HALF-YEAR REPORT
JUNE 30, 2007

AREVA

CONTENTS

1. Highlights of the period

Information provided in this chapter concerns the AREVA group as a whole. Highlights concerning specific activities are presented in the review of the business divisions.

Main developments pertaining to the first half of 2007:

- Strong increase in the backlog of both the nuclear business and the Transmission & Distribution division, which together come to €33.5 billion;
- Stable income in the nuclear business;
- Provision connected with the OL3 contract supplemented;
- Income and sales continue to grow in the Transmission & Distribution division.

Main events in the AREVA group during the first half of 2007:

- January 18: AREVA NP wins two contracts in Sweden to retrofit unit 2 of the Oskarshamn power plant and extend the service life of unit 4 of the Ringhals power plant;
- January 24: EDF awards a contract to AREVA to supply the nuclear steam supply system of the Flamanville EPR. This major contract is the 100th reactor order for the AREVA group;
- February 16: AREVA T&D acquires Passoni & Villa, a leading manufacturer of high-voltage bushings. Passoni & Villa had 2006 sales revenue was €26 million and employs 150 people;
- March 29: Japan Nuclear Fuel Ltd announced that it will join the GNP consortium consisting of AREVA Inc., Washington Group International and BWX Technologies to meet the used fuel management needs of the US Department of Energy;
- April 11: AREVA and MHI confirmed that they will accelerate deployment of their alliance to develop and market a Generation III pressurized water reactor with 1,100 MW of capacity. The companies signed a Memorandum of Understanding on July 10, 2007;
- April 18: AREVA T&D inaugurates a new plant to manufacture gas-insulated switchgear in Suzhou, Jiangsu Province, China. The plant will contribute to the T&D division’s objective to double its sales in China by 2010;
- May 9: Sogin of Italy awards a contract to AREVA to transport and treat 235 metric tons (MT) of used fuel;
- May 14: AREVA announces its intention of continuing to sponsor the America’s Cup in partnership with the French team;
- May 21: AREVA announces the start of the Comurhex II project to build new uranium conversation facilities at its Malvési and Tricastin sites. With this €610 million capital investment, the group aims to remain the number 1 worldwide in uranium conversion as the nuclear revival continues;
- May 24: Following AREVA’s decision not to outbid Suzlon for the takeover of REpower, the two groups enter into a cooperative agreement under which AREVA will maintain its shareholding in REpower and continue to support the company, will become Suzlon’s preferred supplier for electricity transmission and distribution equipment and systems, and will have a guaranteed share price in the event that it decides to withdraw from REpower;
- May 30: AREVA T&D signs an agreement to create a 50/50 joint venture with Sunten Electric Co. of China, enabling AREVA T&D to become the leader in dry-type transformers in China;
- June 19: AREVA T&D signs an agreement to create a 50/50 joint venture with United Company Rusal of Russia. The JV will become Rusal’s preferred supplier of electric equipment and services for turnkey projects in Russia;
- June 19: AREVA signs a major uranium enrichment contract with South Korean power company KHNP.
- June 25: AREVA launches a friendly takeover of Uramin, a uranium mining company in Canada. The public offer was completed successfully on July 30 with 92.93% of all shares outstanding tendered to AREVA;
- Other important events for the half year: the Melox MOX fabrication plant received a license from the French regulators to increase annual fuel production capacity from 145 metric tons to 195 metric tons.

Update on the OL3 project with TVO:

The Olkiluoto 3 EPR (OL3) is the first Generation III reactor under construction anywhere in the world. It is also the first reactor for which two safety authorities – in France and in Germany – were involved during the design phase. The price and schedule terms of this turnkey contract with customer TVO of Finland are very tight.

The project is now moving forward at a brisk pace. The key milestones of the construction schedule established at the end of 2006 for the first half of 2007 were met.

Considering the project's "first-of-a-kind" nature and the technical documentation approval process specific to it, although performance conditions are improving significantly. The provision set up for this project was supplemented to take into account the resulting costs and contingencies. This provision takes into account the insurance policy that the Group bought at the end of 2006 to cover the risk of losses to completion under EPR export sales contracts, beyond a certain deductible and within the limits of coverage.

2. Key data

2.1. SUMMARY DATA

2.1.1. Financial indicators

(in millions of euros)	**H1 2007**	H1 2006	Change 2007/2006
Sales revenue	5,373	5,036	6.7%
Gross margin	1,084	955	13.6%
% of sales revenue	*20.2%*	*19.0%*	*+1.2 pt*
Earnings before interest, taxes, depreciation and amortization (EBITDA)	451	534	(15.5)%
% of sales revenue	*8.4%*	*10.6%*	*(2.2) pts*
Operating income	207	115	80.0%
% of sales revenue	*3.9%*	*2.3%*	*+1.6 pts*
Net financial income (expenses)	118	32	268.8%
Net income attributable to equity holders of the parent	295	245	20.4%
% of sales revenue	*5.5%*	*4.9%*	*+0.6 pt*
Net operating Capex	(501)	(334)	50.1%
Free operating cash flow before tax	(513)	(40)	immaterial
Dividends paid	(340)	(427)	(20.4)%

	06/30/2007	12/31/2006	
Backlog	33,553	25,627	+30.9%
Net debt at the end of the period	(1,565)	(865)	+80.9%
- including put option held by Siemens	(1,117)	(1,117)	-

2.1.2. Definitions of financial indicators

Backlog: the backlog is valued based on economic conditions at the end of the period. It includes firm orders and excludes unconfirmed options. Orders in hedged foreign currencies are valued at the rate hedged. Non-hedged orders are valued at the rate in effect on the last day of the period. The backlog reported for long-term contracts recorded under the percentage of completion method and partially performed as of the reporting date is equal to the difference between (a) the projected sales revenue from the contract at completion and (b) the sales revenue already booked for this particular contract. Accordingly, the backlog takes into account escalation and price revision assumptions used by the group to determine the projected revenue at completion.

Cash flow from end-of-life-cycle operations: this indicator encompasses all of the cash flows linked to end-of-life-cycle operations and to assets earmarked to cover those operations. It is equal to the sum of the following items:

- Income from the portfolio of earmarked assets;
- Cash from the sale of earmarked assets;
- Minus acquisitions of earmarked assets;
- Minus cash spent during the year on end-of-life-cycle operations;
- Full and final payments received for facility dismantling;
- Less full and final payments paid for facility dismantling.

Earnings before interest, taxes, depreciation and amortization (EBITDA): EBITDA is equal to operating income plus net amortization, depreciation and operating provisions (except for provisions for impairment of working capital items). EBITDA is adjusted to exclude the cost of end-of-life-cycle operations for nuclear facilities (dismantling, retrieval and packaging of waste) for the period, as well as the full and final payments made or to be made to third parties for facility dismantling. It should be noted that the cash flows linked to end-of-life-cycle operations are presented separately.

Free operating cash flow: it represents the cash flow generated by operating activities. This indicator is before income tax. It is equal to the sum of the following items:

- EBITDA, excluding end-of-life-cycle operations;
- Plus losses or minus gains included in operating income on sales of property, plant and equipment (PPE) and intangible assets;
- Plus the decrease or minus the increase in operating working capital requirement between the beginning and the end of the period (excluding reclassifications, currency translation adjustments and changes in consolidation scope);
- Minus acquisitions of PPE and intangible assets, net of changes in accounts payable related to fixed assets;
- Plus sales of PPE and intangible assets included in operating income, net of changes in receivables on the sale of fixed assets;
- Plus customer prepayments on non-current assets received during the period;
- Plus acquisitions (or disposals) of consolidated companies (excluding equity associates).

Net debt: this heading includes short- and long-term borrowings, which include interest-bearing advances received from customers and put options by minority shareholders, less cash balances, non-trade current accounts, marketable securities and other current financial assets. Shares classified as "available-for-sale securities" are now excluded from the net debt or (cash) position.

Operating working capital requirement (OWCR): OWCR represents all of the current assets and liabilities related directly to operations, i.e.:

- Inventories and work-in-process;
- Trade accounts receivable and related accounts;
- Interest-bearing advances;
- Other accounts receivable, accrued income and prepaid expenses;
- Less: trade accounts payable and related accounts, trade advances and prepayments received (excluding interest-bearing advances), other operating liabilities, accrued expenses, and deferred income;
- Note: OWCR does not include non-operating receivables and payables such as income tax liabilities, amounts receivable on the sale of non-current assets, and liabilities in respect of the purchase of non-current assets.

