement system (called "TB6") is also located in France. The beneficiaries are employees who work at night or in certain types of jobs identified in the agreement.

Medical coverage partially funded by the employer during the retirement period is currently in effect in some companies in France. The population of eligible beneficiaries is open.

PROVISIONS RECOGNIZED ON THE BALANCE SHEET

(in millions of euros)	December 31, 2016	December 31, 2015
TOTAL PLANS REVIEWED BY THE GROUP'S ACTUARIES	**1,442**	**1,427**
Less pension plan assets		
Less local pension plan assets		
TOTAL PROVISIONS FOR PENSION OBLIGATIONS AND OTHER EMPLOYEE BENEFITS	**1,442**	**1,427**
Medical expenses and accident/disability insurance	**349**	**314**
Retirement benefits	**324**	**332**
Job-related awards	**7**	**7**
Early retirement benefits	**761**	**775**
Supplemental retirement benefits	**1**	**0**

By region

(in millions of euros)	Eurozone	Other	TOTAL
Medical expenses and accident/disability insurance	349	-	349
Retirement benefits	324	-	324
Job-related awards	7	-	7
Early retirement benefits	761	-	761
Supplemental retirement benefits	0	1	1
Total	**1,441**	**1**	**1,442**

ACTUARIAL ASSUMPTIONS

Key actuarial assumptions used for valuation purposes

	2016	2015
Long-term inflation		
– Eurozone	1.5%	1.6%
Discount rate		
– Eurozone	1.5%	2.15%
Pension benefit increases		
– Eurozone	1.5%	1.6%
Social security ceiling increase (net of inflation)	+0.5%	+0.5%

Mortality tables

	2016	2015
France		
- Annuities	Mortality tables	Mortality tables
- Lump sum payments	INSEE 2000-2002 Men/Women	INSEE 2000-2002 Men/Women
Germany	RT2005G	RT2005G

Retirement age in France

	2016	2015
Management personnel	65	65
Non-management personnel	62	62

Average attrition is assumed to occur among employees in each company at a declining rate reflecting age brackets. The rates between brackets indicate [average turnover at career start - average turnover at career end].

	Management personnel		Non-management personnel	
	2016	2015	2016	2015
France	[1.6% - 0%]	[1.6% - 0%]	[0.7% - 0%]	[0.7% - 0%]
Germany	[7% - 0%]	[7% - 0%]	[7% - 0%]	[7% - 0%]

Assumed rate of salary increase, including inflation. The rates between brackets indicate [average increases at career start - average increases at career end].

	Management personnel		Non-management personnel	
	2016	2015	2016	2015
France	[2.6%; -1.1%]	[2.6%; -1.1%]	[2.6%; -1.1%]	[2.6%; -1.1%]
Germany	3%	3%	3%	3%

FINANCIAL ASSETS

The New AREVA Holding group's pension assets do not include financial instruments of the New AREVA Holding group. The pension plans' real estate assets do not include real property owned by New AREVA Holding.

EUROPE

Type of asset	2016	2015
Cash	12%	10%
Bonds	88%	90%
Shares	0%	0%
Real estate	0%	0%

Effective return on plan assets	2016	2015
Europe	2,0%	0,6%
United States	NA	NA

NET AMOUNT RECOGNIZED

December 31, 2016 *(in millions of euros)*	Medical expenses and accident/disability insurance	Retirement benefits	Job-related awards	Early retirement benefits	Supplemental retirement benefits	Total
Defined benefit obligation	349	326	7	858	35	1,575
Fair value of plan assets	0	2	0	98	34	134
Total defined benefit obligation	**349**	**324**	**7**	**761**	**1**	**1,442**

Sensitivity of the actuarial value to changes in discount rate
An across-the-board decrease in the discount rate of 0.50% would increase the defined benefit obligation by 5.6%.

EXPENSE FOR THE YEAR

December 31, 2016 *(in millions of euros)*	**Medical expenses and accident/disability insurance**	**Retirement benefits**	**Job-related awards**	**Early retirement benefits**	**Supplemental retirement benefits**	**Total**
Current service cost	7	14	0	16	0	37
Interest cost	7	7	0	19	1	33
Past service costs (including plan changes and reductions)	(8)	(11)	0	(6)	0	(25)
Interest income on assets	0	0	0	(2)	(1)	(3)
Recognition of actuarial gains and losses generated during the year on other long-term plans (long service medals, CATS, etc.)	0	0	0	0	0	0
Administrative expenses	0	0	0	0	0	0
TOTAL expense with income statement impact	**5**	**10**	**0**	**27**	**0**	**42**
Recognition of actuarial gains and losses generated during the year on post-employment plans						
Actuarial gains and losses on earmarked assets	0	(1)	0	0	1	0
Experience differences	(2)	(1)	0	(1)	(1)	(4)
Demographic assumption differences	0	0	0	0	0	0
Financial assumption differences (adjustment of discount rate)	38	14	0	34	2	88
TOTAL expense with impact on other comprehensive income items	**36**	**12**	**0**	**33**	**2**	**83**
Total expense for the year	**41**	**22**	**0**	**60**	**2**	**125**

CHANGE IN THE DEFINED BENEFIT OBLIGATION

December 31, 2016 *(in millions of euros)*	Medical expenses and accident/disability insurance	Retirement benefits	Job-related awards	Early retirement benefits	Supplemental retirement benefits	Total
Defined benefit obligation at December 31, 2015	**315**	**332**	**7**	**896**	**37**	**1,586**
Current service cost	7	14	0	16	0	37
Past service costs (including plan changes and reductions)	(8)	(11)	0	(6)	0	(25)
Plan transfer	0	0	0	0	0	0
Disposals / Liquidation / Plan reductions	0	0	0	0	0	0
Cost escalation	7	7	0	19	1	33
Mergers, acquisitions, transfers	0	(4)	0	0	0	(4)
Change in consolidation scope	0	0	0	0		0
Employee contributions	0	0	0	0	0	0
Benefits paid during the year	(7)	(26)	0	(100)	(3)	(136)
Actuarial gains and losses	36	13	0	33	1	84
Currency translation adjustments	0	0	0	0	0	0
Defined benefit obligation of operations held for sale	0	0	0	0	0	0
DEFINED BENEFIT OBLIGATION AT DECEMBER 31, 2016	**349**	**326**	**7**	**858**	**35**	**1,575**

