

# 2016

# Séché Environnement



## Interim activity report at June 30, 2016

Séché Environnement

A French limited company (SA)  
with share capital of EUR 1 571 546.90

Company registration: B 306 915 535 RCS Laval  
Les Hêtres - CS 20020 - 53811 Changé Cedex



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# 1 Certification of the person responsible for the interim financial report





# Certification of the person responsible for the interim financial report



"I hereby certify that, to the best of my knowledge, the summary accounts for the half-year reporting period have been drawn up in accordance with applicable accounting standards and provide a faithful and accurate image of the financial situation and income of the Company and all companies included in the consolidation scope, and that the attached interim activity report provides an accurate description of the major events that occurred during the first six months of the financial year, their impact on the accounts, the main transactions with affiliates and a description of the principal risks and uncertainties for the remaining six months of the year."

The Chairman of the Board of Directors,

Joël Séché

Changé,

September 13, 2016

# 2 Interim activity report at June 30, 2016



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## 2.1 Highlights of the period

During the first half of 2016, S  ch   Environnement continued to develop its activities on the recovery and waste treatment markets, resulting in notable growth in its principal lines of business, and confirming its acquisitions policy on high-potential, high-expertise niche markets.

The Group thus strengthened its position on the French and European markets for radioactive waste risk management, through its acquisition, on March 1, 2016, of HPS Nuclear Services. A radiation protection specialist (mitigation and shielding calculations related to radiation issues), HPS Nuclear Services designs, manufactures and installs biological protection solutions suitable for the structures and equipment located at nuclear facilities.

Through its research office (design-build, modeling, earthquake resistance, etc.) and its production and smelting facilities, HPS Nuclear Services serves a customer base in the energy and industrial sectors in the fields of nuclear maintenance and logistics, biological protection, decontamination, decommissioning, waste treatment, asbestos removal and nuclear industry training.

The company operates successfully on a high value-added niche market with strong potential because its activities are essential for all actors in the nuclear industry. HPS Nuclear Services has been certified by numerous bodies including AREVA Domains 3 and 4, CEA Domains D3-1, D3-2, D4.2-E, and EDF, and has received Confidential D  fense (Confidential Defense) clearance number 9002487, complementing the certifications already obtained by S  ch   Energies for activities in ionized radiation environments. On July 1, 2016, HPS Nuclear Services absorbed S  ch     nergies, with backdated effect from March 1, 2016.

In terms of its business activities, the first half of 2016 was characterized for S  ch   Environnement by notable organic growth, with most of its markets holding up well, especially industrial customers. First-half performance was strengthened by the contribution from the external acquisitions made in 2015 and, to a lesser extent, by that of HPS Nuclear Services.

S  ch   Environnement's markets continued to perform well over the period. Activities for industrial customers were sustained by volume effects resulting from improved production levels in France, while activities for local authority customers confirmed their resilience and provided opportunities to gain market share.

Recovery and waste treatment markets (landfill and incineration) performed particularly well, especially in the hazardous

waste (HW) division. Services activities (global offerings aimed at industrial customers, decontamination etc.) also contributed to first-half growth, particularly in the HW division.

On recovery markets, the start-up of bromine recovery activities in the HW division confirmed the interest of industrial customers for this innovative offering, and confirms the Group's medium-term expectations on this promising market.

The non-hazardous waste (NHW) division gained from the optimization of its energy recovery facilities in incineration, while the ramping up of the new Chang   sorting center, which was inaugurated in February, provides substantially increased performance compared with the previous facility, progressively strengthening the Group's presence in these areas.

In this favorable context, S  ch   Environnement posted a significant increase in contributory revenue at June 30, 2016 of + 4.9%, at EUR 222.4 million. Contributory revenue<sup>1</sup> for the period includes the contribution made during the half-year by the companies acquired in the second half of 2015 on the infectious medical waste (IMW) market, and, to a lesser extent, HPS Nuclear Services (from March 1, 2016). It should be noted that revenue experienced an unfavorable exchange rate variance of EUR 0.5 million. Disregarding scope change effects (EUR + 3.1 million) and exchange rate effects, the organic growth rate in contributory revenue was + 3.7%

Against this favorable business background, the Group achieved quality operating results, despite having to bear the negative contribution of recent acquisitions still in their integration phase. In this way, excluding scope change effects, the Group improved its operating profitability over the half-year at a similar rate to that achieved in the first half of 2015.

In parallel, the Group's financial situation remained strong:

- cash from operations increased to EUR 31.7 million, up from EUR 28.2 million a year before, in line with the improvement in EBITDA; this covers industrial investments, which increased by 26.4% to EUR 24.9 million at June 30, 2016;
- net financial debt came out at June 30, 2016 at EUR 273.0 million, versus EUR 242.9 million a year earlier, while balance sheet ratios remain satisfactory compared with June 30, 2015, with net financial debt/equity (gearing) standing at 1.1, and net financial debt/EBITDA (leverage) at 2.9.

<sup>1</sup> : Contributory revenue equals published revenue, net of (1) IFRIC 12 revenue (corresponding to investments in assets under public service delegation contracts (concessions), booked as revenue according to the IFRIC 12 standard), and (2) indemnities and compensation received by S  nerval (net of variable costs saved on tonnages not incinerated), to cover the extra costs incurred to ensure continuity of contracted public service during asbestos removal operations.

## 2.2 Summary of results for the first half of 2016

### 2.2.1 Summary

*NB: Percentages are calculated on contributory revenue.*

	Group		Of which France		Of which international	
	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016
<b>in M€</b>						
REVENUE	223.2	230.0	210.8	218.9	12.4	11.2
Of which contributory revenue	212.0	222.4	199.6	211.2	12.4	11.2
EBITDA	34.0	38.4	32.8	37.3	1.2	1.1
%	16.0%	17.3%	16.4%	17.7%	9.7%	10.2%
CURRENT OPERATING INCOME	12.2	11.4	11.2	10.5	0.9	0.8
%	5.7%	5.1%	5.6%	4.8%	7.4%	7.4%
OPERATING INCOME	12.4	10.5	11.5	9.7	0.9	0.8
%	5.9%	4.7%	5.8%	4.6%	7.3%	6.8%
FINANCIAL INCOME	(6.9)	(5.6)				
%	3.2%	2.5%				
<b>INCOME FROM CONSOLIDATED COMPANIES</b>	<b>4.2</b>	<b>2.7</b>				
%	2.0%	1.2%				
Share of income of affiliates	(0.4)	(0.2)				
Net income, ongoing operations	3.8	2.6				
Net income, discontinued operations	(0.2)	(0.2)				
Minority interests	NS	NS				
<b>NET INCOME (GROUP SHARE)</b>	<b>3.6</b>	<b>2.4</b>				
%	1.7%	1.1%				



### 2.2.2 Activities

Consolidated revenue at June 30, 2016 amounted to EUR 230.0 million, versus EUR 223.2 million at June 30, 2015. The Group thus achieved revenue growth in the first half of 2016 of + 3.1%.

Revenue reported for the period includes IFRIC 12 revenue from investments in assets under public service delegation contracts (concessions) of EUR 1.4 million, compared with EUR 3.0 million a year earlier. Consolidated revenue excluding IFRIC 12 revenue therefore amounted to EUR 228.6 million, up by + 3.8% compared with the first half of 2015.

#### 2.2.2.1 Revenue by division

<b>in M€</b>	June 30, 2015	Change %	June 30, 2016
<b>Activity</b>			
HW treatment	128.3	+ 8.8%	139.6
NHW treatment (excluding IFRIC 12)	91.9	- 3.2%	89.0
<b>REVENUE EXCLUDING IFRIC 12</b>	<b>220,2</b>	<b>+ 3.8%</b>	<b>228.6</b>
Revenue under IFRIC 12	3.0	- 51.1%	1.4
<b>CONSOLIDATED REVENUE</b>	<b>223,2</b>	<b>+ 3.1%</b>	<b>230.0</b>
Of which international	12.4	- 10.3%	11.2
Of which energy	14.4	+ 16.4%	16.7



Changes in revenue by division were as follows:

- EUR + 11.3 million (+ 8.8% in raw data, and + 6.8% at constant scope and exchange rates) in the hazardous waste (HW) division, which benefited from good performance in treatment activities (landfill and incineration), and from the catching-up in services (decontamination) announced earlier. Revenue for the division included EUR + 3.1 million representing the contributions from acquisitions in the second half of 2015 in the IMW area (EUR + 2.4 million) and, at the beginning of 2016, from the radioactive waste market (HPS Nuclear Services, EUR + 0.7 million). It should be noted that revenue growth in this division was penalized over the period by an unfavorable exchange rate effect of EUR 0.5 million;
- EUR – 2.9 million (- 3.2%) in the non-hazardous waste (NHW) division. This fall in revenue essentially reflects the reduction in indemnities received by Strasbourg-Séneval (EUR 6.2 million, versus EUR 8.2 million a year earlier). Disregarding those indemnities, the contributory revenue of the division posted a slight reduction owing to opportunity effects in decontamination activities (spot markets, leading to a high base being recorded for the first half of 2015), while treatment activities (landfill and incineration) confirmed their resilience over the period.

### 2.2.3 EBITDA (Earnings before interest, tax, depreciation and amortization)

In the first half of 2015, the Group posted EBITDA of EUR 34.0 million, or 16.0% of contributory revenue. In the first half of 2016, EBITDA amounted to EUR 38.4 million, or 17.3% of contributory revenue, an improvement of EUR + 4.4 million. This change reflects the effects of:

- profit margin changes in line with organic growth: EUR + 1.2 million;
- changes in structural costs: EUR +1.4 million;
- effects of refinements in the evaluation of second-category expenses: EUR – 2.9 million;
- EBITDA effects concerning those companies which recently entered the consolidation scope: EUR – 1.1 million.

Changes in structural costs include both the effects of actions taken internally, and the more exogenous effects of France's reform of its continuing education and training system.

### 2.2.4 Current operating income and operating income

At June 30, 2016, the Group posted current operating income of EUR 11.4 million (5.0% of contributory revenue) versus EUR 12.2 million at June 30, 2015 (5.5% of revenue). The decrease of EUR – 0.7 million is mainly attributable to changes in amortization (EUR – 4.8 million) in line with:

- the effects, still marked in the first half of 2016, of amortization of second-category expenses (EUR 2.5 million);
- increases in amortization of landfill cells (EUR 1.6 million);
- the commencement of amortization of the new sorting center at the Changé site.

At June 30, 2016, the Group's operating income came out at EUR 10.5 million (4.6% of contributory revenue), versus EUR 12.4 million (5.7% of revenue) at June 30, 2015, a reduction of EUR – 1.9 million. This reflects not only changes in current operating income, but also the effect of certain non-current expenses related partly to business combination projects, and partly to the management of the contractual problem linked to the asbestos situation at the Strasbourg-Séneval plant.

### 2.2.5 Net financial income

Net financial income for the Séché Group at June 30, 2016 came out at EUR – 5.6 million, compared with EUR – 6.9 million at June 30, 2015, an improvement of EUR + 1.3 million. This improvement is mainly due to the effects of the refinancing programs undertaken in 2015 which led the Group to book in the first half of 2015 anticipated amortization of the issue premiums on the initial financings in the amount of EUR 1.2 million.

Excluding those one-time, non-cash refinancing effects, financial income improved by EUR + 0.1 million, the reduction in the annualized rate of net debt (to 3.35% in 2016 from 4.40% a year earlier) compensating for an increase in average debt over the period.

### 2.2.6 Net income of consolidated companies

Net income of consolidated companies at June 30, 2016 amounted to EUR 2.8 million, a variance compared with the net income of consolidated companies posted at June 30, 2015 (EUR 4.2 million) of EUR – 1.4 million. This change results from variances in:

- operating profitability: EUR – 1.9 million;
- net financial income: EUR + 1.3 million;
- tax charges: EUR – 0.8 million.