2.1.3. Non-financial AREVA Way performance indicators

	Q2 2007	Q1 2007	2006
SAFETY			
Accident frequency rate	4.35	4.43	4.66
Accident severity rate	0.12	0.12	0.14
DOSIMETRY			
Average exposure to radiation (Group employees)	1.23	-	1.22
Average exposure to radiation (subcontractors)	0.47	-	0.48
ENVIRONMENT			
Electric power used (GWh)	336.251	350.333	1,322.311
Fossil energy used (GWh)	352.974	399.167	1,373.422
Direct emissions of greenhouse gases	208,585.13	298,170.75	1,107,531.39

2.2. SEGMENT REPORTING

First half 2007

(in millions of euros)	Front End	Reactors and Services	Back End	Transmission & Distribution	Corporate & other eliminations	Total
Contribution to consolidated revenue	1,342	1,154	856	2,021	0	5,373
EBITDA	292	(122)	172	156	(48)	451
% contribution to consolidated sales	*21.8%*	*(10.6)%*	*20.1%*	*7.7%*	-	*8.4%*
Operating income	223	(230)	97	175	(59)	207
% contribution to consolidated sales	*16.6%*	*(20.0)%*	*11.3%*	*8.7%*	-	*3.9%*
Change in operating WCR	(167)	9	(197)	(71)	(34)	(459)
Net operating CAPEX	(243)	(124)	(47)	(70)	(18)	(501)
Free operating cash flow before tax	(122)	(236)	(73)	17	(100)	(513)

First half 2006

(in millions of euros)	Front End	Reactors and Services	Back End	Transmission & Distribution	Corporate & other eliminations	Total
Contribution to consolidated revenue	1,381	1,102	851	1,701	0	5,036
EBITDA	286	(9)	166	107	(16)	534
% contribution to consolidated sales	*20.7%*	*(0.8)%*	*19.4%*	*6.3%*	-	*10.6%*
Operating income	221	(266)	117	72	(29)	115
% contribution to consolidated sales	*16.0%*	*(24.1)%*	*13.8%*	*4.2%*	-	*2.3%*
Change in operating WCR	119	(101)	(110)	(124)	(27)	(243)
Net operating CAPEX	(175)	(81)	(38)	(39)	0	(334)
Free operating cash flow before tax	229	(190)	18	(53)	(44)	(40)

2.3. BACKLOG

The backlog as of June 30, 2007 was €33.553 billion, up 30.9% from €25.627 million on December 31, 2006 and up 55.2% since June 30, 2006.

In the nuclear business, the backlog as of June 30, 2007 was €29.441 billion, compared with €22.123 billion as of December 31, 2006, representing an increase of 33.1%.

Important developments in the first half of 2007 include:

- A major long term uranium enrichment contract was signed the KHPN of South Korea;
- In *Fuel*, AREVA signed a contract with EDF valued at more than €1.4 billion for the 2008-2012 period;
- EDF ordered the nuclear steam supply system for the Flamanville EPR;
- Sogin of Italy awarded a contract of more than €250 million to treat 235 metric tons of used nuclear fuel.

In the Transmission & Distribution division, the backlog at June 30, 2007 stood at €4.116 billion, compared with €3.503 billion at December 31, 2006, an increase of 17.5%. New orders rose by 24.3% in the first half of 2007 to €2.637 billion and were up sharply from those of the first half of 2006. Like-for-like, orders were up 25.1%. This positive trend is consistent with that of the second half of 2006. It reflects growth in the industrial sector and major contracts signed by the *Products* and *Systems* businesses in Russia and the Middle East.

2.4. INCOME STATEMENT

(in millions of euros)	H1 2007	H1 2006	2006
Sales revenue	**5,373**	**5,036**	**10,863**
Gross margin	**1,084**	**955**	**2,220**
Research and development expenses	(197)	(161)	(355)
Sales and marketing expenses	(252)	(244)	(493)
General and administrative expenses	(424)	(375)	(778)
Restructuring and early retirement costs	(17)	(43)	(131)
Other operating income and expenses	14	(17)	(56)
Operating income	**207**	**115**	**407**
Net financial income (expenses)	**118**	**32**	**97**
Income tax	(53)	(36)	(51)
Share in net income of associates	34	104	220
Net income from continuing operations	**306**	**214**	**672**
Net income from discontinued operations	0	2	0
Net income for the period	**306**	**216**	**672**
Minority interests	12	(29)	24
Net income attributable to equity holders of the parent	**295**	**245**	**649**

2.4.1. Sales revenue

Consolidated sales revenue rose to €5.373 billion in the first half of 2007, up 6.7% compared with the same period in 2006. Like-for-like, the group's sales revenue was up 6.4%.

(in millions of euros)	H1 2007	H1 2006	Change 2007/2006
Contribution to consolidated sales	**5,373**	**5,036**	**6.7%**
Front End division	1,342	1,381	(2.8)%
Reactors and Services division	1,154	1,102	4.7%
Back End division	856	851	0.6%
Nuclear	**3,352**	**3,334**	**0.5%**
Transmission & Distribution division	2,021	1,701	18.8%

Nuclear operations reported first half 2007 sales revenue of €3.352 billion, essentially unchanged from the first half of 2006 in reported data and down 0.2% like-for-like. Highlights included:

- A slight decrease in sales revenue for the **Front End** division due to unfavorable timing of deliveries in the *Fuel* business unit was offset only partially by higher uranium prices.
- In the **Reactors and Services** division, sales revenue was buoyed by services, after weak demand in 2006, and by the start of construction of a second EPR, Flamanville 3.
- Sales revenue was stable in the **Back End** division (+0.6%), with strong growth in the *Logistics* business unit offset by a drop in *Treatment*, the division's largest business unit, due to shifts in production schedules.

The **Transmission & Distribution** division recognized sales revenue of €2.021 billion, the strong growth of 18.8% reflecting increased volumes. Ritz (high voltage) made a positive contribution, but exchange rates had a negative impact. Like-for-like, the T&D division recorded growth of 19.5%.

2.4.2. Gross margin

Gross margin for the group amounted to €1.084 billion in the first half of 2007, or 20.2% of sales revenue. This compares with €995 million in the first half of 2006, or 19.0% of sales, giving growth of 1.2 points.

(in millions of euros)	**H1 2007**	H1 2006	Change 2007/2006
Gross margin	1,084	955	13.5%
% of sales revenue	*20.2%*	*19.0%*	*+1.2 pts*
- Nuclear operations	572	543	5.3%
- Transmission & Distribution	511	408	25.3%

This increase in performance reflects:

- Significant improvement in gross margin for the **Front End** division, particularly in the *Mining* business unit, and increased margins in the **Reactors and Services** division, where cost reduction efforts initiated several months ago in the *Equipment* business unit are now bearing fruit;
- A significant margin increase in the **Transmission & Distribution** division, most notably in the *Products* and *Systems* business units, reflecting increased volumes and the success of the division's optimization plan.

Gross margin was down, however, in the **Back End** division due to a less favorable product mix.

2.4.3. Research and development

The amounts committed to research and development are recorded on the balance sheet if they meet the criteria for capitalization under IAS 38, and are expensed if they do not. R&D expenses recognized on the income statement include the amortization of R&D expenses capitalized in accordance with IAS 38.

If solely funded by the group, R&D expenses not eligible for capitalization are recognized in the income statement after gross margin; expenses for programs that are partially or fully funded by customers or for joint projects in which AREVA has the commercial rights to the results are recognized in the cost of sales. All research and development costs, whether capitalized or expensed during the period, are combined to calculate the group's total R&D expenditure.

	H1 2007		H1 2006	
	In millions of euros	In % of sales revenue	In millions of euros	In % of sales revenue
Research and development expenses recognized in the income statement	197	3.7%	161	3.2%
R&D expenditure	370	6.9%	286	5.7%

Taking into account all costs incurred for research and development, the group's total research and development expenditure came to €370 million for the first half of 2007, i.e. 6.9% of sales revenue for the period, up from €286 million for the first half of 2006, i.e. 5.7% of sales revenue.

The growth reflects in particular:

- R&D expenses in the **Nuclear** divisions, mainly for the group's mining exploration program, development of the EPR reactor, including design certification in the United States, and development of an 1,100 MWe reactor with Mitsubishi Heavy Industries;
- R&D expenses in the **Transmission & Distribution** division aimed mainly at improving the performance of electric power systems and equipment and the development of digital controls and information systems for power grid monitoring.

2.4.4. General and administrative, marketing and sales expenses

General and administrative expenses and Marketing and sales expenses stood at 12.6% of sales revenue or €676 million in the first half of 2007, essentially unchanged from 12.3% or €619 million in the first half of 2006.

2.4.5. Operating income before restructuring expenses

Operating income before restructuring and early retirement costs rose 42% to €224 million in the first half of 2007, compared with €158 million in the first half of 2006. Operating income before restructuring and early retirement costs represents 4.2% of sales revenues in the first half of 2007 compared with 3.1% in the first half of 2006.

2.4.6. Operating income

Operating income for the first half of 2007 rose to €207 million, up 80% from €115 million in the first half of 2006. The group's operating margin was 3.9% for the first half of 2007, compared with 2.3% for the first half of 2006.