CHANGES IN PLAN ASSETS

(in millions of euros)	
Value of assets at December 31, 2015	**158**
Interest income on assets	4
Actuarial differences	0
Contributions / Benefits paid by the employer	0
Employee contributions	0
Benefits paid and not reimbursed	0
Benefits paid by earmarked assets	(28)
Administrative expenses funded by assets	0
Effect of mergers / acquisitions / transfers between entities	0
Effect of mergers / acquisitions / transfers between entities	0
Change in consolidation scope	0
Currency translation adjustments	0
Assets of operations held for sale	0
Value recognized at December 31, 2016	**134**

CHANGE IN PROVISION ESTIMATED BY THE GROUP'S ACTUARIES

(in millions of euros)	
Balance at December 31, 2015	**1,427**
Change in consolidated group	(4)
Currency translation adjustment	0
Total expense	125
Contributions collected/benefits paid	(107)
Assets of operations held for sale	0
NET CARRYING AMOUNT AT DECEMBER 31, 2016	**1,442**

Note 23 – OTHER PROVISIONS

(in millions of euros)	December 31, 2015	Charges	Reversal (when risk has materialized)	Reversal (when risk has not materialized)	Other changes (*)	December 31, 2016
Restoration of mining sites and mill decommissioning	238	11	(9)	(0)	15	254
Other non-current provisions	**238**	**11**	**(9)**	**(0)**	**15**	**254**
Restructuring and layoff plans	213	42	(79)	(7)	(0)	169
Provisions for ongoing cleanup	29	-	-	-	(12)	17
Provisions for losses at completion	64	99	(53)	(4)	0	106
Accrued costs	1,030	141	(60)	(11)	68	1,168
Other provisions	266	24	(8)	(9)	0	272
Current provisions	**1,601**	**306**	**(199)**	**(31)**	**56**	**1,733**
Total provisions	**1,840**	**316**	**(208)**	**(31)**	**71**	**1,987**

(*) including 77 million euros of unwinding.

At December 31, 2016 and December 31, 2015, the other provisions include in particular:

- provisions for disputes,
- provisions for tax risks,
- provisions for guarantees given to third parties.

Provisions for cleanup

At December 31, 2016, since the “Prisme” operations prior to the final shutdown of Eurodif’s Georges Besse I plant have been completed, all of the remaining provisions at December 31, 2015 (11 million euros) were reversed.

Provisions for restructuring and redundancy plans

Provisions for restructuring and redundancy plans represent the best estimate of the costs to be effectively borne in connection with workforce adjustment plans constituting the social component of the group's competitiveness plan. They correspond to the different components of these plans, including in particular age-related measures (early retirement), attrition, and the tax for revitalization of labor pools in France. In accordance with the accounting rules, no provision was set up for the costs of internal mobility.

Provisions for losses at completion

Purchase contract for separative work units (SWU)

In light of persistently stagnant enrichment market prices, a provision in the amount of 50 million euros was constituted at December 31, 2015 for a SWU purchase contract, since firm commitments on sales prices made under this contract do not appear to be matched by the market price outlook for the period in question.
New firm sales contracts have been signed since December 31, 2015 and will be served by these purchases. Consequently, the provision calculated for these purchases was completely reversed at December 31, 2016. The counterpart is the establishment of additional provisions for losses at completion, inasmuch as the sales prices expected from these new contracts are lower than the purchase prices for these supply contracts. These provisions were charged in the amount of 77 million euros.

Provisions for contract completion

The provisions for remaining work cover a set of future services to be carried out at the la Hague and MELOX sites (Recycling Business Unit) and the Tricastin and Malvési sites (Chemistry-Enrichment Business Unit) in connection with contracts for which obligations to the customers have been met, revenue was recognized and the corresponding costs were expensed in offset to that provision. For the Recycling Business Unit, the services mainly concern work to retrieve, process, package, ship and dispose of technological waste related to MOX fabrication or to the pool storage of used fuel; for the Chemistry-Enrichment Business Unit, they concern work involving nitrate effluent and dust treatment. At December 31, 2016, these future services amounted to 693 million euros for the Recycling Business Unit and 473 million euros for the Chemistry-Enrichment Business Unit (compared with 593 million euros and 434 million euros respectively at December 31, 2015).

Other provisions

Industrial equipment supply contract

At December 31, 2015, a provision of 40 million euros was set up for a supply contract concerning industrial equipment whose use in the current market situation is still under review. No tangible item calls into question this provision at December 31, 2016.

Note 24 – BORROWINGS

(in millions of euros)	Non-current borrowings	Current borrowings	December 31, 2016	December 31, 2015
Interest-bearing advances	143		143	96
Borrowings from lending institutions and commercial paper	493	71	564	618
Bond issues (*)	4,148	857	5,006	-
Short-term bank facilities and non-trade current accounts (credit balances)	-	53	53	132
Financial derivatives	7	42	49	10
Miscellaneous debt	59	0	59	3,870
Total borrowings	**4,851**	**1,022**	**5,873**	**4,726**

(*) after hedging of the interest rate risk

At December 31, 2016, borrowings included in particular:

- a redeemable syndicated loan from 10 banks maturing in 2024 in the amount of 555 million euros (initial amount of 650 million euros at December 31, 2016);
- bond debt outstanding in the carrying amount of 4.945 billion euros;
- a financial current account credit balance for the ETC joint venture in the amount of 42 million euros.

At December 31, 2015, the credit balances of the financial current accounts were funded by AREVA SA in the amount of 118 million euros, and miscellaneous borrowings included shareholding-related borrowings concerning AREVA SA in the amount of 3.765 billion euros (see basis of preparation).

Borrowings by maturity, currency and type of interest rate:

(in millions of euros)	December 31, 2016
Maturing in one year or less	1,022
Maturing in 1-2 years	126
Maturing in 2-3 years	824
Maturing in 3-4 years	607
Maturing in 4-5 years	850
Maturing in more than 5 years	2,444
TOTAL	**5,873**

(in millions of euros)	December 31, 2016
Euro	5,775
US dollar	22
Yen	65
Other	11
TOTAL	**5,873**

(in millions of euros)	**December 31, 2016**
Fixed rate borrowings	4,833
Floating rate borrowings	926
TOTAL	**5,759**
Other non-interest-bearing debt	66
Financial derivatives	49
TOTAL	**5,873**

The maturities of the group's financial assets and borrowings at December 31, 2016 are presented in Note 29.