## 2.2.7 Share of income of affiliates

This line mainly consists of the Group share of the net income of Sogad, Gerep, Laval Energie Nouvelle and Kanay. For the first half of 2015, this amounted to EUR – 0.2 million, versus EUR 0.4 million for the same period in 2015.

## 2.2.8 Consolidated net income, Séché Environnement Group share

Given the progression in net income of consolidated companies, on the one hand, and changes in the Group share of income of affiliates on the other, the Séché Environnement Group posted net income (Group share) in the first half of 2016 of EUR + 2.4 million (1.1% of revenue), compared with net income of EUR 3.6 million (1.6% of revenue) in the same period in 2015.

## 2.3 Summary of the consolidated balance sheet at June 30, 2016

in M€		
Consolidated balance sheet	Dec. 31, 2015 actual	June 30, 2016 actual
Non-current assets	556	561
Current assets (excluding cash and cash equivalents)	177	180
Cash and cash equivalents	31	17
Assets held for sale	NS	NS
<b>TOTAL ASSETS</b>	<b>764</b>	<b>759</b>
Shareholders' equity (including minority interests)	244	238
Non-current liabilities	310	307
Current liabilities	210	213
Liabilities held for sale	NS	NS
<b>TOTAL LIABILITIES</b>	<b>764</b>	<b>759</b>



### 2.3.1 Non-current assets

*Non-current assets primarily consist of fixed assets (intangible, including goodwill, tangible, and financial), deferred tax assets, and debts of maturity greater than 1 year.*

Non-current assets increased by EUR 5 million during the first half, to EUR 561 million, versus EUR 556 million at December 31, 2015. The principal factors of this increase were:

- EUR + 2.2 million from changes in goodwill, consequent on acquisitions undertaken in 2015 and 2016;

- EUR + 4.4 million from increases in industrial investments over the period (EUR + 24.9 million), net of amortization of EUR – 20.5 million;

- EUR 1.0 million in relation to deferred tax assets.

### 2.3.2 Current assets (excluding cash and cash equivalents)

Current assets amount to EUR 180 million, an increase of EUR + 3.0 million over the half-year, in line with the development of business activities.

### 2.3.3 Shareholders' equity

Changes in shareholders' equity (including minority interests) may be broken down as follows:

in M€		
	Group	Minority interests
<b>SHAREHOLDERS' EQUITY AT DECEMBER 31, 2015</b>	<b>244.0</b>	<b>(0.3)</b>
Dividends paid	(7.4)	NS
Net earnings (Group share)	+ 2.4	NS
Foreign currency differences	(0.2)	-
Hedging instruments	(0.3)	-
Treasury stock	NS	-
Actuarial variances	(0.3)	-
Other changes	(0.2)	0.3
<b>SHAREHOLDERS' EQUITY AT JUNE 30, 2016</b>	<b>238.1</b>	<b>NS</b>



### 2.3.5 Current and non-current liabilities

in M€						
	Dec. 31, 2015			June 30, 2016		
	NC	C	T	NC	C	T
Financial debt	292.1	28.9	<b>321.0</b>	288.4	32.5	<b>320.9</b>
Hedging instruments	0.4	0.1	<b>0.5</b>	0.9	0.1	<b>1.0</b>
Provisions	13.2	1.8	<b>15.0</b>	14.6	1.5	<b>16.1</b>
Other liabilities	4.1	176.4	<b>180.5</b>	3.2	178.6	<b>181.8</b>
Tax due	-	2.4	<b>2.4</b>	-	0.3	<b>0.3</b>
<b>TOTAL</b>	<b>309,8</b>	<b>209,6</b>	<b>519,4</b>	<b>307,1</b>	<b>213,0</b>	<b>520,1</b>

NC: non-current - C: current - T: total

Current and non-current liabilities, and all their constituent components, remained practically stable over the period (EUR + 0.7 million).

The Séché Environnement Group's net financial indebtedness decreased slightly over the period, and breaks down as follows:

in M€		
	Dec. 31, 2015	June 30, 2016
Bank loans (excluding non-recourse debts)	230.2	229.0
Non-recourse bank loans	30.9	30.1
Bonds	49.1	49.2
Finance lease debt	10.0	9.5
Miscellaneous financial debt	0.3	1.1
Short-term bank borrowings	0.2	1.9
Shareholdings	0.3	-
<b>TOTAL FINANCIAL DEBT (current and non-current)</b>	<b>321.0</b>	<b>320.9</b>
Cash and cash equivalents	(30.6)	(16.6)
<b>NET FINANCIAL DEBT</b>	<b>290.4</b>	<b>304.2</b>
<i>Of which less than one year</i>	<i>(1.7)</i>	<i>15.8</i>
<i>Of which more than one year</i>	<i>292.1</i>	<i>288.4</i>

## 2.4 Summary of the consolidated statement of cash flows

in M€			
	Dec. 31, 2015	June 30, 2015	June 30, 2016
Cash flow from operating activities	41.1	23.0	24.2
Cash flow from investment activities	(49.3)	(13.0)	(24.5)
Cash flow from financing activities	0.3	(4.0)	(15.2)
<b>CHANGE IN CASH FLOW, ONGOING OPERATIONS</b>	<b>(7.9)</b>	<b>6.0</b>	<b>(15.6)</b>
Change in cash flow, discontinued operations	NS	NS	NS
<b>CHANGE IN CASH FLOW</b>	<b>(7.9)</b>	<b>6.0</b>	<b>(15.6)</b>

In the first half of 2016, the Séché Environnement Group posted negative net cash flow of EUR – 15.6 million (compared with EUR + 6.0 million in the same period in 2015).

## Cash flow from operating activities

Operating activities yielded cash flow amounting to EUR + 24.2 million in the first half of 2016, which can be analyzed as follows:

- cash from operations, before taxes and financial charges: EUR + 31.7 million;
- changes in WCR: (EUR – 2.9 million);
- cash outflows related to corporation tax payments on account, which were made in the first half: EUR – 4.6 million.

The change in cash flow from operating activities between the first half of 2015 and the first half of 2016 (EUR + 1.2 million) is mainly due to:

- the increase in WCR changes (EUR + 0.9 million), this single-instance change in WCR over the period being

related to the public service delegation contract at Strasbourg-Sénerval and the late signing of codicil 6 to the contract, compensating in part for WCR improvements related to activities other than public service delegation contracts;

- improvements in cash flow generated by operations (EUR + 3.4 million);
- an increase in the amount of corporation tax payments made (EUR – 3.1 million), as a result of application of the payment-on-account method.

## Net cash paid out for investments

Investment outflows (net of gains realized on disposals) over the period amounted to EUR 22.0 million, and almost entirely concern industrial investments.

in M€

	June 30, 2014 restated	June 30, 2015	June 30, 2016
Capital expenditure	(20.3)	(19.7)	(24.9)
Financial investments	(0.6)	(0.7)	(0.5)
<b>INVESTMENTS BOOKED</b>	<b>(20.9)</b>	<b>(20.3)</b>	<b>(25.4)</b>
Capital expenditure	(23.8)	(12.8)	(22.0)
Financial investments <sup>1</sup>	(0.5)	(0.1)	(2.5)
<b>NET INVESTMENTS PAID OUT</b>	<b>(24.3)</b>	<b>(13.0)</b>	<b>(24.5)</b>

1: Outflows for financial investments include the price paid to acquire HPS Nuclear Services.

Capital investments booked by the Group in the first half of 2016 amounted to EUR 24.9 million, including EUR 1.5 million invested in assets for public service delegation contracts (concessions). Capital investments for the Group's own purposes therefore amounted to EUR 23.4 million, of which 54% were for recurrent investments.

These recurrent investments mainly concerned landfill facilities and incinerator maintenance.

Development investments (EUR 8.8 million) essentially concerned materials and energy recovery facilities and projects to increase sorting platform capacity.

## Net cash from financing activities

Net cash from financing activities amounted to a net outflow of EUR – 15.2 million in the first half of 2016, corresponding principally to:

- new specific financings for industrial investments (EUR + 11.3 million);
- repayment of finance lease liabilities according to agreed payment schedules (EUR – 1.2 million) and of other financings (EUR – 13.8 million);
- interest payments on debt made in the first half of the year (EUR – 4.1 million);
- payment of dividends in respect of 2015 (EUR – 7.4 million).

## 2.5 Main transactions with related parties

The Group's main transactions with related parties are presented in Note 2.4 in the notes to the present interim financial statements.



## 2.6 Outlook

### 2.6.1 Risks and uncertainties

The Group's assessment of the main risks and uncertainties to which its businesses are exposed has not changed from that detailed on pages 33 to 41 of the 2015 Registration Document filed with the AMF (Autorité des Marchés Financiers, the French financial markets authority) under number D. 16-0185.

### 2.6.2 Outlook

Séché Environnement is positioned on high-value-added markets for the recovery and treatment of waste products. On these markets, in France, Séché Environnement is recognized as the specialist, especially for treatment of more complex types of waste. These markets are sustained by regulations favorable to the Group because they impose strict obligations on producers of both industrial and domestic waste concerning its treatment, and material and/or energy recovery from it.

Séché Environnement operates on markets which are both resilient and which offer good development opportunities. The Group pursues a growth strategy centered around four major axes: specialization in the most complex types of waste, recovery of rare resources (the circular economy), services to industrial and local authority customers, and developing its international business.

To implement this strategy, the Group undertakes targeted industrial investments, complemented where appropriate by acquisitions, in order to adapt its offerings in anticipation of new regulatory requirements and the changing needs of its customers.

Séché Environnement's investment plan for 2016, of the order of EUR 50 million, is confirmed. These investments will mainly concern capacity development in recovery activities, and productivity improvements (optimization of industrial processes and information systems).

Concerning fiscal 2016, the Group confirms its forecast of modest growth in contributory revenue at constant scope. The level of activity in the second half of 2016 is expected to be close to that in the first half, but will be compared with the unusually large base in the second half of 2015.

Séché Environnement expects an unchanged ratio of current operating income to contributory revenue in 2016, at constant scope, and restated to take account of non-recurring items which exceptionally raised the level of current operating income in 2015. (These non-recurring items in 2015 were an increase in major repairs and maintenance booked, of EUR + 3.1 million, and the absence of EUR + 1 million of amortization in respect of the Changé sorting site.) Scope effects are expected to impact negatively on current operating income in 2016 in the amount of EUR – 2.0 million.

Séché Environnement is confident that it has the capacity to improve in the future the contribution to its consolidated results of its new activities:

- in IMW (infectious medical waste), recent sales activities have led to several significant contracts, which should make it possible to achieve break-even in 2017;
- in services to the nuclear industry, Séché Environnement has taken up a position on a future-oriented market, with high potential for added value, and linked to future developments in the nuclear maintenance market which currently lacks dynamism. Séché Énergies intends to redeploy its sales activities with a view to restoring its operational profitability in the future.

## 2.7 Share ownership and voting rights

Share ownership at June 30, 2016	Number of shares	%	Voting rights <sup>3</sup>	%
Joël Séché	402 400	5.12%	804 800	9.49%
Groupe Séché (formerly, Amarosa family trust) <sup>1</sup>	3 468 971	44.15%	3 585 007	42.26%
<b>SUB-TOTAL, JOËL SÉCHÉ FAMILY</b>	<b>3 871 371</b>	<b>49.27%</b>	<b>4 389 807</b>	<b>51.74%</b>
CDC Group	777 139	9.89%	777 139	9.16%
Treasury stock <sup>2</sup>	56 813	0.72%	56 813	0.67%
Employees' stock	39 790	0.51%	71 090	0.84%
Free float	3 112 619	39.61%	3 189 008	37.59%
<b>TOTAL</b>	<b>7 857 732</b>	<b>100.00%</b>	<b>8 483 857</b>	<b>100.00%</b>

1: The Groupe Séché family trust is majority controlled by Joël Séché.