- In nuclear operations, operating income was €88 million, up by 20.6% from €73 million in the first half of 2006. The operating margin rate represented 2.6% of sales, compared with 2.2% in the first half of 2006. This increase reflects an increase in operating income in the **Front End** and **Reactors and Services** divisions, offset in part by a decrease in the operating margin for the **Back End** division to more customary levels in comparison with the exceptionally high levels recorded in 2005 and 2006.
- The **Transmission & Distribution** division reported operating income of €175 million, compared with €72 million in the first half of 2006. These results confirm the Transmission & Distribution division's growth, attributable to solid demand and the optimization plan initiated three years ago.
- Operating income for corporate operations was €(56) million, compared with €(29) million in the first half of 2006. This increase in charges reflects the group's decision to bolster corporate cohesion by consolidating several sites and renovating offices, to strengthen management systems by creating a Corporate Development Department and a Risk Prevention and Management Department, and to assure brand awareness by sponsoring the America's Cup and through its television advertising campaign.

2.4.7. Net financial income (expenses)

(in millions of euros)	**H1 2007**	H1 2006
Net borrowing costs	**(12)**	**(4)**
Share related to end-of-life-cycle operations	**44**	**(1)**
Income from the earmarked financial portfolio	107	58
Discounting reversal of provision	(63)	(59)
Share not related to end-of-life-cycle operations	**86**	**36**
Income from disposals of securities and change in value of securities held for trading	19	5
Discounting reversal of retirement provision	(28)	(29)
Dividends received	52	57
Other income and expenses	43	4
Net financial income (expenses)	**118**	**32**

Net financial income was €118 million, compared with €32 million for the same period in 2006.

Financial income related to end-of-life cycle operations stood at €44 million. It mainly reflects disposals of assets from the portfolio earmarked to cover these operations; AREVA sold some of the assets exceeding anticipated costs.

The increase in financial income not related to end-of-life cycle operations is due primarily to the recognition of a €40 million put option giving AREVA the right to sell its shares of REpower at a guaranteed price.

2.4.8. Income tax

The income tax expense for the first half of 2007 is €53 million, up 47.2% from €36 million for the first half of 2006. This expense corresponds to a 16.28% effective tax rate, compared with a 24.2% effective tax rate for the first half of 2006. The decrease in effective tax rate is linked to a reduction in tax rates in Germany in 2007.

2.4.9. Share in net income of associates

(in millions of euros)	**H1 2007**	H1 2006	2006
STMicroelectronics	(46)	48	98
Eramet group	71	52	106
REpower	2	1	2
Other	7	4	13
Total	**34**	**104**	**220**

The share in net income of associates dropped sharply to €34 million for the first half of 2007 from €104 million for the first half of 2006. The change is due primarily to:

- A sharp decline in STMicroelectronics income, due to the recognition of provisions for restructuring and asset impairment; this semiconductor manufacturing company had to accelerate depreciation of its flash memory business before contributing it to the joint venture it created with Intel;
- Increased income at Eramet.

It should be noted that the amount reported by the group for its share in the net income of STMicroelectronics and Eramet may differ from the amount calculated using data reported by these companies. The figures reported by AREVA are based on (i) US GAAP data, restated for IFRS by the group in the case of STMicroelectronics, and (ii) preliminary results in the case of Eramet. AREVA records the difference between Eramet's preliminary financial statements and its reported results in the following period.

2.4.10. Minority interests

The share of net income attributable to minority interest holders went from a negative €29 million for the first half of 2006 to a positive €12 million for the first half of 2007. This change reflects the improved results recorded by the group's three main subsidiaries, i.e. AREVA NP, AREVA NC and AREVA T&D, in which non-group holders own minority interests (Siemens owns 34% of AREVA NP, minority interests hold 40% of Eurodif, and part of AREVA T&D India is publicly traded).

Minority interests' shares are as follows:

(in millions of euros)	**H1 2007**	H1 2006	2006
AREVA NP	(38)	(60)	(57)
AREVA NC	37	21	59
AREVA T&D and other	13	10	22
Total	**12**	**(29)**	**24**

2.4.11. Net income attributable to equity holders of the parent

For the first half of 2007, net income attributable to equity holders of the parent was €295 million, up by 20.4% in comparison to €245 million for the first half of 2006.

Net earnings per share for the first half of 2007 were €8.31, compared with €6.92 for the first half of 2006.

2.5. REVIEW BY DIVISION

2.5.1. Front End division

(in millions of euros)	H1 2007	H1 2006	Change 2007/2006
Backlog	17,223	9,180	+88%
Contribution to consolidated sales	1,342	1,381	(3)%
Operating income	223	221	+1%
In % contribution to consolidated sales	*16.6%*	*16.0%*	*+0.6 pt*
Free operating cash flow before tax	(122)	229	-

Highlights and recent events

The *Mining* business unit had a very momentous first half-year:

- The market remained very strong, in particular for uranium. The long-term indicator for uranium prices exceeded $95 per pound of U_3O_8 in June. Over the medium term, rising prices will have a positive impact on *Mining* business unit sales revenue and operating income.
- On June 15, 2007 AREVA announced a friendly takeover bid for Uramin, a mining company with exploration permits in Namibia, South Africa, and the Central African Republic. AREVA held 93% of Uramin's capital upon closing of the offer period on July 30, 2007. Since then, a squeeze-out procedure was initiated and the company terminated the listing of its shares with the Toronto stock exchange. With this acquisition, the group should be able to produce an additional 7,000 metric tons (MT) of uranium per year starting in 2012.
- AREVA acquired 10.5% of Australian mining company Summit after a hostile takeover was initiated by Paladin, another Australian mining company. The group's objective is to market some of Summit's future production.
- On May 2, 2007, Cameco published a technical document analyzing the causes of an incident that occurred at the Cigar Lake mine in Canada and outlining corrective measures. AREVA owns 37.1% of the Cigar Lake mine. On July 11, 2007, Cameco announced that production might start by the end of 2011, i.e. two and a half years later than initially anticipated.
- The social and political situation in Niger has deteriorated. The Nigerian Movement for Justice is demanding greater benefits to the population from the mining of the country's natural resources. AREVA and the government of Niger negotiated an increase in prices effective for 2007.

On May 21, 2007, the *Conversion* business unit launched the Comurhex II project to build new uranium conversion facilities at the Malvési and Tricastin sites. AREVA will invest €610 million in these projects to maintain its position as the world leader in uranium conversion.

In *Enrichment*, construction of the Georges Besse II plant continued. The project is on schedule.

First half 2007 performance

The backlog for the **Front End** division stood at €17.223 billion at the end of June 2007, up by more than 52% compared with €11.335 billion at the end of 2006.

This increase includes the higher value of orders booked in previous periods by the *Mining* business unit, reflecting the rising price of uranium. It also takes into account two important new contracts in *Enrichment* and *Fuel*:

- A major long-term contract for uranium enrichment services with KHPN of South Korea, and
- A *Fuel* contract with EDF valued at more than €1.4 billion for the 2008-2012 period.

First half 2007 sales revenue for the **Front End** division was €1.342 billion, slightly down from €1.381 billion in the first half of 2006. This decrease is the combined result of:

- The unfavorable impact of the USD/EUR exchange rate, which primarily affects the *Mining*, *Enrichment* and *Fuel* business units;
- A positive impact from the change in consolidation scope, which now includes 50% of ETC in the *Enrichment* business unit;

- A rise in the average price of uranium applicable to new orders booked by the *Mining* business unit in recent months, which is beginning to have an impact on sales revenue;
- A favorable geographic mix in *Enrichment*, with sales growing faster in Europe than in the rest of the world; and
- Decreasing volumes in the *Mining*, *Enrichment* and *Fuel* business units, a situation that is expected to be offset, at least partially, in the second half of the year.

Operating income was €223 million in the first half of 2007, essentially stable compared with €221 million for the same period in 2006. However, operating margin was up 0.6 point to 16.6%. This stability is the result of two opposing factors:

- Increased profitability in *Mining* driven by rising uranium prices, and
- Reduced profitability in *Fuel* caused by lower volumes.

Free operating cash flow before tax in the **Front End** division is a negative €122 million for the first half of 2007, compared with a positive €229 million for the first half of 2006. The rise in EBITDA was more than offset by rising Capex in *Mining* and *Enrichment* and, most of all, by an unfavorable change in working capital requirements due to inventories and payment terms.

2.5.2. Reactors and Services division

(in millions of euros)	**H1 2007**	H1 2006	Change 2007/2006
Backlog	5,597	3,834	+46%
Contribution to consolidated sales	1,154	1,102	+5%
Operating income	(230)	(266)	(14)%
In % contribution to consolidated sales	*(20.0)%*	*(24.1)%*	*+4.1 pts*
Free operating cash flow before tax	(235)	(190)	(24)%

Highlights and recent events

The main event in terms of production is a significant increase in activity at the OL3 reactor construction site in Finland. On August 10, 2007, AREVA's Finnish customer TVO published information regarding the status of the project and indicated that delivery is anticipated in 2011. Specific information on the OL3 contract is provided in section 1 of this report.