Bond issues after hedging

Issue date	**Net carrying amount** *(in millions of euros)*	**Currency**	**Nominal amount** *(in millions of currency units)*	**Nominal rate**	**Term / Expiration**
September 23, 2009	1,030	EUR	1,000	4.875%	September 2024
November 6, 2009	768	EUR	750	4.375%	November 2019
September 22, 2010	768	EUR	750	3.5%	March 2021
October 5, 2011	397	EUR	398	4.625%	October 2017
March 14, 2012	399	EUR	400	4.625%	October 2017
April 4, 2012	199	EUR	200	TEC10 + 2.125%	March 2022
September 4, 2013	531	EUR	500	3.25%	September 2020
September 20, 2013	65	JPY	8,000	1.156%	September 2018
March 20, 2014	788	EUR	750	3.125%	March 2023
TOTAL	**4,945**				

The fair value of these bond issues was 4.869 billion euros at December 31, 2016.

Guarantees and covenants

As security, AREVA SA has committed to guaranteeing the redemption of all bond issues contributed to New AREVA Holding and to guaranteeing the derivatives of New AREVA Holding with banking counterparties, for New AREVA Holding's benefit. At December 31, 2016, the carrying amount of New AREVA Holding's bond debt was 4.945 billion euros.
Those guarantees will end once the capital increase of New AREVA Holding has been carried out in the amount of at least 3 billion euros or, for the guarantee concerning the bond issues, once they have been redeemed.

In June 2014, AREVA SA gave a parent company guarantee to a banking pool to secure the redemption of the amortized loan of Société d'Enrichissement du Tricastin. The parent company guarantee covers 115% of the remaining amount outstanding of the loan, for which the carrying amount was 555 million euros at the end of 2016. Within the framework of the partial contribution of assets from AREVA SA to New AREVA Holding, SET's bank borrowings and related security (security interests in future receivables and bank accounts) were transferred to New AREVA Holding, with the exception of the parent company guarantee, which remains in force until the loss of control of New AREVA Holding (except in the event of prior release according to the contract conditions).

Banking covenants

The redeemable syndicated loan in the amount of 555 million euros at December 31, 2016 and maturing in June 2024 is backed by certain future revenue from the Georges Besse II enrichment plant. It includes security interests in future receivables and bank accounts, and it contains a covenant allocating cash flows to debt service which subordinates payments to New AREVA Holding (dividends and internal loan repayments) from Société d'Enrichissement du Tricastin.

Payment schedule at December 31, 2016

(in millions of euros)	**Balance sheet value**	**Total payment flows**	**Less than 1 year**	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**More than 5 years**
Interest-bearing advances	143	**143**	-	-	-	-	-	143
Borrowings from lending institutions and commercial paper	564	564	77	59	56	76	83	213
Bond issues	5,006	5,006	857	65	768	531	768	2,017
Short-term bank facilities and non-trade current accounts (credit balances)	53	53	53	-	-	-	-	-
Miscellaneous borrowings	59	59	-	-	-	-	-	59
Future interest on financial liabilities	-	1,084	276	154	149	115	84	306
Total borrowings (excluding derivatives)	**5,824**	**6,909**	**1,264**	**278**	**973**	**7,226**	**934**	**2,738**
Derivatives – assets	(51)	**(51)**	**-**	**-**	**-**	**-**	**-**	**-**
Derivatives – liabilities	49	49	-	-	-	-	-	-
Total net derivatives	**(2)**	**(2)**	27	4	(2)	(9)	(10)	(11)
Total	**5,823**	**6,907**	**1,291**	**282**	**970**	**712**	**924**	**2,727**

Payment schedule at December 31, 2015

(in millions of euros)	**Balance sheet value**	**Total payment flows**	**Less than 1 year**	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**More than 5 years**
Interest-bearing advances	96	96	-	-	-	-	-	96
Borrowings from lending institutions and commercial paper	618	618	33	78	61	45	81	319
Bond issues	-	-	-	-	-	-	-	-
Short-term bank facilities and non-trade current accounts (credit balances)	132	132	132	-	-	-	-	-
Miscellaneous borrowings	3,870	3,870	49	197	134	317	153	3,021
Future interest on financial liabilities	-	-	-	-	-	-	-	-
Total borrowings (excluding derivatives)	**4,716**	**4,716**	**204**	**275**	**195**	**362**	**234**	**3,436**
Derivatives – assets	(5)	(5)	-	-	-	-	-	-
Derivatives – liabilities	10	10	-	-	-	-	-	-
Total net derivatives	**5**	**5**	**5**	-	-	-	-	-
Total	**4,721**	**4,721**	**219**	**275**	**195**	**362**	**234**	**3,436**

Note 25 - ADVANCES AND PREPAYMENTS

(in millions of euros)	**2016**	**2015**
Advances and prepayments on orders	1,903	1,798
Customer advances and prepayments invested in non-current assets	991	1,026
Total	**2,894**	**2,825**

This account comprises non-interest-bearing operating and Capex advances and prepayments received from customers pursuant to contractual commitments. The advances and prepayments are reimbursed by deduction from the revenue generated under these contracts, which primarily concern sales of uranium and of used fuel treatment and recycling services. Interest-bearing advances are recognized in borrowings.

Only advances and prepayments effectively collected are recognized as a liability.

Trade advances and prepayments on orders correspond to amounts received from customers under contracts that do not finance significant non-current assets. In the case of long-term contracts, the amount recorded on the balance sheet represents the net balance of advances and prepayments received and revenue invoiced or recognized on a percentage of completion basis; it also includes interest income calculated on cash surpluses generated by these advances and prepayments, the amount of which is determined contract by contract.

Customer advances and prepayments invested in non-current assets correspond to amounts received from customers and used to finance capital expenditures for the performance of long-term contracts to which they have subscribed.