2: Treasury stock is stripped of voting rights. However, the table here presents the calculation of voting rights as recommended by the AMF for the disclosure of ownership threshold crossings.

3: By virtue of a Resolution of the Extraordinary General Meeting of Shareholders held on October 8, 1997, double voting rights attach to all fully paid up shares for which a named shareholder has been registered in the same name for at least 4 years.

On March 23, 2016, in a block transaction conducted privately outside the stock market, Groupe Séché acquired a block of 25 100 Séché Environnement shares representing 0.3% of the Company's share capital. Consequently, Séché Environnement was informed of the following threshold crossings as of that date:

- Groupe Séché declared that on March 23, 2016, it crossed above the statutory thresholds of 27% of the share capital and 23% of the voting rights of Séché Environnement, and consequently holds individually, on the above basis and at the above date, 27.48% of the share capital and 23.31% of the voting rights of Séché Environnement;
- the concert sub-group consisting of Groupe Séché and Joël Séché declared that on March 23, 2016, it crossed above the statutory thresholds of 49% of the share capital and 58% of the voting rights of Séché Environnement, and consequently holds in concert, on the above basis and at the above date, 49.14% of the share capital and 58.20% of the voting rights of Séché Environnement, with the express proviso that the above threshold crossings do not modify the holdings in the share capital and voting rights held individually by Joël Séché, which at the above date are 21.67% of the share capital and 34.89% of the voting rights of Séché Environnement;

On June 9, 2016, Joël Séché contributed 1 300 000 Séché Environnement shares to Groupe Séché:

- consequently, Joël Séché declared that at that date he had crossed below the statutory thresholds of one-third, 20%, 15% and 10% of the share capital and voting rights of the Company, and consequently holds directly 402 400 Séché Environnement shares representing 804 800 voting rights, corresponding to 5.12% of the share capital and 9.49% of the voting rights of the Company;

- Groupe Séché declared that it had crossed above the statutory thresholds of 25% of the voting rights and 30% and one-third of the share capital and voting rights of Séché Environnement, and consequently holds individually 3 459 976 Séché Environnement shares representing 3 576 012 voting rights, corresponding to 44.03% of the share capital and 42.17% of the voting rights of Séché Environnement.

On July 1, 2016, International Value Advisers LLC, an American corporation acting for the account of clients and funds managed by it, declared that it had crossed above the statutory threshold of 5% of the voting rights of Séché Environnement, and consequently holds at the above date, 442 877 Séché Environnement shares representing the same number of voting rights, corresponding to 5.64% of the share capital and 5.22% of the voting rights of Séché Environnement.

The Board of Directors





# Interim activity report

at June 30, 2016



# 3 Interim consolidated financial statements at June 30, 2016



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## 3.1 Consolidated balance sheet

in K€				
	Dec. 31, 2014 restated	Dec. 31, 2015	June 30, 2016	Note
Goodwill	227 604	231 457	233 686	1
Intangible fixed assets included in concessions	44 720	48 637	48 697	1
Other intangible fixed assets	11 454	12 021	12 825	1
Property, plant and equipment	163 811	174 011	177 608	1
Investments in affiliates	847	3 135	3 045	2
Non-current financial assets	8 681	8 601	8 417	3
Hedging instruments - non-current assets	-	-	-	3
Other non-current assets	3 067	37 972	37 544	3
Deferred non-current corporation tax assets	-	-	-	
Deferred tax assets	43 964	40 067	39 032	
<b>NON-CURRENT ASSETS</b>	<b>504 148</b>	<b>555 902</b>	<b>560 853</b>	
Inventories	11 389	11 339	11 600	3
Trade and other receivables	139 127	140 341	143 916	3
Corporation tax receivables	411	963	1 843	3
Current financial assets	1 038	868	983	3
Hedging instruments - current assets	-	3	-	3
Other current assets	28 751	23 201	22 476	3
Cash and cash equivalents	38 756	30 640	16 632	3.1.4
<b>CURRENT ASSETS</b>	<b>219 472</b>	<b>207 356</b>	<b>197 449</b>	
Assets held for sale	351	352	361	3
<b>TOTAL ASSETS</b>	<b>723 971</b>	<b>763 610</b>	<b>758 663</b>	
Share capital	1 727	1 572	1 572	6.1
Additional paid-in capital	121 486	90 805	74 061	6.2
Reserves	125 674	134 816	160 011	6.3
Net income (Group share)	9 767	16 822	2 437	
Shareholders' equity (Group share)	258 654	244 014	238 082	
Minority interests	131	(288)	(26)	
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>258 785</b>	<b>243 726</b>	<b>238 056</b>	
Other equity	131	146	146	
Non-current financial debt	241 824	292 138	288 408	3.2.1
Hedging instruments - non-current liabilities	547	436	944	3.2.2
Employee benefits	2 327	3 804	4 640	4
Deferred tax liabilities	-	-	-	
Other non-current provisions	8 545	9 300	10 001	4
Other non-current liabilities	4 938	4 093	3 200	3
<b>NON-CURRENT LIABILITIES</b>	<b>258 181</b>	<b>309 771</b>	<b>307 193</b>	
Current financial debt	29 829	28 939	32 471	3.2.1
Hedging instruments - current liabilities	596	144	74	3.2.2
Current provisions	1 904	1 828	1 481	4
Taxes payable	578	2 377	275	
Other current liabilities	173 617	176 326	178 605	3
<b>CURRENT LIABILITIES</b>	<b>206 523</b>	<b>209 614</b>	<b>212 906</b>	
Liabilities held for sale	351	352	361	3
<b>TOTAL LIABILITIES</b>	<b>723 971</b>	<b>763 610</b>	<b>758 663</b>	



## 3.2 Consolidated income statement

in K€				
	Note	June 30, 2014 restated	June 30, 2015	June 30, 2016
<b>REVENUE</b>	<b>7</b>	<b>216 415</b>	<b>223 206</b>	<b>230 040</b>
Other business income		3 111	2 560	2 690
Transfers of expenses		9 420	3 437	1 423
Purchases used for operational purposes		(35 932)	(34 717)	(32 194)
External expenses		(86 709)	(86 233)	(86 459)
Taxes other than on income		(17 740)	(19 769)	(19 068)
Employee benefits expenses		(52 697)	(54 478)	(58 011)
<i>EBITDA</i>	<i>8</i>	<i>35 869</i>	<i>34 006</i>	<i>38 422</i>
Expenses for rehabilitation and/or maintenance of sites included in concessions		(4 781)	(5 064)	(5 053)
Other net operating expenses		(638)	(1 592)	(652)
Net allocations to provisions		(21)	498	(811)
Net allocations to amortization		(16 605)	(15 690)	(20 474)
<b>CURRENT OPERATING INCOME</b>	<b>8</b>	<b>13 823</b>	<b>12 159</b>	<b>11 433</b>
Income on sale of fixed assets		(1)	290	(181)
Impairment of assets		(68)	-	(48)
Consolidation scope variation effects		-	-	(122)
Other operating income and expenses		(8 702)	-	(541)
<b>OPERATING INCOME</b>	<b>9</b>	<b>5 052</b>	<b>12 449</b>	<b>10 540</b>
Income from cash and cash equivalents		314	258	171
Gross financial borrowing costs		(8 023)	(6 605)	(5 185)
<i>COST OF NET FINANCIAL DEBT</i>		<i>(7 709)</i>	<i>(6 347)</i>	<i>(5 014)</i>
Other financial income		187	216	4 120
Other financial expenses		(707)	(772)	(4 718)
<b>FINANCIAL INCOME</b>	<b>10</b>	<b>(8 229)</b>	<b>(6 903)</b>	<b>(5 612)</b>
Corporation tax	11	727	(1 359)	(2 124)
<b>INCOME OF CONSOLIDATED COMPANIES</b>		<b>(2 450)</b>	<b>4 187</b>	<b>2 803</b>
Share of income of affiliates		(1 434)	(375)	(192)
Net income from ongoing operations		(3 884)	3 811	2 612
Net income from discontinued operations		(383)	(220)	(160)
<b>NET INCOME OF CONSOLIDATED COMPANIES</b>		<b>(4 267)</b>	<b>3 592</b>	<b>2 452</b>
<i>Of which minority interests</i>		<i>35</i>	<i>17</i>	<i>15</i>
<i>Of which attributable to equity holders of the parent</i>		<i>(4 302)</i>	<i>3 574</i>	<i>2 437</i>
Net earnings per share		(0.50 €)	0.43 €	0.31 €
Diluted earnings per share		(0.50 €)	0.43 €	0.31 €





### 3.3 Statement of net income and profits and losses directly recognized in equity

in K€	June 30, 2014 restated	June 30, 2015 actual	June 30, 2016 actual
<b>Items not restated later in the income statement (A)</b>			
Actuarial variances	(591)	(51)	(445)
Tax effects	193	18	144
<i>SUB-TOTAL (A)</i>	<i>(398)</i>	<i>(33)</i>	<i>(301)</i>
<b>Items restated later in the income statement (B)</b>			
Foreign currency differences	(174)	43	(192)
Change in fair value of financial hedging instruments	311	603	(408)
Change in fair value of available-for-sale financial assets	37	25	(259)
Share of profits and losses of affiliates booked directly under shareholders' equity and accounted for by the equity method	-	-	-
Tax effects	(107)	(208)	141
<i>SUB-TOTAL (B)</i>	<i>67</i>	<i>463</i>	<i>(720)</i>
<i>SUB-TOTAL OF GAINS AND LOSSES BOOKED DIRECTLY UNDER SHAREHOLDERS' EQUITY (A+B)</i>	<i>(331)</i>	<i>429</i>	<i>(1 021)</i>
<i>NET INCOME FOR THE PERIOD</i>	<i>(4 267)</i>	<i>3 592</i>	<i>2 452</i>
<b>NET INCOME AND PROFITS (LOSSES) BOOKED DIRECTLY UNDER SHAREHOLDERS' EQUITY</b>	<b>(4 598)</b>	<b>4 021</b>	<b>1 432</b>
<i>Of which Group share</i>	<i>(4 633)</i>	<i>4 004</i>	<i>1 417</i>
<i>Of which attributable to minority interests</i>	<i>35</i>	<i>17</i>	<i>15</i>





### 3.4 Statement of changes in consolidated shareholders' equity

in K€	Capital Note 8	Additional paid-in capital Note 9	Number of shares held as treasury stock	Consolidated reserves and net income Note 10
<i>SHAREHOLDERS' EQUITY AT DEC. 31, 2013, RESTATED</i>	1 727	290 931	(3 437)	(25 081)
Profits and losses booked directly in equity	-	-	-	-
Net income for half-year to June 30, 2014, restated	-	-	-	(4 302)
<b>NET INCOME AND PROFITS AND LOSSES BOOKED DIRECTLY IN EQUITY</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4 302)</b>
Dividends paid	-	-	-	(8 145)
Treasury stock	-	-	(40)	-
Other changes	-	(169 445)	-	169 445
<i>SHAREHOLDERS' EQUITY AT JUNE 30, 2014, RESTATED</i>	1 727	121 486	(3 478)	131 917
<i>SHAREHOLDERS' EQUITY AT DEC. 31, 2014</i>	1 727	121 486	(3 461)	145 969
Profits and losses booked directly in equity	-	-	-	-
Net income for half-year to June 30, 2015	-	-	-	3 574
<b>NET INCOME AND PROFITS AND LOSSES BOOKED DIRECTLY IN EQUITY</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 574</b>
Dividends paid	-	-	-	(7 413)
Treasury stock	-	-	112	-
Other changes	(155)	(30 680)	-	7 413
<i>SHAREHOLDERS' EQUITY AT JUNE 30, 2015</i>	1 572	90 805	(3 349)	149 543
<i>SHAREHOLDERS' EQUITY AT DEC. 31, 2015</i>	1 572	90 805	(3 387)	163 294
Profits and losses booked directly in equity	-	-	-	-
Net income for half-year to June 30, 2016	-	-	-	2 437
<b>NET INCOME AND PROFITS AND LOSSES BOOKED DIRECTLY IN EQUITY</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 437</b>
Dividends paid	-	-	-	(7 412)
Treasury stock	-	-	63	-
Other changes	-	(16 744)	-	16 744
<i>SHAREHOLDERS' EQUITY AT JUNE 30, 2016</i>	1 572	74 061	(3 324)	175 062