The *Equipment* market was very active in the first half of the year, with several proposals in preparation for China, the United States and the United Kingdom. The demand for forgings remains very strong and prices are on an upward trend due to lagging worldwide capacity. The recurring market is also very active, with a favorable trend in prices.

Marketing was also very active in *Services*, with strong demand for retrofits in Europe and the United States.

A number of strategic agreements were signed recently.

- UniStar Nuclear, a joint venture between AREVA and Constellation Energy, signed an agreement with electric utility Ameren UE of Missouri to prepare an application to build and operate an EPR.
- On July 10, 2007, AREVA and Mitsubishi Heavy Industries Ltd. (MHI) signed a draft agreement that paves the way for the creation of a joint venture that will develop and internationally market their new medium power nuclear reactor. Since October 2006, AREVA and MHI have worked to define the major design principles for development of the new reactor, and have opted for an advanced Generation III pressurized water reactor with 1,100 MW of capacity.
- On July 20, 2007, Constellation and EDF announced the creation of a joint venture to finance and build at least four EPR reactors in the United States. This agreement between EDF and AREVA's partner in UniStar confirms the US market's interest in AREVA's EPR.

First half 2007 performance

The backlog of the **Reactors and Services** division stood at €5.597 billion at the end of June 2007, up by 27% compared with €4.413 billion at the end of 2006. Important new orders include the nuclear steam supply system for the Flamanville EPR in France, retrofits for the Oskarshamn power plant and life extension of the Ringhals power plant in Sweden, and new nuclear steam supply systems for the Barracuda submarines ordered from AREVA TA by French Naval Shipyards DCN.

First half 2007 sales for the **Reactors and Services** division rose to €1.154 billion euros, representing organic growth of 4.8% in relation to the first half of 2006 (up 3% in reported data).

- The *Plants* business unit reported increased sales revenue reflecting the strength of recurring activities and new reactor construction, particularly for the Flamanville project. However, the percentage of completion method resulted in a decrease in sales revenue from the OL3 project when the project schedule was redefined.
- The contribution to sales revenue from the *Equipment* business unit was down, since a major share of production is now delivered to the *Plants* business unit.
- Sales were up sharply in *Services*, after weak demand in 2006.

The **Reactors and Services** division recorded an operating loss of €230 million in the first half of 2007, compared with an operating loss of €266 million in the first half of 2006. This improvement reflects significantly higher income in the *Equipment* and *Services* business units due to higher volumes and the successful restructuring efforts undertaken in recent months. A supplement to the provision for loss on completion of contract was recognized to reflect the rescheduling of the OL3 project.

Free operating cash flow before tax for the **Reactors and Services** division is negative for the first half of 2007, at €(235) million, compared with €(190) million for the first half of 2006, reflecting:

- Lower EBITDA due to the cash impact of expenses covered by provisions recognized in 2006;
- A favorable change in operating WCR due to the lesser use of advances related to major projects and large cash inflows from new advances; and
- Higher operating Capex for additional production capacity and the development of the US EPR.

2.5.3. Back End division

(in millions of euros)	**H1 2007**	H1 2006	Change 2007/2006
Backlog	6,621	5,281	+25%
Contribution to consolidated sales	856	851	+1%
Operating income	97	117	(19)%
In % contribution to consolidated sales	*11.3%*	*13.8%*	*(2.7) pts*
Free operating cash flow before tax	(73)	18	-

Highlights and recent events

The French government authorized a capacity increase for the Melox plant, from 145 metric tons of heavy metal (MTHM) per year to 195 MTHM. The group will now be able to consolidate its entire MOX fuel production at the more modern Melox plant.

AREVA continued work on feasibility studies for a Consolidated Fuel Treatment Center (CFTC) in the United States with partners Washington group, BWX Technologies and JNFL. This alliance was formed to respond to the request for expressions of interest from the US Department of Energy in August 2006, which has reassessed the closed cycle as an option for used fuel management.

First half 2007 performance

The backlog of the **Back End** division rose to €6.621 billion at the end of June 2007, up by 3.9% compared with the end of 2006.

- A post-2007 transition contract was signed with EDF for the transportation, treatment and recycling of used fuel. This contract ensures the workload of AREVA's facilities until a pending contract is signed for 2008.
- Italian utility Sogin awarded a contract valued at more than €250 million for the treatment of 235 metric tons of used nuclear fuel.

First half 2007 sales revenue for the **Back End** division was €856 million, essentially unchanged from revenue recognized in the first half of 2006. On a like-for-like basis, division sales revenue was up by 1.2%.

- Sales revenue for the *Treatment-Recycling* businesses, which represent more than three-fourths of the division's sales, was down by 2.5% like-for-like compared with the first half of 2006. This small decrease is due to a shift in production timing from the first half of 2007 to the second half of the year.
- The *Logistics* business unit recorded growth of 23.5% like-for-like, reflecting growth in cask fabrication in the United States and Europe and the MOX program for Japan.

Operating income for the **Back End** division was €97 million in the first half of 2007, or 11.3% of revenue, compared with €117 million in the first half of 2006. This unfavorable change is due to a negative volume effect in the *Recycling* business unit.

Free operating cash flow before tax is a negative €(73) million for the first half of 2007, compared with a positive €18 million for the first half of 2006, reflecting:

- A reduction of customer payments and the use of customer advances; and
- Higher Capex, particularly in *Treatment* for the 3-D project for fuel disassembly, decladding and dissolution to treat MOX scrap, and for the cold crucible program (waste vitrification).

2.5.4. Transmission & Distribution division

(in millions of euros)	**H1 2007**	H1 2006	Change 2007/2006
Backlog	4,116	3,299	+24.8%
Contribution to consolidated sales	2,021	1,701	+19%
Operating income	175	72	x2.4
In % contribution to consolidated sales	*8.7%*	*4.2%*	*+4.5 pts*
Free operating cash flow before tax	17	(53)	-

Highlights and recent events

On the manufacturing side, the division confirmed its expansion on strategic markets:

- Geographic markets: a plant to manufacture gas-insulated switchgear for high voltage networks was inaugurated in Suzhu, China. This site will also become a center of competence and R&D. A joint venture was established with Wuxi Aluminum Technology Ltd to secure the supply of strategic components;
- Business opportunities: a joint venture was created with the Russian group UC Rusal to provide turnkey projects in equipment and services, consistent with the division's strategy of strengthening its activities in electricity-intensive industrial sectors, and the creation of a 50/50 joint venture with Sunten Electric Co. of China enabling AREVA T&D to become the Chinese leader in dry-type transformers;
- Acquisitions: AREVA T&D acquired Passoni & Villa of Italy, a global leader in the manufacture of high voltage bushings. The company had sales revenue of €26 million in 2006 and employs approximately 150 employees;
- AREVA T&D has also agreed to acquire the Italian and Malaysian assets of VEI Power Distribution, a manufacturer of medium voltage equipment with sales of €46 million in 2006.

First half 2007 performance

The backlog of the **Transmission & Distribution** division stood at €4.116 billion at June 30, 2007, up 17.5% compared with that of December 31, 2006. This increase reflects dynamic growth in the market for products and systems.

New orders rose by 24.3% in the first half of 2007 to €2.637 billion and were up sharply from those of the first half of 2006. Like-for-like, orders were up by 25.1%. This increase was particularly strong in the second quarter of 2007, when orders were up by 45.3% compared with the second quarter of 2006 and up 25.5% compared with the first quarter of 2007.

In addition to AREVA T&D's recurring business, which grew faster than the market average, major contracts were won in the Middle East and Russia. Strong growth was also recorded in the industrial sector.

First half 2007 sales for the **Transmission & Distribution** division totaled €2.021 billion, an increase of 18.8% compared with first half 2006 sales of €1.701 billion. Like-for-like, growth was 19.5%. All of the division's business units contributed to revenue growth in the first half of 2007:

- Sales were up 18.4% like-for-like in *Products*, driven by high voltage products, gas-insulated switchgear and transformers;
- Sales revenue was up 20.9% LFL in the *Systems* business unit, with strong growth in Western Europe as well as in the Middle East, where several "jumbo" projects are in progress;
- Sales revenue for the *Automation* business unit rose by 8.4% LFL. Growth was particularly strong in *Automation* products;
- *Services* sales were up 3.5% LFL. This rate of growth is below the division's average, as delivery schedules for spare parts from the *Products* business unit have slowed in preference to external customers. Also, the *Services* business unit reorganized its operations in Asia during the period.