At December 31, 2016, advances and prepayments by maturity were as follows:

- less than 1 year:..443 million euros
- 1-5 years:..1.929 billion euros
- more than 5 years:..522 million euros

Note 26 – TRADE ACCOUNTS PAYABLE AND OTHER LIABILITIES

(in millions of euros)	**2016**	**2015**
Trade accounts payable and related accounts	**619**	**731**
Trade accounts payable	253	267
Supplier invoices pending	366	464
Other operating liabilities	**1,839**	**1,758**
Tax debt (excluding corporate income tax)	342	327
Social security liabilities	422	469
Financial instruments	223	269
Unearned income	507	461
Other operating liabilities	345	232
Other non-operating liabilities	**72**	**61**

Trade accounts payable and related accounts do not include borrowings maturing in more than one year at the end of 2016.

Other operating liabilities include 475 million euros in liabilities maturing in more than one year.

Other non-operating liabilities include mainly dividends payable to minority shareholders of certain subsidiaries. Other non-operating liabilities include 5 million euros in liabilities maturing in more than one year.

Note 27 – CASH FROM OPERATING ACTIVITIES

CHANGE IN WORKING CAPITAL REQUIREMENT

(in millions of euros)	December 31, 2016	December 31, 2015
Change in inventories and work-in-process	(54)	(56)
Change in accounts receivable and other receivables	(33)	391
Change in accounts payable and other liabilities	(88)	(128)
Change in trade advances and prepayments received	72	(18)
Change in advances and prepayments made	2	18
Change in Forex hedge of WCR	(31)	25
Change in other non-current non-financial assets	(8)	(7)
TOTAL	**(139)**	**225**

Note 28 - TRANSACTIONS WITH RELATED PARTIES

Transactions between the parent company, New AREVA Holding, and its subsidiaries, which are related parties, were eliminated on consolidation and are therefore not presented in this note.

December 31, 2016

(in millions of euros)	CEA	EDF	AREVA SA	Rest of AREVA group	Total
Operating income	228	1,360	197	218	**2,003**
Operating expenses	51	13	166	141	**371**
Trade accounts receivable and other	900	36	1,457	101	**2,494**
Trade accounts payable and other	176	409	200	143	**928**

December 31, 2015

(in millions of euros)	CEA	EDF	AREVA SA	Rest of AREVA group	Total
Operating income	259	1,320	221	298	**2,098**
Operating expenses	74	38	149	193	**454**
Trade accounts receivable and other	879	119	2,601	114	**3,713**
Trade accounts payable and other	151	1	4,330	126	**4,608**

Transactions with the CEA pertain to the dismantling work on the CEA's nuclear facilities and design engineering services.

New AREVA Holding has business relationships with government-owned companies, in particular EDF. Transactions with EDF concern the front end of the nuclear fuel cycle (uranium sales, conversion and enrichment services) and the back end of the cycle (used fuel shipping, storage, treatment and recycling services).

The AREVA SA company invoices a brand fee each year to the companies included in the consolidation scope. The brand fee invoiced by AREVA SA to the entities of the consolidation scope and included in the statement of income amounted to 33 million euros at December 31, 2016 (versus 35 million euros at December 31, 2015).

Services invoiced by AREVA SA to the entities of the consolidation scope and included in the statement of income amounted to 93 million euros at December 31, 2016 (versus 101 million euros at December 31, 2015).
The decrease in receivables and payables between the New AREVA Holding group and AREVA SA between 2015 and 2016 comes from the fact that, starting in 2016, loans and borrowings of subsidiaries in the consolidation scope are now with New AREVA Holding SA and no longer with AREVA SA (see Introduction).

COMPENSATION PAID TO KEY EXECUTIVES

Until November 3, 2016, the company was a simplified joint stock company (*société par actions simplifiée*). As from its transformation into an incorporated company with a Board of Directors, the Board of Directors of the company chose to combine the functions of Chairman and Chief Executive Officer.

The directors appointed on November 3, 2016 do not receive compensation for their terms of office. They have an employment contract with a subsidiary of the company in connection with their functions and receive compensation for that purpose, without any link with their term as officers of the company.

Given the transitory nature of the governance set up and the fact that the compensation received by the officers is connected in all cases to an employment contract for specific functions without any connection to their terms as officers of the company, it was decided that it was not in the interest of the company to communicate in more detail on this compensation.

Note 29 – FINANCIAL INSTRUMENTS

The New AREVA Holding group uses derivatives to manage its exposure to foreign exchange risk and to rate risk. These instruments are generally qualified as hedges of assets, liabilities or specific commitments.

The New AREVA Holding group manages the counterparty risk associated with these instruments by centralizing the commitments and implementing procedures that specify the limits and characteristics of the counterparties.

For most of the companies, risk has been centralized within New AREVA Holding SA since the agreement to transfer the contributed transactions. Risk management was centralized within AREVA SA until its Financial Restructuring.

FOREIGN EXCHANGE RISK

The change in the exchange rate of the US dollar against the euro may affect the group's income in the medium term.

In view of the geographic diversity of its locations and operations, the group is exposed to fluctuations in exchange rates, particularly the dollar-euro exchange rate. The volatility of exchange rates may impact the group's currency translation adjustments, equity and income.

Currency translation risk: The group is exposed to the risk of translation into euros of financial statements of subsidiaries using a local currency. Only dividends expected from subsidiaries for the following year are hedged as soon as the amount is known.

Balance sheet risk: The group finances its subsidiaries in their functional currencies to minimize the balance sheet foreign exchange risk from financial assets and liabilities. Loans and advances granted to subsidiaries by the department of Treasury Management, which centralizes financing, are then systematically converted into euros through foreign exchange swaps or cross currency swaps.

To limit the currency risk for long-term investments generating future cash flows in foreign currencies, the group uses a liability in the same currency to offset the asset.

Trade exposure: The principal foreign exchange exposure concerns fluctuations in the euro/US dollar exchange rate. The group's policy, which was approved by the Executive Committee, is thus to systematically hedge foreign exchange risk generated by sales transactions; it recommends hedging potential risks during the proposal phase, to the extent possible, to minimize the impact of exchange rate fluctuations on consolidated net income.

The New AREVA Holding group's policy, which was approved by the Executive Committee, is to systematically hedge foreign exchange risk generated by sales transactions, whether certain or potential (during the proposal phase), so as to minimize the impact of exchange rate fluctuations on net income.

The New AREVA Holding group acquires derivatives (principally currency futures) or special insurance contracts issued by Coface to hedge foreign exchange exposure from trade, including accounts receivable and payable, confirmed off-balance sheet commitments (orders received from customers or placed with suppliers), highly probable future cash flows (budgeted sales or purchases, anticipated profits on contracts) and proposals made in foreign currencies. These hedges are thus backed by underlying transactions for identical amounts and maturities and, generally, are documented and eligible for hedge accounting (except for hedges of proposals submitted in foreign currencies).