Profits and losses booked directly in equity	TOTAL attributable to equity holders of the parent	TOTAL attributable to holders of minority interests	TOTAL shareholders' equity
(7 116)	<b>257 024</b>	117	<b>257 141</b>
(331)	<b>(331)</b>	-	(331)
-	<b>(4 302)</b>	35	(4 267)
<b>(331)</b>	<b>(4 633)</b>	<b>35</b>	<b>(4 598)</b>
-	<b>(8 145)</b>	(41)	(8 186)
-	<b>(40)</b>	-	(40)
(7 447)	<b>244 206</b>	111	<b>244 317</b>
(7 570)	<b>258 150</b>	130	<b>258 281</b>
429	<b>429</b>	-	429
-	<b>3 574</b>	17	3 592
<b>429</b>	<b>4 004</b>	<b>17</b>	<b>4 021</b>
-	<b>(7 413)</b>	(55)	(7 467)
-	<b>112</b>	-	112
-	<b>(23 423)</b>	-	(23 423)
(7 141)	<b>231 431</b>	93	<b>231 524</b>
(8 270)	<b>244 014</b>	(288)	<b>243 726</b>
(1 021)	<b>(1 021)</b>	-	(1 021)
-	<b>2 437</b>	15	2 452
<b>(1 021)</b>	<b>1 417</b>	<b>15</b>	<b>1 432</b>
-	<b>(7 412)</b>	(19)	(7 431)
-	<b>63</b>	-	63
-	-	266	266
(9 290)	<b>238 082</b>	(26)	<b>238 056</b>





## 3.5 Consolidated statement of cash flows

in K€	Dec. 31, 2015	June 30, 2015	June 30, 2016
<b>INCOME OF CONSOLIDATED COMPANIES</b>	<b>17 940</b>	<b>4 187</b>	<b>2 803</b>
<b>Elimination of income and expenses with no cash impact or not related to operating activities:</b>			
Dividends from companies consolidated by the equity method	95	95	47
Amortization and provisions	36 711	16 332	17 141
Net capital gains on disposals	281	(290)	4 042
Deferred taxes	3 993	378	1 009
Other income and expenses	2 014	1 469	745
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>61 034</b>	<b>22 170</b>	<b>25 788</b>
Corporation tax	4 478	982	1 116
Cost of gross financial debt net of long-term investments	10 155	5 081	4 752
<b>CASH FLOW FROM OPERATING ACTIVITIES BEFORE TAXES AND FINANCING COSTS</b>	<b>75 667</b>	<b>28 233</b>	<b>31 656</b>
Change in working capital requirement	(31 758)	(3 778)	(2 902)
Tax paid	(2 761)	(1 482)	(4 601)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>41 148</b>	<b>22 973</b>	<b>24 153</b>
Cost of acquisition of fixed assets	(48 233)	(17 892)	(22 831)
Proceeds from disposals of fixed assets	5 177	5 046	850
Outflows for acquisition of financial investments	(1 135)	(796)	(678)
Inflows from disposals of financial investments	532	392	155
Net cash outflows for acquisitions of subsidiaries	(5 923)	-	(1 998)
Net cash inflows from disposals of subsidiaries	276	276	-
<b>NET CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>(49 306)</b>	<b>(12 974)</b>	<b>(24 502)</b>
Dividends paid to equity holders of the parent	(7 413)	(7 413)	(7 412)
Dividends paid to minority shareholders of consolidated companies	(55)	(55)	(19)
Capital increases in cash	-	-	-
Treasury stock movements	(23 320)	(23 292)	62
Changes in other shareholders' equity	-	-	-
Borrowings	190 024	172 210	11 300
Repayment of borrowings	(145 955)	(137 764)	(15 028)
Interest paid	(13 011)	(7 693)	(4 129)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>271</b>	<b>(4 006)</b>	<b>(15 227)</b>
<b>TOTAL CASH FLOWS FOR THE PERIOD, ONGOING OPERATIONS</b>	<b>(7 888)</b>	<b>5 993</b>	<b>(15 576)</b>
Cash flows for the period, discontinued operations	(5)	(11)	(6)
<b>TOTAL CASH FLOWS FOR THE PERIOD</b>	<b>(7 893)</b>	<b>5 982</b>	<b>(15 582)</b>
Cash and cash equivalents at beginning of period	38 630	38 630	30 453
<i>Of which cash at beginning of period for ongoing operations</i>	<i>38 614</i>	<i>38 614</i>	<i>30 443</i>
<i>Of which cash at beginning of period for discontinued operations</i>	<i>15</i>	<i>15</i>	<i>10</i>
Cash and cash equivalents at end of period	30 453	44 634	14 731
<i>Of which cash at end of period for ongoing operations <sup>1</sup></i>	<i>30 443</i>	<i>44 630</i>	<i>14 727</i>
<i>Of which cash at end of period for discontinued operations</i>	<i>10</i>	<i>4</i>	<i>4</i>
Effect of changes in foreign exchange rates	(283)	24	(139)
<i>Of which changes in foreign exchange rates for ongoing operations</i>	<i>(283)</i>	<i>24</i>	<i>(139)</i>
<i>Of which changes in foreign exchange rates for discontinued operations</i>	<i>-</i>	<i>-</i>	<i>-</i>
1 : Of which:			
Cash and cash equivalents	30 640	44 858	16 632
Short-term bank borrowings (current financial liabilities)	(197)	(228)	(1 904)

## 3.6 Notes to the interim consolidated financial statements at June 30, 2016

### 3.6.1 Accounting principles and methods

Since January 1, 2005, the Group's consolidated financial statements have been prepared in accordance with IFRS as adopted in the European Union through EU regulation 1606/2002 of July 19, 2002, which instituted the IFRS reporting framework. When drawing up the financial statements at June 30, 2016, no change was made in terms of the accounting principles and methods used for the annual financial statements for the year 2015, which are detailed in the Registration Document filed with AMF (French Financial Markets Authority) under number D.16-0185.

The interim consolidated financial statements for the period ended June 30, 2016 were prepared in accordance with IAS 34 "interim financial reporting". They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Séché Environnement Group for the year ended December 31, 2015.

When drawing up the interim financial statements at June 30, 2016, the Group applied the same standards and interpretations as it did in drawing up its annual consolidated financial statements for 2015.

The Group has elected not to anticipate any other standards or interpretations applicable on or after January 1, 2016 where early application was permissible.

The financial statements were approved by the Board of Directors of Séché Environnement on September 7, 2016. Financial data are presented in thousands of EUR rounded to the nearest thousand. The financial statements have been prepared with reference to historical costs, except for derivative instruments, which are recognized at fair value.

In order to prepare consolidated financial statements in accordance with IFRS, management is required to exercise its judgment and make estimates and assumptions that impact the application of the Group's accounting policies and the amounts of assets and liabilities, and income and expenses. The estimates and underlying assumptions are based on past experience and other factors considered reasonable under the circumstances. They serve as the basis for any judgment required for determining the book value of assets and liabilities when such amounts cannot be obtained directly from other sources. The estimates made by the Group primarily concern the recoverable amount of tangible and intangible assets and the recognition of provisions, particularly those for employee benefits. Due to the inherent uncertainty of such valuation

processes, estimates and underlying assumptions are continuously reviewed. Actual future results from these operations may differ from these estimates. The estimates made by the Group primarily concern the recoverable amount of tangible and intangible assets and the recognition of provisions (particularly, provisions for employee benefits).

### 3.6.2 Presentation of the accounts and comparability

The Group elected to apply the standard IFRIC 21 "levies imposed by a government" with effect from January 1, 2015, with the consequence that the following are recognized in the period:

- all property ownership taxes (taxes foncières) owed by the Group from January 1, even though they are not payable until the fourth quarter;
- at January 1, 2015, the "CSS" (Contribution sociale de solidarité) levy due in 2015, calculated on the basis of 2014 revenue, and at January 1, 2016 the CSS due in 2016.

For comparability purposes, the half-yearly financial statements for 2014 have been restated according to the same principles.

Also, the Group completed its exercise to update its maintenance plan and to evaluate its expenditure on maintenance and repairs. In accordance with IAS 16, and continuing the practice adopted in the second half of 2015, second-category expenses incurred in the first half of 2016 have been recorded as components under assets in the balance sheet, and are amortized over their probable lives before replacement, determined according to the replacement operations plan.

In the first half of 2016, the positive effect on consolidated current operating income amounted to EUR 0.4 million, which breaks down into:

- activation of second-category expenditure: EUR 2.9 million;
- amortization of those expenses: EUR 2.5 million.





## 3.6.3 Consolidation scope

### 3.6.3.1 Parent company

Séché Environnement

Séché Environnement, a French limited company (Société Anonyme) with share capital of EUR 1 571 546.90.

Les Hêtres - CS 20020 - 53811 Changé, France

### 3.6.3.2 Consolidated subsidiaries

Company name		Siren registration n°	% holding	Consolidation method
Alcéa	Changé (France)	751 380 569	100.00	Full
Béarn Environnement	Pau (France)	393 439 203	100.00	Full
Drimm	Montech (France)	339 278 871	100.00	Full
Gabarre Énergies	Les Abymes (France)	820 626 000	51.00	Full
HPS Holding	Sens (France)	503 771 669	100.00	Full
HPS Nuclear Services	Sens (France)	504 440 330	100.00	Full
IberTredi Medioambiental	Barcelona (Spain)		100.00	Full
Moringa	Fort de France (France)	793 296 963	100.00	Full
Opale Environnement	Calais (France)	332 359 637	100.00	Full
Séché Alliance	Changé (France)	556 850 279	99.94	Full
Séché Développement	Changé (France)	813 605 839	100.00	Full
Séché Éco-services	Changé (France)	393 307 053	99.98	Full
Séché Éco-industries	Changé (France)	334 055 183	99.99	Full
Séché Énergie	Changé (France)	808 420 541	100.00	Full
Séché Healthcare	Changé (France)	812 631 679	100.00	Full
Séché Transports	Changé (France)	391 918 885	99.50	Full
Sénergies	Changé (France)	306 919 535	80.00	Full
SCI LCDL	Changé (France)	410 629 752	99.80	Full
SCI Les Chênes Secs	Changé (France)	397 475 138	99.80	Full
SCI Mézerolles	Changé (France)	340 493 840	99.99	Full
Sem Trédi	(Mexico)		100.00	Full
Sotrefi	Étupes (France)	315 669 218	100.00	Full
Sénerval	Strasbourg (France)	519 253 355	99.90	Full
Sodicome	Saint-Gilles (France)	431 912 620	80.00	Full
Speichim Processing	Saint-Vulbas (France)	389 218 850	100.00	Full
Trédi Argentina	Buenos Aires (Argentina)		100.00	Full
Trédi SA	Saint-Vulbas (France)	338 185 762	100.00	Full
Triadis Services	Étampes (France)	384 545 281	100.00	Full
UTM	Lübeck (Germany)		100.00	Full
Valls Quimica	Valls (Spain)		100.00	Full
La Barre Thomas	Rennes (France)	392 583 563	40.00	Equity
Kanay	Lima (Peru)	13038686	49.00	Equity
SAS Laval Énergie Nouvelle	Laval (France)	808 190 375	35.00	Equity
SAEM Transval	Saint-Georges-les-Baillargeaux (France)	539 131 698	35.00	Equity
Gerep	Paris (France)	320 179 559	50.00	Equity
Sogad	Le Passage (France)	322 323 783	50.00	Equity
Hungaropec	Budapest (Hungary)		99.57	Discontinued operation