EBITDA for the division rose to €156 million as of the end of June 2007, after €45 million in disbursements pertaining to restructuring, compared with €107 million at the end of June 2006. The sharp increase for all business units reflects the success of the 2004-2007 optimization plan and higher sales volumes. Of particular note:

- Productivity improvements in the use of materials and a hedging program limited the impact of higher commodity prices on profits;
- Stronger controls and greater selectivity in choosing turnkey projects for the *Systems* business is contributing to performance improvement.

Operating income for the **Transmission & Distribution** division stood at €175 million in the first half of 2007, up very significantly from €72 million in the first half of 2006. This represents an operating margin of 8.7% of sales revenue.

Free operating cash flow was €17 million, compared with a negative €53 million for the first half of 2006, despite higher Capex in H1 2007:

- EBITDA rose 45% over the period to €156 million on higher volumes and the success of the division's optimization plan;
- Growth in WCR was less than revenue growth;
- Net operating Capex, including the acquisition of Passoni & Villa, was up from €39 million in the first half of 2006 to €70 million in the first half of 2007.

2.5.5. Corporate and other operations

(in millions of euros)	H1 2007	H1 2006	Change 2007/2006
Sales revenue	0	0	immaterial
Operating income	(56)	(29)	x1.9
Free operating cash flow before tax	(100)	(44)	x2.3

Free operating cash flow is a negative €(44) million for the first half of 2006, compared with a negative €(100) million for the first half of 2006. In addition to higher operating expenses explained in section 2.4.6, free operating cash flow was impacted mainly by Capex incurred to renovate the two corporate offices where the majority of the group's Paris-area employees are located.

2.6. CASH FLOW

2.6.1. Change in net debt

(in millions of euros)	H1 2007	H1 2006
EBITDA	451	534
In % of sales revenue	*8.4%*	*10.6%*
Gains/losses on disposals of PP&E and intangible assets	(4)	3
Change in operating WCR	(459)	(243)
Net operating Capex	(501)	(334)
Free operating cash flow before tax	**(513)**	**(40)**
Cash flows for end-of-life-cycle operations	242	87
Dividends paid	(340)	(427)
Cash impact of changes in the consolidated group	-	-
Other (taxes, non-operating WCR)	(89)	60
Change in net debt	**(700)**	**(320)**

	06/30/2007	12/31/2006
Net debt at the end of the period (including Siemens' put)	(1,565)	(865)

2.6.2. Free operating cash flows by business

	EBITDA		Change in operating WCR		Net operating CAPEX		Free operating cash flow before tax	
(in millions of euros)	H1 2007	H1 2006	H1 2007	H1 2006	H1 2007	H1 2006	H1 2007	H1 2006
Nuclear	342	443	(354)	(92)	(414)	(294)	(430)	57
Transmission & Distribution	156	107	(71)	(124)	(70)	(39)	17	(53)
Corporate	(48)	(17)	(34)	(27)	(18)	-	(100)	(44)
Group total	**451**	**534**	**(459)**	**(243)**	**(501)**	**(334)**	**(513)**	**(40)**

EBITDA was down for the first half of 2007, at €451 million, compared with €534 million for the first half of 2006. This is attributable to the deterioration in EBITDA for the **Reactors and Services** division, which has started to spend cash on costs covered by provisions recorded in previous periods. All other divisions reported improved EBITDA, in particular the **Transmission & Distribution** division.

The change in operating working capital requirement corresponds to a cash use of €459 million for the first half of 2007, compared with €243 million for the first half of 2006. This change is primarily due to the use of advances in the **Back End** division, the rebuilding of uranium inventories in the **Front End** division and, to a lesser extent, strong business growth in the **Transmission & Distribution** division.

Net operating Capex for the first half of 2007 was up 50% to €501 million, compared with €334 million for the same period in 2006. Capital spending increased as planned to bolster production capacity in the *Mining* business unit, continue construction of the Georges Besse II plant, expand the Châlon plant, and acquire Passoni & Villa.

As a result of these items, the group's free operating cash flow in the first half of 2007 was a negative €513 million, compared with a negative €40 million in the first half of 2006.

Comments regarding changes in free operating cash flows by division are given in section 2.5.

2.6.3. Cash flows for end-of-life-cycle operations

To finance its end-of-life-cycle operations, the group has built a portfolio of assets earmarked to fund the corresponding expenses. The group's policy is to offset the negative cash flows associated with end-of-life-cycle operations with positive cash flows from dividends or sales of securities held in the portfolio.

Cash flows related to end-of-life-cycle operations totaled €242 million in the first half of 2007, compared with €87 million in the first half of 2006. The main transactions were as follows:

- Disbursements related to end-of-life-cycle operations, representing €34 million, essentially unchanged from the first half of 2006 (€35 million);
- Sales of securities for €254 million, net of acquisitions, as AREVA decided to liquidate a portion of the portfolio's value in excess of provisions for end-of-life-cycle operations;
- Dividends received for €21 million, compared with €16 million as of June 30, 2006.

2.7. BALANCE SHEET DATA

Working capital assets and liabilities, as well as deferred taxes, are offset in the simplified balance sheet. Assets and liabilities are not offset in the detailed balance sheet presented in paragraph 5.3.

(in millions of euros)	06/30/2007	12/31/2006
Goodwill	2,602	2,515
Property, plant and equipment and intangible assets	5,265	4,988
Assets earmarked for end-of-life-cycle operations	5,205	5,077
Investments in associates	1,474	1,521
Other non-current financial assets	2,685	2,376
TOTAL ASSETS	**17,232**	**16,478**
Equity	7,288	7,015
Provisions for end-of-life-cycle operations	4,680	4,585
Other provisions (including net deferred taxes)	3,401	3,274
Working capital requirement	298	736
Put option held by Siemens	1,117	1,117
Net debt (excluding Siemens' put)	448	(251)
TOTAL EQUITY AND LIABILITIES	**17,232**	**16,478**

2.7.1. Non-current assets, excluding assets earmarked for end-of-life-cycle operations

Increased goodwill, PPE and intangible assets reflect the group's increased operating Capex over the period, as described in paragraph 2.6.2.

The €47 million decrease in Investments in associates was mainly due to the loss recorded by STMicroelectronics, as reported in paragraph 2.4.9.

Non-current financial assets were up €309 million over the period, including €135 million for the acquisition of 5.5% of Uramin's share capital before the takeover concluded in the second half of 2007, and for acquisition of Summit shares. The balance of the increase, i.e. €174 million, reflects the increased market price of publicly traded investments.

2.7.2. Assets and provisions for end-of-life-cycle operations

The change in assets and provisions for end-of-life cycle operations during the period January 1, 2006 to June 30, 2007 is summarized in the table below:

(in millions of euros)	**06/30/2007**	12/31/2006
ASSETS		
End-of-life-cycle asset	2,320	2,289
- AREVA share (to be amortized in future years)	188	198
- Third party share	2,132	2,091
Portfolio of financial assets and receivables earmarked to fund end-of-life-cycle operations	3,073	2,986
LIABILITIES		
Provisions for end-of-life-cycle operations	4,680	4,585
- Provisions to be funded by AREVA	2,548	2,494
- Provisions to be funded by third parties	2,132	2,091

The net amount of end-of-life-cycle assets was €2.320 billion at June 30, 2007, basically unchanged from €2.289 billion at December 31, 2006.

The balance sheet allows provisions tied to end-of-life-cycle operations at June 30, 2007 (€4.68 billion, of which €2.132 billion are to be funded by third parties and €2.548 billion are to be funded by AREVA) to be easily reconciled with assets relating to these provisions: “End-of-life-cycle asset, third party share” (€2.132 billion) and “Financial portfolio covering end-of-life-cycle operations”, at market value (€3.073 billion).

By design, the third party share of the end-of-life-cycle asset is always equal to the provision to be funded by third parties, but the value of the financial portfolio earmarked to fund end-of-life-cycle operations borne by the group varies according to the change in value of the securities in the portfolio.

At June 30, 2007, the difference between the value of the portfolio and AREVA’s provision for end-of-life-cycle operations represents excess coverage of €525 million.

The nature of the commitments and the calculation of the provision are presented in Note 7 to the consolidated financial statements.

2.7.3. Working capital requirement

The group has a negative working capital requirement, reflecting significant customer prepayments primarily relating to long-term operations in the **Back End** division.

The group’s WCR came to a negative €736 million at December 31, 2006 and a negative €298 million at June 30, 2007. This change mainly reflects the €459 million increase in operating WCR corresponding in particular to a net use of customer advances and prepayments received in the first half of 2007.

2.7.4. Cash / net debt at the end of the period

The group's net cash position at December 31, 2006, excluding Siemens' put option, was €251 million. The €700 million decrease in net cash in the first half of 2007 described above results in a net debt of €448 million at June 30, 2007, excluding Siemens' put option.

In addition to this net debt, the put option held by Siemens for its 34% participating interest in AREVA NP represents €1.117 billion at June 30, 2007, unchanged from December 31, 2006. Net debt including Siemens' put option thus amounts to €1.565 billion as of June 30, 2007, compared with €865 million as of December 31, 2006.