In accordance with the New AREVA Holding group's policies, the operating entities responsible for identifying foreign exchange risk hedge exposure to currencies other than their own accounting currency by initiating a hedging transaction exclusively with the group's Department of Finance and Treasury (DOFT), except as otherwise required by specific circumstances or regulations. DOFT thus centralizes the currency risk for the entities and hedges its position directly with banking counterparties. A system of strict limits, particularly concerning income, marked to market, and foreign exchange positions that may be taken by the trading desk, is monitored daily by specialized teams that are also charged with valuation of the transactions. In addition, analyses of sensitivity to changes in exchange rates are periodically performed.

As security, New AREVA Holding SA has committed to guaranteeing the derivatives of New AREVA Holding SA with banking counterparties, for the benefit of New AREVA Holding. That guarantee will end once the New AREVA Holding SA capital increase has been carried out, in the amount of at least 3 billion euros.

Financial derivative instruments set up to hedge foreign exchange risk at December 31, 2016

(notional amounts in millions of euros)	2017	2018	2019	2020	2021	> 5 years	Total	Market value
Forward exchange transactions and currency swaps	2,237	1,194	595	202			**4,228**	**(185)**
Currency options	52						**52**	**(2)**
Cross-currency swaps	63	65	317				**445**	**6**
TOTAL	**2,352**	**1,259**	**912**	**202**	**0**	**0**	**4,725**	**(180)**

Derivative financial instruments used to hedge foreign currency exposure were as follows at December 31, 2016:

	2016	
(in millions of euros)	**Nominal amounts in absolute value**	**Market value**
Derivatives related to fair value hedging strategies (FVH)	**337**	**(8)**
Forward exchange transactions and currency swaps	337	(8)
Derivatives related to net investment hedging strategies (NIH)	**0**	**0**
Derivatives related to cash flow hedging strategies (CFH)	**3,139**	**(157)**
Forward exchange transactions and currency swaps	3,139	(157)
Derivatives not eligible for hedge accounting	**1,250**	**(15)**
Forward exchange transactions and currency swaps	752	(19)
Currency options	52	(2)
Cross-currency swaps	445	6
TOTAL	**4,725**	**(180)**

LIQUIDITY RISK

DOFT is in charge of liquidity risk management and provides appropriate long-term and short-term financing resources.

Cash management optimization is based on a centralized system to provide liquidity and manage cash surpluses. Management is provided by DOFT chiefly through cash-pooling agreements and intragroup loans, subject to local regulations. Cash surpluses are managed to optimize financial returns while ensuring that the financial instruments used are liquid.

COUNTERPARTY RISK

New AREVA Holding is exposed to the credit risk of counterparties linked to its use of financial derivatives to cover its risks

To minimize this risk, DOFT deals with diversified, premium counterparties selected as a function of their ratings in the Standard & Poor's and Moody's rating systems, with a rating of Investment Grade.
The limits allowed for each counterparty are determined based on its rating and the type and maturity of the instruments traded. The allocation of limits is reviewed at least once a year and approved by the group's Chief Financial Officer, unless the counterparty's rating has been downgraded. The limits are verified in a specific report produced by the internal control team of DOFT.

INTEREST RATE RISK

New AREVA Holding's debt is subject to interest rate risk, and the company held rate risk derivatives at December 31, 2016.

Financial derivative instruments set up to hedge interest risk at December 31, 2016

(notional amounts in millions of euros)	**Total**	**2017**	**2018**	**2019**	**2020**	**2021**	**> 5 years**	**Market value**
Interest rate swaps – variable lender – EUR								
EUR fixed borrower	**175**	0	0	0	0	0	175	**(6)**
Interest rate swaps – variable lender – EUR								
EUR variable borrower	**75**	0	0	0	0	0	75	**(1)**
CAD variable borrower	**381**	63	0	317	0	0	0	**(1)**
Interest rate swaps – fixed lender – EUR								
EUR variable borrower	**550**	0	0	50	150	150	200	**43**
Interest rate swaps – JPY fixed lender								
EUR variable borrower	**65**	0	65	0	0	0	0	**0**
Inflation rate swaps – variable lender – USD								
USD fixed borrower	**166**				166			**(38)**
TOTAL	**1,411**	**63**	**65**	**367**	**316**	**150**	**450**	**(1)**

At December 31, 2016, the following derivatives are used to hedge interest rate exposure:

		Market value of contracts[1]			
(notional amounts in millions of euros)	**Nominal amount of contract**	**Cash flow hedges (CFH)**	**Fair value hedges (FVH)**	**Not formally docu-mented (Trading)**	**Total**
Interest rate swaps – variable lender – EUR					
EUR fixed borrower	175			(6)	(6)
Interest rate swaps – variable lender – EUR					
EUR variable borrower	75			(1)	(1)
CAD variable borrower	381			(1)	(1)
Interest rate swaps – fixed lender – EUR					
EUR variable borrower	550		43		43
Interest rate swaps – JPY fixed lender					
EUR variable borrower	65			0	0
Inflation rate swaps – variable lender – USD					
USD fixed borrower	166			(38)	(38)
TOTAL	**1,411**	**0**	**43**	**(45)**	**(1)**

The following tables summarize the group's net rate risk exposure, before and after rate management transactions, at the end of 2016 and 2015.