## 3.6.4 Explanatory notes to the financial statements

### 3.6.4.1 Notes to the balance sheet

#### Note 1 - Goodwill, tangible and intangible fixed assets

in K€						
	Goodwill	Software, patents	Intangible fixed assets incl. concessions	Other intangible fixed assets	Tangible fixed assets	TOTAL
<b>GROSS VALUE</b>						
<i>DEC. 31, 2014 RESTATED</i>	253 498	8 313	48 445	15 501	632 020	<b>957 776</b>
Increases	-	780	6 678	500	41 512	<b>49 469</b>
Decreases	-	(389)	-	(116)	(7 356)	<b>(7 861)</b>
Other changes	3 852	121	(627)	(24)	3 309	<b>6 632</b>
<i>DEC. 31, 2015</i>	257 350	8 824	54 496	15 861	669 484	<b>1 006 017</b>
Increases	-	692	1 456	413	22 325	<b>24 887</b>
Decreases	-	(284)	-	-	(7 405)	<b>(7 689)</b>
Other changes	2 229	91	-	180	478	<b>2 979</b>
<i>JUNE 30, 2016</i>	259 579	9 324	55 953	16 454	684 883	<b>1 026 193</b>
<b>AMORTIZATION</b>						
<i>DEC. 31, 2014 RESTATED</i>	-	(7 777)	(3 725)	(4 578)	(467 391)	<b>(483 471)</b>
Increases	-	(596)	(2 762)	(21)	(32 255)	<b>(35 634)</b>
Decreases	-	388	-	-	6 687	<b>7 075</b>
Other changes	-	(68)	627	(8)	(1 808)	<b>(1 257)</b>
<i>DEC. 31, 2015</i>	-	(8 054)	(5 860)	(4 607)	(494 766)	<b>(513 287)</b>
Increases	-	(395)	(1 396)	(22)	(18 656)	<b>(20 469)</b>
Decreases	-	284	-	-	6 991	<b>7 275</b>
Other changes	-	(46)	-	(46)	(65)	<b>(156)</b>
<i>JUNE 30, 2016</i>	-	(8 211)	(7 256)	(4 675)	(506 496)	<b>(526 637)</b>
<b>IMPAIRMENTS</b>						
<i>DEC. 31, 2014 RESTATED</i>	(25 894)	(4)	-	-	(818)	<b>(26 715)</b>
Increases	-	-	-	-	-	-
Decreases	-	-	-	-	111	<b>111</b>
Other changes	-	-	-	-	-	-
<i>DEC. 31, 2015</i>	(25 894)	(4)	-	-	(707)	<b>(26 604)</b>
Increases	-	-	-	-	(55)	<b>(55)</b>
Decreases	-	-	-	-	2	<b>2</b>
Other changes	-	-	-	(64)	(20)	<b>(84)</b>
<i>JUNE 30, 2016</i>	(25 894)	(4)	-	(64)	(779)	<b>(26 741)</b>
<b>NET VALUE</b>						
<i>DEC. 31, 2014 RESTATED</i>	227 604	532	44 720	10 923	163 811	<b>447 590</b>
Increases	-	183	3 916	479	9 257	<b>13 836</b>
Decreases	-	(1)	-	(116)	(557)	<b>(674)</b>
Other changes	3 852	53	-	(31)	1 501	<b>5 375</b>
<i>DEC. 31, 2015</i>	231 457	767	48 637	11 255	174 011	<b>466 126</b>
Increases	-	296	60	391	3 615	<b>4 362</b>
<i>JUNE 30, 2016</i>	233 686	1 109	48 697	11 716	177 608	<b>472 815</b>

**Goodwill** : the Group has examined its half-yearly results against its expectations, and the results of previous half-yearly periods. The conclusion of this analysis is that the delay in achieving the expected results from the operating plan will be non-recurring, and does not threaten the Group's growth and profitability trends.

The Group considers that its present half-yearly results are not indicative of any impairment, and has therefore not performed any impairment test.





### Note 2 - Investments in affiliates

#### Note 2.1 - Summary of investments in affiliates

The investments in affiliates held by the Group are as follows:

in K€				
	% held by Group	Shareholders' equity	Latest profit or loss	Net book value of investments
La Barre Thomas	40%	287	(66)	109
Kanay	49%	(113)	(466)	2 549
Laval Énergie Nouvelle	35%	(766)	(226)	-
Transval	35%	122	15	55
Gerep	50%	(3 954)	(138)	-
Sogad	50%	(1 565)	158	332
<b>TOTAL</b>				<b>3 045</b>

#### Note 2.2 - Changes to investments in affiliates

Changes in investments in affiliates held by the Group break down as follows:

in K€								
	Value at Dec. 31, 2014 restated	Value at Dec. 31, 2015	Income	Changes in fair value through equity	Translation differences	Changes in consolidation scope	Other changes	Value at June 30, 2016
Altergies	189	-	-	-	-	-	-	-
La Barre Thomas	216	141	(32)	-	-	-	-	109
Kanay	-	2 633	(84)	-	(1)	-	-	2 549
Laval Énergie Nouvelle	77	-	(77)	-	-	-	77	-
Transval	42	36	19	-	-	-	-	55
Gerep	-	-	(90)	-	-	-	90	-
Sogad	323	324	72	(17)	-	-	(47)	332
<b>TOTAL</b>	<b>847</b>	<b>3 135</b>	<b>(192)</b>	<b>(17)</b>	<b>(1)</b>	<b>-</b>	<b>120</b>	<b>3 045</b>

#### Note 2.3 - Financial information on affiliates

A summary of financial information on affiliates is provided below:

	La Barre Thomas	Kanay	Laval Énergie Nouvelle	Transval	Gerep	Sogad
<b>Date of most recent financial information known</b>						
in K€						
	June 30, 2016	June 30, 2016	June 30, 2016	June 30, 2016	June 30, 2016	June 30, 2016
<b>% HELD</b>	<b>40%</b>	<b>49%</b>	<b>35%</b>	<b>35%</b>	<b>50%</b>	<b>50%</b>
Non-current assets	16	2 684	185	-	1 115	745
Current assets	1 021	796	2 761	161	1 012	1 325
Shareholders' equity	287	(113)	(766)	122	(3 954)	(1 565)
Non-current liabilities	-	1 544	1 613	-	4 665	2 434
Current liabilities	750	2 049	2 099	39	1 415	1 200
Revenue	1 311	397	1 052	101	1 394	2 055
EBITDA	(65)	(346)	130	15	(108)	343
Current operating income	(66)	(387)	(226)	15	(142)	233
Operating income	(66)	(387)	(226)	15	(137)	233
Net income	(66)	(466)	(226)	15	(138)	158

#### Note 2.4 - Transactions with affiliates

The Group did not carry out any significant transactions with La Barre Thomas, Laval Energie Nouvelle, la SAEM Transval, Gerep or Sogad.

## Note 3 - Financial instruments

The financial instruments shown on the balance sheet break down as follows:

in K€			Dec. 31, 2014 restated			Dec. 31, 2015			June 30, 2016		
	NC	C	T	NC	C	T	NC	C	T		
Available-for-sale financial instruments	1 808	-	<b>1 808</b>	1 655	-	<b>1 655</b>	1 416	-	<b>1 416</b>		
Financial loans and receivables at amortized cost	6 872	1 038	<b>7 910</b>	6 946	868	<b>7 814</b>	7 001	983	<b>7 984</b>		
<b>FINANCIAL ASSETS</b>	<b>8 681</b>	<b>1 038</b>	<b>9 719</b>	<b>8 601</b>	<b>868</b>	<b>9 469</b>	<b>8 417</b>	<b>983</b>	<b>9 400</b>		
Trade and other receivables	3 016	139 127	<b>142 143</b>	26 405	140 341	<b>166 746</b>	25 248	143 916	<b>169 164</b>		
Other current assets (incl. corporation tax receivables)	51	29 162	<b>29 213</b>	11 567	24 165	<b>35 732</b>	12 296	24 319	<b>36 614</b>		
<b>OPERATING LOANS AND RECEIVABLES AT AMORTIZED COST</b>	<b>3 067</b>	<b>168 289</b>	<b>171 355</b>	<b>37 972</b>	<b>164 505</b>	<b>202 478</b>	<b>37 544</b>	<b>168 235</b>	<b>205 778</b>		
Hedging instruments - assets	-	-	-	-	3	<b>3</b>	-	-	-		
Other instruments at fair value by the income statement	-	-	-	-	-	-	-	-	-		
<b>FINANCIAL ASSETS AT FAIR VALUE BY THE INCOME STATEMENT</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>		
Cash and cash equivalents	-	38 756	<b>38 756</b>	-	30 640	<b>30 640</b>	-	16 632	<b>16 632</b>		
<b>TOTAL FINANCIAL ASSETS</b>	<b>11 748</b>	<b>208 083</b>	<b>219 830</b>	<b>46 574</b>	<b>196 017</b>	<b>242 591</b>	<b>45 961</b>	<b>185 849</b>	<b>231 809</b>		
Financial debts	241 824	29 829	<b>271 653</b>	292 138	28 939	<b>321 077</b>	288 408	32 471	<b>320 880</b>		
Hedging instruments - liabilities	547	596	<b>1 143</b>	436	144	<b>580</b>	944	74	<b>1 018</b>		
Other liabilities	4 938	174 195	<b>179 133</b>	4 093	178 703	<b>182 796</b>	3 200	178 880	<b>182 080</b>		
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>247 309</b>	<b>204 620</b>	<b>451 929</b>	<b>296 667</b>	<b>207 786</b>	<b>504 453</b>	<b>292 553</b>	<b>211 425</b>	<b>503 978</b>		

NC: non-current - C: current - T: total



### Note 3.1 - Financial assets

#### Note 3.1.1 - Available-for-sale financial assets

in K€							
Net value	Dec. 31, 2014 restated	Dec. 31, 2015	Changes in fair value through equity	Acquisitions	Other changes	Disposals/repayments	June 30, 2016
Bonds (principal + capitalized interest)	-	-	-	-	-	-	-
Bonds (non-capitalized interest)	-	-	-	-	-	-	-
<b>TOTAL BOND PORTION, GROSS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Provision on bond portion	-	-	-	-	-	-	-
<b>TOTAL BOND PORTION, NET</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL NON-CONSOLIDATED INVESTMENTS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Emertec	1 555	1 402	(259)	-	-	-	1 143
Other investments	253	253	-	20	-	-	273
<b>TOTAL OTHER INVESTMENTS</b>	<b>1 808</b>	<b>1 655</b>	<b>(259)</b>	<b>20</b>	<b>-</b>	<b>-</b>	<b>1 416</b>
<b>TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS</b>	<b>1 808</b>	<b>1 655</b>	<b>(259)</b>	<b>20</b>	<b>-</b>	<b>-</b>	<b>1 416</b>