2.7.5. Equity

Equity increased from €7.016 billion at December 31, 2006 to €7.288 billion at June 30, 2007. This change reflects the increase in the market value of available-for-sale securities and the portfolio of assets earmarked for end-of-life-cycle operations, whose market value rose substantially during the period.

Changes in equity are presented in detail in the consolidated financial statements.

2.7.6. Other provisions (including net deferred taxes)

The main change concerns current provisions in the amount of €1.81 billion as of June 30, 2007, up €22 million from €1.788 billion at December 31, 2006.

This change reflects the supplement to provisions for losses to completion, particularly for the OL3 contract with TVO of Finland, less reversals of provisions for restructuring and layoff plans.

The description of other provisions may be found in Note 11 to the consolidated financial statements.

2.7.7. Off balance-sheet commitments

(in millions of euros)	**06/30/2007**	12/31/2006
Commitments given	3,746	3,085
Commitments received	1,243	883
Reciprocal commitments	2,729	781

A detailed table of off-balance sheet commitments is presented in Note 14 to the consolidated financial statements.

The change in commitments given is due to the significant increase in backlog, which translates into more warranties to customers.

The change in commitments received reflects the agreement signed with Suzlon whereby AREVA is entitled to sell its participating interest in REpower for a guaranteed price.

The change in reciprocal commitments corresponds mainly to a €1.9 billion syndicated credit facility available to the group.

3. Outlook

For 2007 as a whole, the group foresees:

- Strong sales revenue growth;
- A sharp increase in operating income;
- Continuation of the capital spending program.

4. Events subsequent to half-year closing

The main events subsequent to June 30, 2007 are as follows:

Strategy

- AREVA announced the acquisition of a 51% stake in Multibrid, a designer and manufacturer of multi-megawatt off-shore wind turbines based in Germany. With this acquisition, AREVA has entered into a joint venture with Prokon Nord, a German off-shore wind turbine and biomass plant developer and current owner of Multibrid.
- Successful outcome of AREVA's friendly takeover bid for UraMin, a Canadian company with uranium mining permits in Namibia, South Africa and the Central African Republic.
- Signature with Mitsubishi Heavy Industries of Japan (MHI) of a memorandum of understanding to establish a joint venture for the development, construction and marketing of a Generation III PWR reactor with a generating capacity of 1,100 MWe.
- On July 20, 2007, Constellation and EDF announced the creation of a joint venture to finance at least four EPR reactors in the United States. This agreement between EDF and AREVA's partner in UniStar can only accelerate deployment of US EPRs in the future.
- On August 6, 2007 the US Department of Energy (DOE) selected AREVA Federal Services and its international partners MHI, JNFL, Washington group, BWXT and Battelle Memorial Institute to:
  - analyze technical and business models for the Global Nuclear Energy Partnership (GNEP),
  - present their findings, and
  - submit recommendations to the Secretary of Energy by June 2008.
- Discussions between the Government of Niger and AREVA regarding financial benefits related to the mining of the country's natural resources ended with a price increase for 2007..

Marketing and sales

- The **Transmission & Distribution** division won a contract valued at more than €100 million to provide a high voltage transformer power supply system for Alcan's new production site in Quebec, Canada. This system will be delivered in September 2009.
- The **Transmission & Distribution** division also entered into an agreement to acquire the Italian and Malaysian assets of VEI Power Distribution, a manufacturer of medium voltage equipment with sales revenue of €46 million in 2006.
- On July 9, 2007, AREVA and CGNPC of China signed a memorandum of understanding for AREVA to supply two EPR reactors and their long-term fuel reloads.

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5. Consolidated financial statements

5.1. STATUTORY AUDITORS' REPORT ON THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1, 2007 TO JUNE 30, 2007

This is a free translation into English of the Statutory Auditor's limited review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as independent auditors and in compliance with article L. 232-7 of the French Commercial Code (Code de Commerce), we hereby report to you on:

- the limited review of the accompanying condensed half-year consolidated financial statements of AREVA for the period January 1 to June 30, 2007;
- the verification of information provided in the half-year report.

These condensed half-year consolidated financial statements were prepared under the responsibility of the Executive Board. Our role is to express an opinion on these financial statements based on our review.

We have conducted our limited review in accordance with professional standards applicable in France. A limited review of interim financial statements consists of inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRS as adopted by the European Union applicable to interim financial information.

Without qualifying the conclusion expressed above, we draw your attention to the following items:

- Evaluation methods for end-of-life cycle assets and liabilities described in Note 7 to the consolidated financial statements: this evaluation, which reflects AREVA management's best estimates, is based on assumptions regarding cost estimates, disbursement schedules, discount rates and the outcome of ongoing negotiations with EDF;
- Note 11 to the financial statements, which describes the terms and conditions for executing the EPR construction contract in Finland (OL3) and their impacts in terms of re-estimating costs and risks, and the sensitivity of income at completion from this contract to remaining uncertainties related, in particular, to contract risks, claims, and technical difficulties inherent in a "first-of-a-kind" project.

In accordance with professional standards applicable in France, we have also verified the information given in the interim half-year financial report commenting the condensed half-year consolidated financial statements subject to our limited review.

We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

Neuilly-sur-Seine and Paris La Défense, August 31, 2007

The Statutory Auditors

Deloitte & Associés		Mazars & Guérard	Salustro Reydel Member of KPMG International
Pascal Colin	Jean-Paul Picard	Jean-Luc Barlet	Denis Marangé

5.2. CONSOLIDATED INCOME STATEMENT

(in millions of euros)	Notes	1st half 2007	1st half 2006	2006
Sales revenue		**5,373**	**5,036**	**10,863**
Other income from operations		12	7	55
Cost of sales		(4,301)	(4,088)	(8,698)
Gross margin		**1,084**	**955**	**2,220**
Research and development expenses		(197)	(161)	(355)
Marketing and sales expenses		(252)	(244)	(493)
General and administrative expenses		(424)	(375)	(778)
Restructuring and early retirement costs	3	(17)	(43)	(131)
Other operating income and expenses	3	14	(17)	(56)
Operating income		**207**	**115**	**407**
Income from cash and cash equivalents		20	31	50
Gross borrowing costs		(32)	(35)	(78)
Net borrowing costs		**(12)**	**(4)**	**(29)**
Other financial expenses		(127)	(112)	(235)
Other financial income		257	148	360
Other financial income and expenses		**130**	**36**	**126**
Net financial income (expenses)	4	**118**	**32**	**97**
Income tax	5	**(53)**	**(36)**	**(51)**
Net income of consolidated businesses		**273**	**110**	**453**
Share in net income of associates	8	34	104	220
Net income from continuing operations		**306**	**214**	**672**
Net income from discontinued operations		-	2	-
Net income for the period		**306**	**216**	**672**
Less minority interests		12	(29)	24
Net income attributable to equity holders of the parent		**295**	**245**	**649**
Average number of shares outstanding		35,442,701	35,442,701	35,442,701
Earnings per share from continuing operations		8.31	6.88	18.31
Basic earnings per share		8.31	6.92	18.31
Diluted earnings per share [1]		8.31	6.92	18.31

(1) AREVA has not issued any instruments with a dilutive impact on share capital.

5.3. CONSOLIDATED BALANCE SHEET

Assets

(in millions of euros)	Notes	June 30, 2007	December 31, 2006
Non-current assets		**18,249**	**17,350**
Goodwill on consolidated companies	6	2,602	2,515
Other intangible assets		1,275	1,175
Property, plant and equipment		3,989	3,814
including: End-of-life-cycle asset (AREVA share)	*7*	*188*	*198*
End-of-life-cycle asset (third party share)	7	2,132	2,091
Assets earmarked for end-of-life-cycle operations	7	3,073	2,986
Investments in associates	8	1,474	1,521
Other non-current financial assets	9	2,685	2,376
Pension fund assets		-	-
Deferred tax assets		1,017	873
Current assets		**8,282**	**8,543**
Inventories and work-in-process		2,650	2,306
Trade accounts receivable and related accounts		3,450	3,604
Other operating receivables		1,223	1,121
Current tax assets		95	116
Other non-operating receivables		147	142
Cash and cash equivalents	10	506	962
Other current financial assets		211	292
Assets of operations held for sale		-	-
Total assets		**26,530**	**25,893**