Maturities of the group's financial assets and borrowings at December 31, 2016

(in millions of euros)	**Less than one year**	**1 year to 2 years**	**2 years to 3 years**	**3 years to 4 years**	**4 years to 5 years**	**More than 5 years**	**Total**
Financial assets	**1,436**	**5**	**7**	**10**	**10**	**18**	**1,485**
including fixed rate assets	0						0
including floating rate assets	1,434						1,434
including non-interest-bearing assets	2	5	7	10	10	18	51
Borrowings	**(1,022)**	**(126)**	**(824)**	**(607)**	**(850)**	**(2,444)**	**(5,873)**
including fixed rate borrowings	(833)	4	(769)	(531)	(768)	(1,964)	(4,861)
including floating rate borrowings	(101)	(130)	(55)	(76)	(83)	(472)	(916)
including non-interest-bearing borrowings	(89)					(7)	(96)
Net exposure before hedging	**413**	**(121)**	**(817)**	**(596)**	**(840)**	**(2,426)**	**(4,388)**
share exposed to fixed rates	(833)	4	(769)	(531)	(768)	(1,964)	(4,861)
share exposed to floating rates	1,333	(130)	(55)	(76)	(83)	(472)	517
non-interest-bearing share	(87)	5	7	10	10	11	(45)
Off-balance sheet hedging							
on borrowings: fixed rate swaps		61	100	150	150	200	661
on borrowings: floating rate swaps		(61)	(100)	(150)	(150)	(200)	(661)
Net exposure after hedging	**413**	**(121)**	**(817)**	**(596)**	**(840)**	**(2,426)**	**(4,388)**
share exposed to fixed rates	(833)	64	(669)	(381)	(618)	(1,764)	(4,200)
share exposed to floating rates	1,333	(190)	(155)	(226)	(233)	(672)	(144)
non-interest-bearing share	(87)	5	7	10	10	11	(45)

Maturities of the group's financial assets and borrowings at December 31, 2015

(in millions of euros)	**Less than one year**	**1 year to 2 years**	**2 years to 3 years**	**3 years to 4 years**	**4 years to 5 years**	**More than 5 years**	**Total**
Financial assets	**2,666**	**0**	**0**	**0**	**0**	**0**	**2,666**
including fixed rate assets	30						30
including floating rate assets	2,660						2,660
including non-interest-bearing assets	(25)						(25)
Borrowings	**(224)**	**(277)**	**(194)**	**(361)**	**(234)**	**(3,435)**	**(4,726)**
including fixed rate borrowings	0	(3)				(96)	(99)
including floating rate borrowings	(213)	(275)	(194)	(361)	(234)	(3,339)	(4,616)
including non-interest-bearing borrowings	(11)						(11)
Net exposure before hedging	**2,441**	**(277)**	**(194)**	**(361)**	**(234)**	**(3,435)**	**(2,060)**
share exposed to fixed rates	30	(3)	0	0	0	(96)	(69)
share exposed to floating rates	2,447	(275)	(194)	(361)	(234)	(3,339)	(1,956)
non-interest-bearing share	(36)	0	0	0	0	0	(36)
Off-balance sheet hedging							
on borrowings: fixed rate swaps							0
on borrowings: floating rate swaps							0
Net exposure after hedging	**2,441**	**(277)**	**(194)**	**(361)**	**(234)**	**(3,435)**	**(2,060)**
share exposed to fixed rates	30	(3)	0	0	0	(96)	(69)
share exposed to floating rates	2,447	(275)	(194)	(361)	(234)	(3,339)	(1,956)
non-interest-bearing share	(36)	0	0	0	0	0	(36)

Based on the group's exposure at December 31, 2016, a 1% increase in interest rates would have an impact on borrowing costs on a full-year basis estimated at 1 million euros and, therefore, on the group's consolidated income before tax.

RISK ON SHARES

The group holds of publicly traded shares in a significant amount and is exposed to changes in the financial markets. Those traded shares are subject to a risk of volatility inherent in the financial markets.
They are presented in the investment portfolio earmarked for end-of-lifecycle operations (see Note 13).

The risk on shares held in the portfolio of assets earmarked for end-of-lifecycle operations is an integral component of asset management, which uses shares to increase long-term returns as part of its allocation between bonds and equities (see Note 13). Exposure to European equities is managed by various management companies, either through a mandate given to an investment firm or through several dedicated mutual funds, with management guidelines limiting the tracking error.

The sensitivity of the value of equity investments to variations in the equity markets is as follows:

Upper scenario (10% increase in the value of equity investments)

December 31, 2016 *(in millions of euros)*	**Available-for-sale securities**	**Securities recognized at fair value through profit or loss**
Balance sheet position	2,401	
Income statement impact		
Impact on shareholders' equity	240	

Lower scenario (10% decrease in the value of equity investments)

December 31, 2016 *(in millions of euros)*	**Available-for-sale securities**	**Securities recognized at fair value through profit or loss**
Balance sheet position	2,401	
Income statement impact	(2)	
Impact on shareholders' equity	(238)	

Note 30 - ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS

FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

2016

Assets

Including

(in millions of euros)	Balance sheet value	Non-financial assets and liabilities	Loans and receivables	Fair value recognized in profit or loss	Assets available for sale	Assets held to maturity	Derivatives	Fair value of financial assets
Non-current assets	**17,004**	**10,802**	**798**	**-**	**4,793**	**561**	**49**	**6,341**
Goodwill on consolidated companies	1,303	1,303						
Intangible assets	1,601	1,601						
Property, plant and equipment	7,554	7,554						
End-of-lifecycle assets (third party share)	127	127						
Assets earmarked for end-of-lifecycle operations	6,089		779		4,749	561		6,228
Investments in joint ventures and associates	17	17						
Other non-current assets	135	22	20		45		49	114
Deferred tax assets	178	178						
Current assets	**4,410**	**1,984**	**2,360**	**30**	**-**	**-**	**36**	**2,426**
Inventories and work-in-process	1,261	1,261						
Trade accounts receivable and related accounts	841	102	738					738
Other operating receivables	661	416	210				34	245
Current tax assets	127	127						
Other non-operating receivables	62	54	7					7
Cash and cash equivalents	1,434		1,403	30				1,433
Other current financial assets	2						2	2
Assets of operations held for sale	23	23						
Total assets	**21,414**	**12,786**	**3,158**	**30**	**4,793**	**561**	**85**	**8,767**

Financial instruments at fair value recognized in profit or loss or outside profit or loss, depending on:
Level 1: Valuation based on quoted market prices in an active market
Level 2: If a market for a financial instrument is not active, valuation based on readily observed market inputs
Level 3: Valuation based on criteria that cannot be readily observed.