# Interim consolidated financial statements

## at June 30, 2016



### Note 3.1.2 - Loans and receivables at amortized cost

in K€									
	Dec. 31, 2014 restated			Dec. 31, 2015			June 30, 2016		
	NC	C	T	NC	C	T	NC	C	T
Deposits and bonds of indemnity	1 938	350	<b>2 288</b>	2 038	190	<b>2 227</b>	2 376	50	<b>2 426</b>
Loans	999	82	<b>1 081</b>	1 343	73	<b>1 416</b>	1 254	327	<b>1 581</b>
Trade receivables (concessions)	3 935	606	<b>4 541</b>	3 566	606	<b>4 172</b>	3 371	606	<b>3 977</b>
<b>FINANCIAL LOANS AND RECEIVABLES</b>	<b>6 872</b>	<b>1 038</b>	<b>7 910</b>	<b>6 946</b>	<b>868</b>	<b>7 815</b>	<b>7 001</b>	<b>983</b>	<b>7 984</b>
Trade receivables and other debtors	3 016	139 127	<b>142 143</b>	26 405	140 341	<b>166 746</b>	25 248	143 916	<b>169 164</b>
State	-	16 184	<b>16 184</b>	-	16 014	<b>16 014</b>	-	15 279	<b>15 279</b>
Corporation tax receivables	-	411	<b>411</b>	-	963	<b>963</b>	-	1 843	<b>1 843</b>
Prepaid accounts	-	1 505	<b>1 505</b>	-	1 246	<b>1 246</b>	-	1 388	<b>1 388</b>
Social security receivables	-	233	<b>233</b>	-	514	<b>514</b>	-	762	<b>762</b>
Receivables from disposal of fixed assets	-	1 030	<b>1 030</b>	-	930	<b>930</b>	-	770	<b>770</b>
Other receivables	51	9 538	<b>9 589</b>	11 567	4 411	<b>15 978</b>	12 296	3 955	<b>16 251</b>
Current accounts receivable	-	261	<b>261</b>	-	87	<b>87</b>	-	321	<b>321</b>
Other current assets	51	29 162	<b>29 213</b>	11 567	24 165	<b>35 732</b>	12 296	24 319	<b>36 614</b>
<b>OPERATIONAL LOANS AND RECEIVABLES</b>	<b>3 067</b>	<b>168 288</b>	<b>171 355</b>	<b>37 972</b>	<b>164 505</b>	<b>202 478</b>	<b>37 544</b>	<b>168 234</b>	<b>205 778</b>
<b>LOANS AND RECEIVABLES AT AMORTIZED COST</b>	<b>9 940</b>	<b>169 327</b>	<b>179 266</b>	<b>44 919</b>	<b>165 373</b>	<b>210 292</b>	<b>44 545</b>	<b>169 217</b>	<b>213 762</b>

NC: non-current - C: current - T: total

Depreciation and impairment on loans and receivables at amortized cost break down as follows:

in K€									
	Dec. 31, 2014 restated			Dec. 31, 2015			June 30, 2016		
	Gross	Deprec./ Impairment	Net	Gross	Deprec./ Impairment	Net	Gross	Deprec./ Impairment	Net
Loans and financial receivables	9 411	(1 500)	<b>7 910</b>	9 725	(1 910)	<b>7 815</b>	9 984	(2 000)	<b>7 984</b>
Trade receivables and other debtors	145 684	(3 541)	<b>142 143</b>	170 424	(3 678)	<b>166 746</b>	173 694	(4 530)	<b>169 164</b>
Other assets	29 797	(584)	<b>29 213</b>	35 850	(119)	<b>35 731</b>	36 733	(119)	<b>36 614</b>
<b>LOANS AND RECEIVABLES AT AMORTIZED COST</b>	<b>184 891</b>	<b>(5 625)</b>	<b>179 266</b>	<b>215 999</b>	<b>(5 707)</b>	<b>210 292</b>	<b>220 411</b>	<b>(6 649)</b>	<b>213 762</b>

### Note 3.1.3 - Financial assets at fair value by the income statement

in K€									
	Dec. 31, 2014 restated			Dec. 31, 2015			June 30, 2016		
	NC	C	T	NC	C	T	NC	C	T
Hedging instruments	-	-	-	-	3	<b>3</b>	-	-	-
<b>FINANCIAL ASSETS AT FAIR VALUE BY THE INCOME STATEMENT</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>

NC: non-current - C: current - T: total

### Note 3.1.4 - Cash and cash equivalents

in K€						
	Dec. 31, 2014 restated		Dec. 31, 2015		June 30, 2016	
Mutual funds (SICAVs)		15 642		13 431		7 234
Cash		23 113		17 209		9 397
<b>TOTAL</b>		<b>38 756</b>		<b>30 640</b>		<b>16 632</b>

## Note 3.2 - Financial liabilities

### Note 3.2.1 - Financial debt

in K€

Changes in debt	Dec. 31, 2014 restated			Dec. 31, 2015			June 30, 2016		
	NC	C	T	NC	C	T	NC	C	T
Financial debt liabilities	187 660	28 218	<b>215 878</b>	236 994	26 559	<b>263 553</b>	233 459	27 835	<b>261 294</b>
Effective interest rate impact	(619)	(550)	<b>(1 169)</b>	(1 813)	(666)	<b>(2 478)</b>	(1 503)	(638)	<b>(2 141)</b>
<b>BORROWINGS/BANK LOANS</b>	<b>187 041</b>	<b>27 668</b>	<b>214 709</b>	<b>235 182</b>	<b>25 894</b>	<b>261 075</b>	<b>231 957</b>	<b>27 197</b>	<b>259 153</b>
Bonds outstanding	50 000	-	<b>50 000</b>	50 000	-	<b>50 000</b>	50 000	-	<b>50 000</b>
Effective interest rate impact	(879)	(185)	<b>(1 064)</b>	(686)	(194)	<b>(879)</b>	(587)	(197)	<b>(784)</b>
<b>BONDS</b>	<b>49 121</b>	<b>(185)</b>	<b>48 936</b>	<b>49 314</b>	<b>(194)</b>	<b>49 121</b>	<b>49 413</b>	<b>(197)</b>	<b>49 216</b>
Financial leases	5 327	1 626	<b>6 954</b>	7 607	2 302	<b>9 910</b>	7 003	2 466	<b>9 470</b>
Other financial debt	335	578	<b>913</b>	35	739	<b>774</b>	35	1 102	<b>1 137</b>
Short-term bank borrowings	-	141	<b>141</b>	-	197	<b>197</b>	-	1 904	<b>1 904</b>
<b>TOTAL</b>	<b>241 824</b>	<b>29 829</b>	<b>271 653</b>	<b>292 138</b>	<b>28 939</b>	<b>321 077</b>	<b>288 408</b>	<b>32 471</b>	<b>320 880</b>

NC: non-current - C: current - T: total

Changes in debt over the period can be analyzed as follows:

in K€

	Dec. 31, 2014 restated	Dec. 31, 2015	Increases	Repay.	Changes in scope	Amort. cost	Transl. diff.	Other movts.	June 30, 2016
Bank loans	214 709	261 075	11 300	(13 567)	-	337	-	8	259 153
Bonds	48 936	49 121	-	-	-	95	-	-	49 216
Finance leases	6 954	9 910	135	(1 188)	-	-	-	613	9 470
Other financial debt	913	774	636	(274)	-	-	-	-	1 137
Short-term bank borrowings	141	197	1 612	-	95	-	-	-	1 904
<b>TOTAL</b>	<b>271 653</b>	<b>321 077</b>	<b>13 682</b>	<b>(15 028)</b>	<b>95</b>	<b>433</b>	<b>-</b>	<b>621</b>	<b>320 880</b>





# Interim consolidated financial statements

at June 30, 2016



## Debt Table

At June 30, 2016, Group debt broke down as follows:

in K€				
	Type of rate (before hedging)	Amount	Maturity	Hedging
<b>Other bank loans</b>	Variable	18 369	less than 1 year	Debt contracted at a variable interest rate Interest rate hedge of EUR 105 M
		153 818	from 1 to 5 years	
		552	more than 5 years	
		8 827	less than 1 year	
	Fixed, between 0% and 6%	37 953	from 1 to 5 years	
		39 634	more than 5 years	
	<b>TOTAL</b>	<b>259 153</b>		
<b>Bonds</b>	Variable	-	less than 1 year	
		-	from 1 to 5 years	
		-	more than 5 years	
		(197)	less than 1 year	
	Fixed, between 3% and 5%	49 413	from 1 to 5 years	
		-	more than 5 years	
	<b>TOTAL</b>	<b>49 216</b>		
<b>Financial leases</b>	Variable	361	less than 1 year	
		1 286	from 1 to 5 years	
		-	more than 5 years	
		2 106	less than 1 year	
	Fixed, between 0% and 6%	5 116	from 1 to 5 years	
		601	more than 5 years	
	<b>TOTAL</b>	<b>9 470</b>		
<b>Other miscellaneous financial debt</b>	Variable	-	less than 1 year	
		-	from 1 to 5 years	
		-	more than 5 years	
		1 102	less than 1 year	
	Fixed	35	from 1 to 5 years	
		-	more than 5 years	
	<b>TOTAL</b>	<b>1 137</b>		
<b>Short-term bank borrowings</b>	Variable	1 904	less than 1 year	
	<b>TOTAL</b>	<b>1 904</b>		
	<i>Of which current</i>	<i>32 471</i>	<i>less than 1 year</i>	
	<i>Of which non-current</i>	<i>288 408</i>	<i>more than 1 year</i>	

## Note 3.2.2 - Financial liabilities at fair value by the income statement

Financial liabilities at fair value by the income statement correspond to the derivative instruments used for hedging:

in K€									
	Dec. 31, 2014 restated			Dec. 31, 2015			June 30, 2016		
	NC	C	T	NC	C	T	NC	C	T
Hedging instruments - liabilities	547	596	1 143	436	144	580	944	74	1 018

NC: non-current - C: current - T: total

Hedging instruments (assets and liabilities) break down by their nature as follows:

in K€						
	Dec. 31, 2014 restated		Dec. 31, 2015		June 30, 2016	
	Nominal transaction	Fair value	Nominal transaction	Fair value	Nominal transaction	Fair value
Swaps	80 000	(1 056)	50 000	(367)	40 000	(577)
Collars	22 500	(94)	45 000	(209)	65 000	(441)
Hybrid instruments	-	-	-	-	-	-
<b>TOTAL</b>	<b>102 500</b>	<b>(1 143)</b>	<b>95 000</b>	<b>(576)</b>	<b>105 000</b>	<b>(1 018)</b>

At June 30, 2016, the maturity of the cash flow hedging instruments was as follows:

in K€				
	< 1 year	1 to 5 years	> 5 years	TOTAL
Swaps	10 000	30 000	-	40 000
Collars	15 000	50 000	-	65 000
Hybrid instruments	-	-	-	-
<b>TOTAL</b>	<b>25 000</b>	<b>80 000</b>	<b>-</b>	<b>105 000</b>

## Note 4 - Current and non-current provisions

in K€							
	Dec. 31, 2014 restated	Dec. 31, 2015	Other changes	Write-backs Alloc.	Write-backs used	Write-backs unused	June 30, 2016
Employee benefits <sup>1</sup>	2 327	3 804	466	389	(19)	-	4 640
Other non-current provisions <sup>2</sup>	8 545	9 300	77	624	-	-	10 001
<b>NON-CURRENT PROVISIONS</b>	<b>10 872</b>	<b>13 104</b>	<b>543</b>	<b>1 013</b>	<b>(19)</b>	<b>-</b>	<b>14 641</b>
Provisions for litigation	1 069	1 124	166	48	(46)	(182)	1 110
Provision for other risks	168	-	-	-	-	-	-
Provision for waste to be treated	148	157	-	53	(23)	-	187
Provisions for other charges	518	547	-	110	(467)	(7)	184
<b>CURRENT PROVISIONS</b>	<b>1 904</b>	<b>1 828</b>	<b>166</b>	<b>211</b>	<b>(536)</b>	<b>(188)</b>	<b>1 481</b>
<b>TOTAL</b>	<b>12 776</b>	<b>14 932</b>	<b>709</b>	<b>1 224</b>	<b>(555)</b>	<b>(188)</b>	<b>16 122</b>

1: Provisions for end-of-career payment commitments are calculated according to the method described in the accounting principles and methods section of this report.

2: Provision for 30-year monitoring period.

During the first half of 2016, Séché Eco-industries was the subject of a tax audit covering the fiscal years 2013 through 2016, as a result of which the tax authorities stated their intention of modifying the base on which property ownership tax (taxe foncière) was assessed for the years 2015 and 2016, and business premises tax (cotisation foncière des entreprises) for the years 2013 through 2016, on the

argument that landfill cells should be considered as land used for industrial purposes.

The company intends to contest this proposed tax adjustment, and considers that it has solid and relevant arguments with which to counter the position of the tax authorities. For these reasons, the Group has made no provision in its accounts in this respect.