Liabilities and equity

(in millions of euros)	Notes	June 30, 2007	December 31, 2006
Equity and minority interests		**7,286**	**7,016**
Share capital		1,347	1,347
Consolidated premiums and reserves		3,921	3,619
Deferred unrealized gains and losses on financial instruments		1,448	1,131
Currency translation reserves		(26)	(25)
Net income attributable to equity holders of the parent		295	649
Minority interests		303	294
Non-current liabilities		**8,729**	**8,352**
Employee benefits		1,144	1,122
Provisions for end-of-life-cycle operations	7	4,680	4,585
Other non-current provisions	11	114	113
Long-term borrowings	12	1,441	1,407
Deferred tax liabilities		1,350	1,124
Current liabilities		**10,515**	**10,526**
Current provisions	11	1,810	1,788
Short-term borrowings	12	841	712
Advances and prepayments received		3,786	4,185
Trade accounts payable and related accounts		2,262	2,093
Other operating liabilities		1,711	1,650
Current tax liabilities		60	74
Other non-operating liabilities		44	23
Liabilities of operations held for sale		-	-
Total liabilities and equity		**26,530**	**25,893**

5.4. CONSOLIDATED CASH FLOW STATEMENT

(in millions of euros)	1st half 2007	1st half 2006	2006
Net income before minority interests	**306**	**216**	**672**
Less: income from discontinued operations	-	(2)	-
Net income from continuing operations	**306**	**214**	**672**
Share in net income of associates	(34)	(104)	(220)
Net amortization, depreciation and impairment of PPE and intangible assets and marketable securities maturing in more than 3 months	233	221	500
Goodwill impairment losses	-	-	-
Net share to provisions	(19)	159	314
Net effect of reverse discounting of assets and provisions	98	89	178
Income tax expense (current and deferred)	53	36	50
Net interest included in borrowing cost	6	(5)	7
Loss (gain) on disposals of fixed assets and marketable securities maturing in more than 3 months; change in fair value	(104)	(44)	(259)
Other non-cash items	(75)	(3)	(15)
Cash flow from operations before interest and taxes	**466**	**564**	**1,231**
Net interest received (paid)	5	3	0
Income tax paid	(71)	(29)	(90)
Cash flow from operations after interest and tax	**400**	**538**	**1,141**
Change in working capital requirement	(454)	(214)	(344)
Net cash from operating activities	**(54)**	**324**	**797**
Investment in PPE and intangible assets	(506)	(332)	(1,134)
Loans granted and acquisitions of non-current financial assets	(649)	(1,162)	(2,318)
Acquisitions of shares of consolidated companies, net of acquired cash	(54)	(5)	(240)
Disposals of PPE and intangible assets	23	4	42
Loans repayments and disposals of non-current financial assets	757	1,211	2,650
Disposals of shares of consolidated companies, net of disposed cash	-	-	21
Dividends from equity associates	50	27	27
Net cash used in investing activities	**(379)**	**(256)**	**(953)**
Share issues subscribed by minority shareholders in consolidated subsidiaries	3	-	-
Dividends paid to shareholders of the parent company	(300)	(350)	(350)
Dividends paid to minority shareholders of consolidated companies	(40)	(77)	(79)
Increase (decrease) in borrowings	137	(16)	64
Net cash used in financing activities	**(200)**	**(444)**	**(364)**
Decrease (increase) in marketable securities maturing in more than 3 months	179	(85)	(1)
Impact of foreign exchange movements	5	4	2
Net cash flow from discontinued operations	**-**	**-**	**-**
Increase (decrease) in net cash	**(450)**	**(457)**	**(518)**
Net cash at the beginning of the period	**901**	**1,419**	**1,419**
Cash at the end of the period	506	1,003	962
Less: short-term bank facilities and non-trade current accounts (credit balances)	(55)	(41)	(61)
Net cash at the end of the period	**451**	**962**	**901**

"Net Cash" taken into account in establishing the Consolidated Cash Flow Statement consists of:

- "Cash and cash equivalents" (see Note 10), which includes:
  - cash balances and non-trade current accounts, and
  - risk-free marketable securities, initially maturing in less than three months, and money market funds;
- after deduction of short-term bank facilities and non-trade current accounts included in short-term borrowings (see Note 12).

5.5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in millions of euros)	Number of shares and investment certificates	Share capital	Premiums and consolidated reserves	Currency translation reserves	Deferred unrealized gains and losses on financial instruments	Equity attributable to equity holders of the parent	Minority interests	Total equity
January 1, 2006	**35,442,701**	**1,347**	**3,940**	**83**	**992**	**6,362**	**228**	**6,590**
Net income for the first half of 2006			245			245	(29)	216
Change in deferred unrealized gains and losses (after tax):								
- on cash flow hedging instruments					27	27	4	31
- change in value of available-for-sale securities					147	147	2	149
Total income and expenses recognized			**245**		**174**	**419**	**(23)**	**396**
Dividends paid *			(350)			(350)	(77)	(427)
Change in consolidated group								
Change in accounting method and other adjustments			17			17	102	119
Currency translation adjustments				(52)		(52)	(9)	(61)
June 30, 2006	**35,442,701**	**1,347**	**3,852**	**31**	**1,166**	**6,396**	**221**	**6,617**
December 31, 2006	**35,442,701**	**1,347**	**4,268**	**(25)**	**1,131**	**6,721**	**294**	**7,016**
Net income for the first half of 2007			295			295	12	306
Change in deferred unrealized gains and losses (after tax):								
- on cash flow hedging instruments					3	3	(1)	2
- change in value of available-for-sale securities					314	314	2	316
Total income and expenses recognized			**295**		**316**	**611**	**13**	**624**
Dividends paid *			(300)			(300)	(40)	(340)
Change in consolidated group								
Change in accounting method and other adjustments (1)			(47)			(47)	36	(11)
Currency translation adjustments				(1)		(1)		(1)
June 30, 2007	**35,442,701**	**1,347**	**4,216**	**(26)**	**1,448**	**6,983**	**303**	**7,286**

* Dividend paid per share *(in euros)*:	
- in 2006 from 2005 net income	9.87
- in 2007 from 2006 net income	8.46

(1) Other adjustments relate to associates whose financial statements were not available when AREVA closed its records for the year ended December 31, 2006. These adjustments include fair value adjustments in associates equity positions.

5.6. SEGMENT REPORTING

Data by division

Income 1st half 2007

(in millions of euros)	Front End	Reactors and Services	Back End	Transmission & Distribution	Corporate and eliminations	Total group
Gross sales revenue	**1,358**	**1,220**	**951**	**2,023**	**(178)**	**5,373**
Inter-company sales	(16)	(65)	(96)	(2)	178	0
Contribution to consolidated sales revenue	1,342	1,154	856	2,021	0	5,373
Operating income	**223**	**(230)**	**97**	**175**	**(59)**	**207**
% of gross sales revenue	*16.4%*	*(18.8)%*	*10.2%*	*8.7%*	*n.a.*	*3.9%*

Income 1st half 2006

(in millions of euros)	Front End	Reactors and Services	Back End	Transmission & Distribution	Corporate and eliminations	Total group
Gross sales revenue	**1,403**	**1,154**	**1,019**	**1,702**	**(241)**	**5,036**
Inter-company sales	(22)	(52)	(167)	(1)	242	
Contribution to consolidated sales revenue	1,381	1,102	851	1,701	1	5,036
Operating income	**221**	**(266)**	**117**	**72**	**(29)**	**115**
% of gross sales revenue	*15.7%*	*(23.1)%*	*11.5%*	*4.2%*	*n.a.*	*2.3%*

Income 2006

(in millions of euros)	Front End	Reactors and Services	Back End	Transmission & Distribution	Corporate and eliminations	Total group
Gross sales revenue	**2,971**	**2,441**	**2,203**	**3,725**	**(477)**	**10,863**
Inter-company sales	(52)	(129)	(295)	(1)	478	-
Contribution to consolidated sales revenue	2,919	2,312	1,908	3,724		10,863
Operating income	**456**	**(420)**	**273**	**191**	**(94)**	**407**
% of gross sales revenue	*15.4%*	*(17.2)%*	*12.4%*	*5.1%*	*n.a.*	*3.7%*

Contribution to consolidated sales revenue by business division and customer location

1st half 2007

(in millions of euros)	Front End	Reactors and Services	Back End	Transmission & Distribution	Corporate	Total group
France	567	422	513	170	0	1,672
Europe (excluding France)	317	336	215	662	0	1,530
North & South America	286	282	41	281	0	890
Asia-Pacific	161	89	86	461	0	797
Africa / Middle East	11	25	1	447	0	484
Total	**1,342**	**1,154**	**856**	**2,021**	**0**	**5,373**

1st half 2006

(in millions of euros)	Front End	Reactors and Services	Back End	Transmission & Distribution	Corporate	Total group
France	630	409	590	147	1	1,777
Europe (excluding France)	355	322	152	593	0	1,422
North & South America	234	264	36	293	0	827
Asia-Pacific	145	93	73	372	0	683
Africa / Middle East	17	14	0	296	0	327
Total	**1,381**	**1,102**	**851**	**1,701**	**1**	**5,036**

2006

(in millions of euros)	Front End	Reactors and Services	Back End	Transmission & Distribution	Corporate	Total group
France	1,203	886	1,125	316	0	3,530
Europe (excluding France)	708	687	489	1,279	1	3,164
North & South America	643	522	78	603	0	1,846
Asia-Pacific	330	183	215	817	0	1,545
Africa / Middle East	35	34	1	708	0	778
Total	**2,919**	**2,312**	**1,908**	**3,723**	**1**	**10,863**

5.7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Note 1 - Accounting principles

1.1. Preparation of the financial statements

The consolidated financial statements for the period ended June 30, 2007 were prepared in accordance with the accounting standard IAS 34 regarding interim financial data. These summary financial statements do not disclose all of the information required for year-end financial statements prepared in accordance with International Financial Reporting Standards (IFRS). They must be read together with the consolidated financial statements for the year ended December 31, 2006.