	Level 1	Level 2	Level 3	TOTAL
Non-current assets	**5,448**	**79**	**16**	**5,543**
Assets earmarked for end-of-lifecycle operations	5,449			5,549
Other non-current financial assets	(1)	79	16	94
Current assets	**30**	**36**	**-**	**66**
Other operating receivables		34		34
Cash and cash equivalents	30			30
Other current financial assets		2		2
Total assets	**5,479**	**114**	**16**	**5,609**

Analysis of assets in the level 3 category

(in millions of euros)	**Amount at December 31, 2015**	**Increase**	**Dispos-als**	**Opera-tions held for sale**	**Other**	**Amount at December 31, 2016**
Other non-current assets	**7**	-	(1)	-	9	**16**

Liabilities and equity

Including							
(in millions of euros)	**Balance sheet value**	**Non-financial assets and liabilities**	**Liabil-ities at amor-tized cost**	**Fair value recog-nized in profit or loss**	**Assets available for sale**	**Deriva-tives**	**Fair value of finan-cial liabili-ties**
Equity and minority interests	**(1,056)**	**(1,056)**					
Capital	53	53					
Consolidated premiums and reserves	(1,130)	(1,130)					
Actuarial gains and losses on employee benefits	(187)	(187)					
Deferred unrealized gains and losses on financial instruments	136	136					
Currency translation reserves	113	113					
Minority interests	(40)	(40)					
Non-current liabilities	**14,964**	**9,213**	**4,844**	**-**	**-**	**7**	**4,751**
Employee benefits	1,442	1,442					
Provisions for end-of-lifecycle operations	7,341	7,341					
Other non-current provisions	254	254					
Share in negative net equity of joint ventures and associates	63	63					
Long-term borrowings	4,851		4,844			7	4,751
Deferred tax liabilities	113	113					
Current liabilities	**8,407**	**5,719**	**2,462**	**-**	**-**	**225**	**2,710**
Current provisions	1,733	1,733					
Short-term borrowings	1,022		981			42	1,045
Advances and prepayments received	2,894	2,894					
Trade accounts payable and related accounts	619		619				619
Other operating liabilities	1,839	859	796			183	980
Current tax liabilities	213	213					
Other non-operating liabilities	72	6	66				66
Liabilities of operations held for sale	15	15					
Total liabilities and equity	**21,414**	**13,876**	**7,306**	**-**	**-**	**232**	**7,461**

(in millions of euros)	**Level 1**	**Level 2**	**Level 3**	**Total**
Non-current liabilities	**-**	**7**	**-**	**7**
Long-term borrowings		7		7
Current liabilities	**-**	**225**	**-**	**225**
Short-term borrowings		42		42
Other operating liabilities		183		183
TOTAL LIABILITIES	**-**	**232**	**-**	**232**

2015

Assets

Including								
(in millions of euros)	**Balance sheet value**	**Non-financial assets and liabilities**	**Loans and receiv-ables**	**Fair value recog-nized in profit or loss**	**Assets available for sale**	**Assets held to maturity**	**Derivatives**	**Fair value of financial assets**
Non-current assets	**17,030**	**10,858**	**753**	**-**	**4,809**	**610**	**-**	**6,307**
Goodwill on consolidated companies	1,272	1,272						
Intangible assets	1,584	1,584						
Property, plant and equipment	7,593	7,593						
End-of-lifecycle assets (third party share)	178	178						
Assets earmarked for end-of-lifecycle operations	6,122		739		4,773	610		6,257
Investments in joint ventures and associates	14	14						
Other non-current assets	66	16	13		37			50
Deferred tax assets	201	201						
Current assets	**5,577**	**1,945**	**3,581**	**41**	**-**	**-**	**10**	**3,633**
Inventories and work-in-process	1,213	1,213						
Trade accounts receivable and related accounts	827	89	738					738
Other operating receivables	610	395	210				5	215
Current tax assets	107	107						
Other non-operating receivables	75	61	14					14
Cash and cash equivalents	2,646		2,605	41				2,646
Other current financial assets	19		14				5	19
Assets of operations held for sale	79	79						
Total assets	**22,607**	**12,803**	**4,334**	**41**	**4,809**	**610**	**10**	**9,939**

Financial instruments at fair value recognized in profit or loss or outside profit or loss, depending on:
Level 1: Valuation based on quoted market prices in an active market
Level 2: If a market for a financial instrument is not active, valuation based on readily observed market inputs
Level 3: Valuation based on criteria that cannot be readily observed.

	Level 1	Level 2	Level 3	TOTAL
Non-current assets	**5,517**	**30**	**6**	**5,554**
Assets earmarked for end-of-lifecycle operations	5,517			5,517
Other non-current financial assets		30	6	37
Current assets	**41**	**10**	**-**	**51**
Other operating receivables		5		5
Cash and cash equivalents	41			41
Other current financial assets		5		5
Total assets	**5,558**	**41**	**6**	**5,605**

Liabilities and equity

Including							
(in millions of euros)	**Balance sheet value**	**Non-financial assets and liabilities**	**Liabilities at amortized cost**	**Fair value recognized in profit or loss**	**Assets available for sale**	**Derivatives**	**Fair value of financial liabilities**
Equity and minority interests	**1,953**	**1,953**					
Capital	247	247					
Consolidated premiums and reserves	1,335	1,335					
Actuarial gains and losses on employee benefits	(93)	(93)					
Deferred unrealized gains and losses on financial instruments	211	211					
Currency translation reserves	16	16					
Minority interests	237	237					
Non-current liabilities	**13,246**	**8,744**	**4,502**	**-**	**-**	**-**	**4,502**
Employee benefits	1,427	1,427					
Provisions for end-of-lifecycle operations	6,920	6,920					
Other non-current provisions	238	238					
Share in negative net equity of joint ventures and associates	59	59					
Long-term borrowings	4,502		4,502				4,502
Deferred tax liabilities	100	100					
Current liabilities	**7,408**	**5,429**	**1,703**	**-**	**-**	**276**	**1,979**
Current provisions	1,601	1,601					
Short-term borrowings	224		214			10	224
Advances and prepayments received	2,825	2,825					
Trade accounts payable and related accounts	731		731				731
Other operating liabilities	1,758	795	698			265	963
Current tax liabilities	132	132					
Other non-operating liabilities	61	1	60				60
Liabilities of operations held for sale	75	75					
Total liabilities and equity	**22,607**	**16,126**	**6,205**	**-**	**-**	**276**	**6,480**

(in millions of euros)	Level 1	Level 2	Level 3	Total
Non-current liabilities	**-**	**-**	**-**	**-**
Long-term borrowings				
Current liabilities		**276**		**276**
Short-term borrowings		10		10
Other operating liabilities		265		265
TOTAL LIABILITIES		**276**		**276**

NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

Available-for-sale securities 2016

(in millions of euros)	Interest income and dividends	Other income and expenses	Subsequent valuation		
			Changes in fair value and foreign exchange impact	Impairmen t	Gain (loss) from disposal
Shareholders' equity *			(50)		(112)
Net income	218	-		(22)	90
Total	**218**	**-**	**(50)**	**(22)**	**(22)**

** : excluding tax impact*

At December 31, 2016, the net change in the fair value of available-for-sale securities recognized in "other items of comprehensive income" represented a total unrealized gain of 330 million euros.