## Note 5 - Off-balance sheet commitments

### Note 5.1 - Off-balance sheet commitments arising from current operations

in K€	Dec. 31, 2014 restated	Dec. 31, 2015	June 30, 2016
<i>LOANS CEDED BEFORE MATURITY (BILLS, DAILY ACT)</i>	-	-	-
<i>SURETIES</i>	56 630	67 704	70 027
Financial guarantees <sup>1</sup>	27 395	37 135	41 014
Other guarantees	29 236	30 569	29 013
<i>SECURED GUARANTEES</i>	-	-	-
Tangible and intangible assets pledged as collateral	-	-	-
Securities pledged as collateral	-	-	-
Related to shareholder responsibilities in property companies	-	-	-
<b>OFF-BALANCE SHEET COMMITMENTS RELATED TO CURRENT OPERATIONS</b>	<b>56 630</b>	<b>67 704</b>	<b>70 027</b>

1: This concerns a EUR 29 million surety granted to a financial institution during the setting up of financial guarantees extended by it under the Ministerial Order of February 1, 1996.

### Note 5.2 - Off-balance sheet commitments given or received in connection with Group debt

in K€	Dec. 31, 2014 restated	Dec. 31, 2015	June 30, 2016
<i>BUSINESS LOANS CEDED</i>	1 545	1 428	1 688
<i>SURETIES AND LETTERS OF INTENT</i>	28 249	36 964	32 062
<i>SECURED GUARANTEES</i>	9 828	11 194	-
Tangible and intangible assets pledged as guarantees and collateral	9 828	11 194	-
Securities pledged as guarantees and collateral	-	-	-
Mortgages	-	-	-
<i>BORROWING COMMITMENTS RECEIVED</i>	10 771	3 591	1 791
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS RELATED TO DEBT</b>	<b>50 394</b>	<b>53 177</b>	<b>35 541</b>

As part of its asset financing, the company signed commitments not to sell its shareholdings in Sénergies, Sèche Éco-industries and Mézerolles.

Borrowing commitments at June 30, 2016 principally concern the financing of assets conceded in the framework of the Strasbourg public service delegation contract by a loan of EUR 3.6 million, released in tranches and amortizable

over the residual duration of the public service delegation contract, beginning at the date of delivery, at a rate which has still to be set.

All the above-mentioned off-balance sheet commitments cover balance sheet debt, with the exception of a EUR 0.8 million guarantee.

## Note 6 - Shareholders' equity

### Note 6.1 - Breakdown of share capital

Share category	Number	Par value
<b>1- SHARES COMPRISING THE SHARE CAPITAL AT THE START OF THE PERIOD</b>	<b>7 857 732</b>	<b>0.20 €</b>
Capital decrease (by cancellation of the Company's own shares)	-	
<b>2- SHARES COMPRISING THE SHARE CAPITAL AT THE END OF THE PERIOD</b>	<b>7 857 732</b>	<b>0.20 €</b>
<i>Of which shares with single voting rights</i>	<i>7 231 607</i>	
<i>Of which shares with double voting rights</i>	<i>626 125</i>	



## Note 6.2 - Additional paid-in capital

This line is made up exclusively of additional paid-in capital from the different capital increases, net of charges:

in K€	Amount
Capital increase of November 27, 1997	11 220
Capital increase of December 19, 1997	112
Capital increase of October 1, 2001 (to pay for Alcor shares)	10 795
Capital increase of July 5, 2002 (to pay for Tredi shares)	192 903
Charges on additional paid-in capital	(1 578)
Issuance of 596 408 share subscription warrants in favor of Caisse des Dépôts on Dec. 12, 2006	10 908
Exercise of share subscription warrants by Caisse des Dépôts on April 24, 2007	74 718
Pay-out of dividends on June 10, 2014	(8 148)
Charges on additional paid-in capital on April 25, 2014	(169 445)
Pay-out of dividends on June 10, 2015	(8 203)
Charges on additional paid-in capital on April 28, 2015	790
Cancellation by Séché Environnement of its own shares on June 17, 2015	(23 268)
Charges on additional paid-in capital on April 28, 2016	(16 744)
<b>TOTAL</b>	<b>74 061</b>

## Note 6.3 - Breakdown of consolidated reserves

in K€	Dec. 31, 2014 restated	Dec. 31, 2015	Increases	Decreases	June 30, 2016
Legal reserve	173	173	-	-	173
Regulatory reserves	-	-	-	-	-
Retained earnings	-	(42 616)	42 669	-	52
Other reserves	6 037	6 037	-	(6 037)	-
<b>SUB-TOTAL LEGAL AND REGULATORY RESERVES</b>	<b>6 210</b>	<b>(36 407)</b>	<b>42 669</b>	<b>(6 037)</b>	<b>225</b>
Consolidated reserves (excluding foreign currency translation differences)	122 224	174 306	-	(11 244)	163 062
<b>TOTAL RESERVES (excluding foreign currency translation differences)</b>	<b>128 434</b>	<b>137 899</b>	<b>42 669</b>	<b>(17 281)</b>	<b>163 287</b>
Foreign currency translation differences	(2 760)	(3 083)	-	(192)	(3 276)
<b>TOTAL RESERVES (including foreign currency translation differences)</b>	<b>125 674</b>	<b>134 816</b>	<b>42 669</b>	<b>(17 473)</b>	<b>160 011</b>

## Note 6.4 - Dividends

In the first half of 2016, Séché Environnement paid out EUR 7 464 845.40 in dividends, or EUR 0.95 per share,

regardless of the type of share. As a reminder, dividends concerning treasury stock, i.e. EUR 52 355.45 were booked in retained earnings



## 3.6.4.2 Notes to the income statement

### Note 7 - Income from ordinary activities

in K€	June 30, 2014 restated	June 30, 2015	June 30, 2016
<b>REVENUE</b>	<b>216 415</b>	<b>223 206</b>	<b>230 040</b>
<i>Of which sales of goods</i>	34 115	34 226	33 683
<i>Of which sales of services</i>	182 300	188 980	196 357
<b>OTHER BUSINESS INCOME</b>	<b>3 111</b>	<b>2 560</b>	<b>2 690</b>
<b>TRANSFERS OF EXPENSES</b>	<b>9 420</b>	<b>3 437</b>	<b>1 423</b>
<b>INCOME FROM ORDINARY ACTIVITIES</b>	<b>228 946</b>	<b>229 203</b>	<b>234 153</b>

### Note 8 - Current operating income

in K€	June 30, 2014 restated	June 30, 2015	June 30, 2016
<b>INCOME FROM ORDINARY ACTIVITIES</b>	<b>228 946</b>	<b>229 203</b>	<b>234 153</b>
Purchases used for operational purposes	(35 932)	(34 717)	(32 194)
External expenses	(86 709)	(86 233)	(86 459)
<i>Of which subcontracting</i>	(50 985)	(49 419)	(47 607)
Taxes other than on income	(17 740)	(19 769)	(19 068)
Employee benefit expenses	(52 697)	(54 478)	(58 011)
<b>EBITDA</b>	<b>35 869</b>	<b>34 006</b>	<b>38 422</b>
Cost of renewal of assets included in concessions	(4 053)	(4 382)	(4 371)
Cost of treatment site rehabilitation	(728)	(682)	(682)
Other operating income and expenses	(638)	(1 592)	(652)
Net allocations to provisions	(21)	498	(811)
Net allocations to amortization	(16 605)	(15 690)	(20 474)
<b>CURRENT OPERATING INCOME</b>	<b>13 823</b>	<b>12 159</b>	<b>11 433</b>

### Note 9 - Operating income

in K€	June 30, 2014 restated	June 30, 2015	June 30, 2016
<b>CURRENT OPERATING INCOME</b>	<b>13 823</b>	<b>12 159</b>	<b>11 433</b>
Income on disposal of fixed assets	(1)	290	(181)
Impairment of assets	(68)	-	(48)
Effect of changes in consolidation scope <sup>1</sup>	-	-	(122)
Other <sup>2</sup>	(8 702)	-	(541)
<b>OPERATING INCOME</b>	<b>5 052</b>	<b>12 450</b>	<b>10 540</b>

1: These correspond to expenses incurred in constituting business combination projects.

2: Between March 21, 2014 and June 12, 2014, industrial action paralyzed the Strasbourg-Séneval facility. Since the company is under a contractual obligation to provide a public service, specifically the treatment of waste from the Strasbourg Urban Community and other local authorities, it was obliged to pay, itself, considerable non-recurring operating costs.

In 2016, further non-recurring operating costs were incurred by the Group, concerning the management under contract of the Strasbourg-Séneval public service delegation concession, which was complicated by the presence of asbestos in the delegated assets.

## Note 10 - Net financial income

### Note 10.1 - Breakdown of net financial income

in K€	June 30, 2014 restated	June 30, 2015	June 30, 2016
Income from cash and cash equivalents	314	258	171
Gross financial borrowing costs	(8 023)	(6 605)	(5 185)
Other financial income and expenses	(520)	(557)	(598)
<b>TOTAL</b>	<b>(8 229)</b>	<b>(6 903)</b>	<b>(5 612)</b>

The cost of gross financial debt evolved as follows:

in K€	June 30, 2014 restated	June 30, 2015	June 30, 2016
Financial liabilities at amortized cost	(7 307)	(6 070)	(4 924)
Gain (loss) on hedging instruments	(716)	(535)	(261)
<b>COST OF GROSS FINANCIAL DEBT</b>	<b>(8 023)</b>	<b>(6 605)</b>	<b>(5 185)</b>

The cost of net financial debt increased in 2015 under the effects of early amortization of negotiation charges related to the syndicated credit refinancing in May 2015 in the amount of EUR 1.2 million.

### Note 10.2 - Breakdown of other financial income and expenses

in K€	June 30, 2014 restated	June 30, 2015	June 30, 2016
Foreign exchange gain (loss)	(31)	(63)	(20)
Net gain (loss) on the sale of financial fixed assets	(3)	-	-
Net impairment on financial assets	(212)	(575)	(480)
Other financial income and expenses	(274)	82	(98)
<b>TOTAL</b>	<b>(520)</b>	<b>(557)</b>	<b>(598)</b>

## Note 11- Taxes

in K€	June 30, 2014 restated	June 30, 2015	June 30, 2016
<b>NET INCOME BEFORE TAXES</b>	<b>(3 177)</b>	<b>5 546</b>	<b>4 928</b>
Corporation tax payable	(401)	(982)	(1 116)
Deferred tax	1 128	(378)	(1 009)
<b>TOTAL TAX EXPENSE</b>	<b>727</b>	<b>(1 359)</b>	<b>(2 124)</b>
<i>Current effective tax rate</i>	<i>22.88%</i>	<i>24.51%</i>	<i>43.10%</i>





### 3.6.4.3 Financial risk management

#### Note 12 - Exposure to credit risk

Credit risk is the risk of financial loss being incurred by the Group in the event that a customer or counterparty to a given asset were to fail to meet its contractual obligations. This risk arises mainly from trade receivables.