Available-for-sale securities 2015

(in millions of euros)	Interest income and dividends	Other income and expenses	Subsequent valuation		
			Changes in fair value and foreign exchange impact	Impair-ment	Gain (loss) from disposal
Shareholders' equity *			173		(86)
Net income	146	-		(23)	132
Total	**146**	**-**	**173**	**(23)**	**46**

** : excluding tax impact*

At December 31, 2015, the net change in the fair value of available-for-sale securities recognized in "other items of comprehensive income" represented a total unrealized gain of 492 million euros.

Loans and receivables 2016

(in millions of euros)	Interest	Impair-ment	Debt forgiveness
Net income	27	10	(1)

Loans and receivables 2015

(in millions of euros)	Interest	Impair-ment	Debt forgiveness
Net income	23	2	(1)

Financial assets and liabilities at fair value recognized through profit or loss
There was no income from financial assets and liabilities at fair value recognized through profit and loss at December 31, 2016, as was the case at December 31, 2015.

Financial liabilities at amortized cost 2016

(in millions of euros)	**Interest expense and commissions**	**Other income and expenses**
Net income	(187)	0

Financial liabilities at amortized cost 2015

(in millions of euros)	**Interest expense and commissions**	**Other income and expenses**
Net income	(167)	0

CASH FLOW HEDGES

(in millions of euros)	**Value before tax at December 31, 2015**	New transact-tions	Change in value	Recog-nized in profit or loss	**Value before tax at December 31, 2016**
Cash flow hedging instruments	**(126)**	(43)	(3)	32	**(140)**

LASTING IMPAIRMENT OF AVAILABLE-FOR-SALE SECURITIES

(in millions of euros)	**Amount at December 31, 2015**	**Charges**	**Reversal of deprecia-tion on disposals**	**Currency translation adjustments**	**Other changes**	**Value before tax at December 31, 2016**
Earmarked funds	(112)	(22)	7	-	-	(127)
Other available-for-sale securities	(29)	-	-	-	-	(29)
TOTAL	**(141)**	**(22)**	**7**	**-**	**-**	**(156)**

UNREALIZED CAPITAL LOSSES ON AVAILABLE-FOR-SALE SECURITIES NOT RECOGNIZED THROUGH PROFIT AND LOSS

(in millions of euros)	**Unrealized capital losses at December 31, 2016**	**Including maturity in less than 1 year**	**Including maturity in 1-2 years**
Mandate	(55)	(16)	(40)
Bond funds	(4)	(2)	(2)
TOTAL	**(59)**	(2)	(2)

Note 31 – OFF-BALANCE-SHEET COMMITMENTS

(in millions of euros)	December 31, 2016	*Less than one year*	*1 to 5 years*	*More than 5 years*	December 31, 2015
COMMITMENTS GIVEN	**289**	**25**	**254**	**10**	**313**
Operating commitments given	276	17	250	10	288
• *Contract guarantees given*	*261*	*13*	*239*	*10*	*270*
• *Other guarantees and guarantees related to operating activities*	*15*	*4*	*11*	*-*	*19*
Commitments given on financing	7	2	5	-	13
Other commitments given	5	5	-	-	11
COMMITMENTS RECEIVED	**111**	**10**	**96**	**5**	**140**
Operating commitments received	110	10	95	5	131
Commitments received on collateral	-	-	-	-	1
Other commitments received	1	0	1	0	8
RECIPROCAL COMMITMENTS	**306**	**167**	**139**	**0**	**367**

Reciprocal commitments at December 31, 2016 include the future minimum payments to be made on operating leases, as follows:

(in millions of euros)

December 31, 2016	Less than one year	1 to 5 years	> 5 years	December 31, 2015
22	7	15	0	**34**

Note 32 – DISPUTES AND CONTINGENT LIABILITIES

URAMIN CASE

Following the preliminary inquiry led by the French national financial prosecutor's office, two judicial inquiries against persons unknown were opened concerning the conditions of the acquisition of UraMin on the one hand, and the presentation of the company's financial statements from 2009 to 2012 following this purchase on the other hand.

In response to the subpoena received from the court in December 2015, New AREVA Holding brought an independent action for damages in connection with the investigation of the UraMin acquisition.

CFMM

A petition for arbitration was submitted to the International Chamber of Commerce on July 28, 2014 against the CFMM company by a partner, Mr. George Arthur Forrest, in which the petitioner challenges the decision of the General Meeting of Shareholders of June 24, 2013 to liquidate the ArevExplo RCA company. CFMM has submitted counterclaims in response to this petition. An arbitration court has been designated and the proceeding is expected to end with a decision in 2017.

MISCELLANEOUS INVESTIGATIONS

The company is also aware of the existence of other preliminary investigations in progress led by the French national financial prosecutor's office. Since these investigations are being carried out in connection with legal proceedings against parties unknown, New AREVA Holding is not currently implicated.

Note 33 – EVENTS SUBSEQUENT TO YEAR-END CLOSING FOR 2016

On January 1, 2017, New AREVA Holding SA acquired AREVA Projects, a company specialized in nuclear fuel cycle engineering, from AREVA NP.

On January 10, 2017, the European Commission gave its consent to the French State to participate in the capital increases of New AREVA Holding (see Note 1.1).

On March 21, 2017, the memorandum of investment and the shareholders' agreement related to New AREVA Holding signed by the Mitsubishi Heavy Industries and Japan Nuclear Fuel Ltd industrial groups, the Commissioner of State shareholdings, and the AREVA group entered into force.

On April 10, 2017, AREVA and Kazatomprom signed an agreement aimed at strengthening their cooperation in the uranium mining sector in Kazakhstan. This agreement offers a new long-term outlook to Katco with the development of the South Tortkuduk Project, which will ensure its production over the next two decades.