The Group's maximum exposure to credit risk is represented by the book value of financial assets. At the close of the half-year, maximum credit risk exposure broke down as follows:

	in K€								
	Dec. 31, 2014 restated			Dec. 31, 2015			June 30, 2016		
	NC	C	T	NC	C	T	NC	C	T
Available-for-sale financial assets	1 808	-	1 808	1 655	-	1 655	1 416	-	1 416
Financial loans and receivables at amortized cost	6 872	1 038	7 910	6 946	868	7 814	7 001	983	7 984
<i>NON-CURRENT FINANCIAL ASSETS</i>	<i>8 681</i>	<i>1 038</i>	<i>9 719</i>	<i>8 601</i>	<i>868</i>	<i>9 469</i>	<i>8 417</i>	<i>983</i>	<i>9 400</i>
Trade and other receivables	3 016	139 127	142 143	26 405	140 341	166 746	25 248	143 916	169 164
Other current assets (incl. corporation tax credits)	51	29 162	29 213	11 567	24 165	35 732	12 296	24 319	36 614
<i>LOANS AND RECEIVABLES AT AMORTIZED COST</i>	<i>3 067</i>	<i>168 289</i>	<i>171 355</i>	<i>37 972</i>	<i>164 505</i>	<i>202 478</i>	<i>37 544</i>	<i>168 235</i>	<i>205 778</i>
Hedging instruments - assets	-	-	-	-	3	<b>3</b>	-	-	-
Other instruments at fair value by the income statement	-	-	-	-	-	-	-	-	-
<i>FINANCIAL ASSETS AT FAIR VALUE BY THE INCOME STATEMENT</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>3</i>	<i><b>3</b></i>	<i>-</i>	<i>-</i>	<i>-</i>
Cash and cash equivalents	-	38 756	38 756	-	30 640	30 640	-	16 632	16 632
<b>TOTAL FINANCIAL ASSETS</b>	<b>11 748</b>	<b>208 083</b>	<b>219 830</b>	<b>46 574</b>	<b>196 017</b>	<b>242 591</b>	<b>45 961</b>	<b>185 849</b>	<b>231 809</b>

NC: non-current - C: current - T: total

Revenue, expenses, income and impairments recognized in the financial statements for the first half of 2016 as financial assets were not significant, and corresponded to income related to the management of marketable securities.

## Note 13 - Exposure to counterparty risk

Counterparty risk corresponds to the loss that the Group could suffer if one or more counterparties were to fail to fulfill their obligations. It concerns loans and receivables

(financial or operational) at amortized cost, and short-term investments of excess cash.

The aged balance of loans and receivables at amortized cost is as follows:

in K€		June 30, 2016			
	Net value (C and NC)	Of which not due	Of which due		
			0 - 6 mths	6 mths - 1 yr	> 1 yr
Financial loans and receivables at amortized cost	7 984	7 984	-	-	-
Trade and other receivables	169 164	145 657	14 805	4 402	4 300
Other assets	36 614	35 028	-	1 302	284
<b>TOTAL</b>	<b>213 762</b>	<b>188 668</b>	<b>14 805</b>	<b>5 705</b>	<b>4 584</b>

The aged balance of loans and receivables at amortized cost at the closing of the preceding two financial years was as follows:

in K€		December 31, 2015			
	Net value (C and NC)	Of which not due	Of which due		
			0 - 6 mths	6 mths - 1 yr	> 1 yr
Financial loans and receivables at amortized cost	7 814	7 814	-	-	-
Trade and other receivables	166 746	139 207	19 432	4 306	3 801
Other assets	35 732	35 555	-	-	177
<b>TOTAL</b>	<b>210 292</b>	<b>182 576</b>	<b>19 432</b>	<b>4 306</b>	<b>3 978</b>

in K€		December 31, 2014 restated			
	Net value (C and NC)	Of which not due	Of which due		
			0 - 6 mths	6 mths - 1 yr	> 1 yr
Financial loans and receivables at amortized cost	7 910	7 910	-	-	-
Trade and other receivables	142 143	112 815	25 922	1 608	1 798
Other assets	29 213	26 514	2 000	12	687
<b>TOTAL</b>	<b>179 266</b>	<b>147 238</b>	<b>27 922</b>	<b>1 620</b>	<b>2 485</b>

In the Group's opinion, it is not exposed to any significant counterparty risk.





# Interim consolidated financial statements

at June 30, 2016



## Note 14 - Exposure to liquidity risk

residual contractual maturities of the Group's financial liabilities broke down as follows:

Liquidity risk is the risk that the Group may have difficulty honoring its debts at their maturity. At June 30, 2016, the

in K€					
June 30, 2016	Book value	Contractual cash flows	< 1 yr	1 to 5 yrs	> 5 yrs
Bank loans	308 369	345 649	35 269	263 762	46 617
Lease finance debt	9 470	9 935	2 649	6 682	603
Other financial debt	1 137	1 137	1 102	-	35
Short-term bank borrowings	1 904	1 904	1 904	-	-
Trade and other payables (incl. corporation tax debts)	172 556	172 556	169 356	3 200	-
Liabilities for renewal of assets included in concessions	9 524	9 524	9 524	-	-
<b>TOTAL NON-DERIVATIVE FINANCIAL LIABILITIES</b>	<b>502 960</b>	<b>540 705</b>	<b>219 804</b>	<b>273 644</b>	<b>47 255</b>
Hedging instruments	1 018	1 018	74	944	-
<b>TOTAL DERIVATIVE FINANCIAL LIABILITIES</b>	<b>1 018</b>	<b>1 018</b>	<b>74</b>	<b>944</b>	<b>-</b>

For comparison purposes, the residual contractual maturities of the Group's financial liabilities at the closing of the fiscal years 2015 and 2014 were as follows:

in K€					
Dec. 31, 2015	Book value	Contractual cash flows	< 1 yr	1 to 5 yrs	> 5 yrs
Bank loans	310 196	350 517	34 140	244 505	71 873
Lease finance debt	9 910	10 517	2 525	7 100	892
Other financial debt	774	774	739	-	35
Short-term bank borrowings	197	197	197	-	-
Trade and other payables (incl. corporation tax debts)	179 287	179 287	175 194	4 093	-
Liabilities for renewal of assets included in concessions	9 874	9 874	9 874	-	-
<b>TOTAL NON-DERIVATIVE FINANCIAL LIABILITIES</b>	<b>510 238</b>	<b>551 166</b>	<b>222 669</b>	<b>255 698</b>	<b>72 800</b>
Hedging instruments	580	580	144	436	-
<b>TOTAL DERIVATIVE FINANCIAL LIABILITIES</b>	<b>580</b>	<b>580</b>	<b>144</b>	<b>436</b>	<b>-</b>

in K€					
Dec. 31, 2014 restated	Book value	Contractual cash flows	< 1 yr	1 to 5 yrs	> 5 yrs
Bank loans	263 645	301 270	36 805	195 272	69 193
Lease finance debt	6 954	7 357	1 796	5 246	315
Other financial debt	913	913	578	301	34
Short-term bank borrowings	141	141	141	-	-
Trade and other payables (incl. corporation tax debts)	169 177	169 177	164 239	4 938	-
Liabilities for renewal of assets included in concessions	10 705	10 705	10 705	-	-
<b>TOTAL NON-DERIVATIVE FINANCIAL LIABILITIES</b>	<b>451 536</b>	<b>489 563</b>	<b>214 264</b>	<b>205 757</b>	<b>69 542</b>
Hedging instruments	1 143	1 143	596	547	-
<b>TOTAL DERIVATIVE FINANCIAL LIABILITIES</b>	<b>1 143</b>	<b>1 143</b>	<b>596</b>	<b>547</b>	<b>-</b>

The covenanted financial ratios to be complied with (under pain of default, rendering all debt immediately payable) in connection with the Group's principal debt are as follows:

RATIOS	Applicable in 2014	Applicable in 2015	Applicable in 2016
Net financial debt/equity	< 1.1	< 1.4	< 1.4
Net financial debt/EBITDA	< 3.5	< 3.5	< 3.5

Under its operation to refinance its bank debt, Séché Environnement renegotiated the clause concerning its net financial debt to equity ratio. A change in the definition of shareholder's equity led to a modification in the limit of the ratio: from now on, shareholders' equity is defined as "the total of all shareholders' equity (Group share)" without exception.

At June 30, 2016, the Group's bank gearing stood at 0.74 and bank-debt-to-earnings at 2.95.

At June 30, 2015, the Group's bank gearing was 1.05 and bank-debt-to-earnings stood at 3.02.

### Note 15 - Exposure to interest rate risk

Séché Environnement's corporate debt, before hedging, is subject to a variable rate of interest.

The Group uses hedging instruments to cover itself against any rise in interest rates, and to optimize the cost of its

debt. The Group's credit convention requires a minimum of 50% hedging over a three-year period. The instruments used are swaps, caps, floors and collars. Their use is managed directly by the Group Finance Department.

Interest-rate risk is analyzed on the basis of projected trends in financial debt on the credit lines and maturities of interest-rate hedges:

- a 50 basis point decline in interest rates would have a negative impact on Group shareholders' equity of EUR 1.8 million;
- a 1% instantaneous upward change in interest rates would have a negative impact of EUR 0.6 million on the Group's annual financial costs, based on its indebtedness at June 30, 2016 and its reimbursement profile at that date.

### Note 16 - Exposure to exchange rate risk

The exchange rate risk to which the Group is exposed arises from:

- the conversion of contributions from foreign subsidiaries outside the euro zone to its balance sheet and income statement. However, this risk is increasingly limited thanks

to the Group's ongoing efforts to refocus on its European activities in the euro zone;

- bank debt financing, denominated almost exclusively in EUR, of the investments of its foreign subsidiaries carried out in local currencies (for those subsidiaries not considered as long-term foreign investments).

Changes in foreign exchange income break down as follows:

in K€	June 30, 2014 restated	June 30, 2015	June 30, 2016
Foreign exchange income, Europe	10	(21)	7
Foreign exchange income, Americas	(40)	(43)	(27)
<b>TOTAL</b>	<b>(31)</b>	<b>(63)</b>	<b>(20)</b>

To date, this risk is not the subject of specific hedging at the Group level.





### 3.6.4.4 *Earnings per share*

The earnings per share figure presented at the foot of the income statement is the ratio of the net income attributable to shareholders of the parent company, to the weighted average number of shares making up the share capital of the parent company which were in circulation over the period, i.e. EUR 0.31.

The Group has no dilutive instruments, therefore diluted EPS is equal to net EPS.

### 3.6.4.5 *Key events since the closing of accounts*

We are aware of no significant event occurring after the closing of accounts likely to have a significant impact on the Group's assets, financial position or operating results.

As far as the Company is aware, there is no litigation, arbitration or exceptional event occurring after the closing likely to have, or to have had in the recent past, a significant effect on the financial position, earnings, business or assets of the Company or the Group.



# 4 Statutory Auditors' Limited Review Report on the interim financial report at June 30, 2016





# Statutory Auditors' Limited Review Report

## on the interim financial report at June 30, 2016



### Statutory Auditors' Limited Review Report on the interim financial report at June 30, 2016

To the Shareholders,

Following our appointment as statutory auditors by your Annual General Meeting, and in accordance with article L.451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we have carried out:

- a limited review of the condensed half-yearly consolidated financial statements of Séch  Environnement SA for the period from January 1, 2016 to June 30, 2016 which are attached to the present report;
- the verification of information contained in the half-yearly management report.

These condensed half-yearly consolidated financial statements have been drawn up under the responsibility of your Board of Directors. Our role is to express our conclusion on these financial statements based on our limited review.

#### I - Conclusion on the financial statements

We conducted our limited review in accordance with professional standards applicable in France. A limited review of interim financial information essentially consists in making inquiries of persons responsible for financial and accounting matters, and applying analytical review procedures. A limited review is substantially less broad in scope than an audit conducted in accordance with professional standards applicable in France, and consequently does not enable us to obtain more than a moderate assurance, less than would be obtained in the case of an audit, that the financial statements do not contain significant anomalies.

Based on our limited review, no significant anomaly has come to our attention that would cause us to doubt that the accompanying condensed half-yearly consolidated financial statements are prepared in all material respects in accordance with IAS 34, the IFRS standard as adopted by the European Union applicable to interim financial statements.

#### II - Specific verification

We also verified the information given in the half-yearly management report commenting on the condensed half-yearly consolidated financial statements submitted to our limited review. We have no observations to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Nantes, September 7, 2016

KPMG Audit  
A department of KPMG SA  
Franck Noël  
Partner

Laval, September 7, 2016

RSM Ouest Audit  
Jean-Claude Bonneau  
Partner



**Séché Environnement**  
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