Material events for the period are presented in the half-year activity report.

1.2. Accounting principles

Accounting principles used to prepare the summary financial statements as of June 30, 2007 are the principles described in Note 1 of the Notes to the Financial Statements for the year ended December 31, 2006, except as follows:

AREVA applies the methods prescribed in IAS 34 to calculate expenses regarding retirement obligations, other employee benefits and income taxes for the interim period.

- Interim period expenses regarding retirement obligations and other employee benefits are based on the discount rate used at the end of the previous year, adjusted to reflect material changes in market conditions since that date and reductions, liquidations and other non-recurring material events. Accordingly, AREVA calculated first half 2007 expenses using the discount rate established at December 31, 2006. Use of a discount rate updated as of June 30, 2007 would have no material impact on the amount of the provision for employee benefits or on net income for the period.

- The tax expense for the interim period is calculated based on the best estimate of the weighted average tax rate anticipated for the full year. However, the calculation takes into account income subject to specific tax rates, such as income from sales of share subject to long-term capital gains and income from subsidiaries subject to special tax treatment.

Implementation of IFRS 7 and of an amendment to IAS 1, which became mandatory for years beginning on or after January 1, 2007, had no material impact on AREVA's summary consolidated financial statements for the period ended June 30, 2007, which were prepared in accordance with IAS 34:

- IFRS 7, Financial Instruments: Disclosures, requires companies to provide additional information on their exposure to risk through financial instruments and on the management of that risk.

- The capital disclosures amendment to IAS 1, Presentation of Financial Statements, prescribes the publication of information allowing users of financial statements to assess the entity's objectives, policies and management procedures related to the management of its capital.

AREVA will publish the information required by IFRS 7 and the capital disclosures amendment to IAS 1 in the notes to the consolidated financial statements as of December 31, 2007.

Note 2 - Consolidation scope

The main change in the scope of consolidation during the first half of 2007 is described hereunder.

On March 30, 2007, AREVA acquired Passoni & Villa for a total consideration of €18 million. This company manufactures instrument transformers. It has become part of the *Product* business unit of the **Transmission & Distribution** division. Goodwill before allocation of the purchase price is €12 million.

Note 3 - Costs of restructuring and early employee retirement plans, and other operating income and expenses

3.1. Restructuring and early retirement costs

(in millions of euros)	1st half 2007	1st half 2006	2006
Restructuring and early retirement costs	**(17)**	**(43)**	**(131)**

3.2. Other operating income and expenses

(in millions of euros)	1st half 2007	1st half 2006	2006
Operating income and expenses directly related to operating activities	(5)	(8)	(91)
Goodwill impairment losses	-	-	-
Impairment of other assets	-	-	(17)
Gains (losses) on disposals of equity interests and assets other than financial assets	4	(1)	51
Other extraordinary income and expenses	15	(9)	1
Other operating income and expenses	**14**	**(17)**	**(56)**

As of June 30, 2007, restructuring and early retirement costs represented negative €6 million for the **Transmission & Distribution** division and negative €11 million for the nuclear businesses.

Other extraordinary income and expenses primarily includes the reversal of €20 million in provisions for the **Transmission & Distribution** division.

As of June 30, 2006, restructuring and early retirement costs represented negative €29 million for the **Transmission & Distribution** division and negative €14 million for the nuclear businesses. Other extraordinary income and expenses correspond for the most part to an anticipated loss on an ongoing disposal.

As of December 31, 2006, the costs for restructuring and early employee retirement plans represented negative €61 million for the **Transmission & Distribution** division and €70 million in the nuclear businesses.

Operating income and expenses directly related to operating activities mainly include increases in provisions for end-of-life cycle operations for shut-down facilities.

Note 4 - Net financial income

(in millions of euros)	1st half 2007	1st half 2006	2006
Net borrowing costs	**(12)**	**(4)**	**(29)**
Income from cash and cash equivalents	20	31	50
Gross borrowing costs	(32)	(35)	(78)
Other financial income and expenses	**130**	**36**	**126**
Share related to end-of-life-cycle operations	***44***	***(1)***	***17***
Income from disposal of securities earmarked for end-of-life-cycle operations	83	40	107
Dividends received	21	16	16
Interest income on receivables from the CEA	3	3	9
Discount reversal on end-of-life-cycle operations	(63)	(59)	(115)
Share not related to end-of-life-cycle operations	***86***	***36***	***109***
Foreign exchange gain (loss)	(2)	6	10
Income from disposals of securities and change in value of securities held for trading	19	5	118
Dividends received	52	57	73
Impairment of financial assets	(1)	5	8
Interest income on prepayments received (Back End contracts)	(17)	(17)	(41)
Other financial expenses	(17)	(6)	(22)
Other financial income	78	16	18
Financial income from pensions and other employee benefits	(28)	(29)	(56)
Net financial income	**118**	**32**	**97**

The share of financial income related to end-of-life cycle operations (€44 million) reflects for the most part disposals of excess assets held in the portfolio earmarked to cover those operations.

Other financial income includes in particular net income related to the recognition of AREVA's option to sell its REpower shares for the guaranteed price of €40 million (see Note 8).

Note 5 - Income tax

The AREVA group calculated its income tax expense at June 30, 2006 by applying the estimated average tax rate for the year to before-tax income. The group's estimated effective tax rate for 2007 is 16.28%. This rate takes into account the decision made by the Bundestag on June 30, 2007 and approved by the Bundesrat on July 7, 2007 to reduce the tax rate in effect in Germany. The group's effective tax rate for 2006 was 10.12%.

Changes in deferred taxes for the first half of 2007 in the amount of €127 million, resulting from changes in the fair value of financial instruments recognized in retained earnings, were recorded directly in equity.

Note 6 - Goodwill

Goodwill as of June 30, 2007 was as follows:

(in millions of euros)	December 31, 2006	Acquisitions	Disposals	Minority interest put options	Currency translation adjustments and other	June 30, 2007
Nuclear divisions	**2,008**			**40**	**21**	**2,069**
Transmission & Distribution division	**507**	**12**			**14**	**533**
TOTAL	**2,515**	**12**		**40**	**35**	**2,602**

The increase in goodwill in the **Nuclear** divisions comes primarily from an adjustment related to put options held by AREVA NP's minority shareholder, based on income recognized and dividends paid by that company for the period January 1, 2006 to June 30, 2007.

Allocation of the acquisition price for Sfarsteel, which the group acquired in September 2006, generated €21 million in additional goodwill.

The **Transmission & Distribution** division recognized €12 million in goodwill in connection with the acquisition of Passoni & Villa in April 2007, before allocation of the purchase price.

There was no indication of goodwill impairment and no goodwill impairment tests were performed as of June 30, 2007.

Note 7 - End-of-life-cycle operations

The table below summarizes the AREVA balance sheet accounts affected by the treatment of end-of-life-cycle operations and their financing.

ASSETS *(in millions of euros)*	**June 30, 2007**	December 31, 2006	**LIABILITIES**	**June 30, 2007**	December 31, 2006
End-of-life-cycle asset – AREVA share (1)	188	198	Provisions for end-of-life-cycle operations	4,680	4,585
Assets earmarked for end-of-life-cycle operations	5,205	5,077	- funded by third parties (2)	2,132	2,091
- End-of-life-cycle asset – third party share (2)	2,132	2,091	- funded by AREVA	2,548	2,494
- Assets earmarked for end-of-life cycle operations (3)	3,073	2,986			

(1) Amount of total provision to be funded by AREVA 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 AREVA's share of the total provision.

End-of-life-cycle assets

In addition to the value of its property, plant and equipment, AREVA NP recognizes the deferred portion of the group's share of end-of-life-cycle operations, such as nuclear facility dismantling, decontamination, etc. The group's share of this adjustment account asset is amortized according to the same schedule as the underlying property, plant and equipment.

An adjustment account asset is also recognized for the third party share of end-of-life-cycle operations, corresponding to the share of dismantling, waste retrieval and packaging operations to be funded by some customers. Conversely, a provision is established to cover total estimated end-of-life-cycle costs as soon as a facility starts up, including any share to be funded by third parties.

	Group share					
(in millions of euros)	Gross	Amortization	Net	Third party share	**June 30, 2007**	December 31, 2006
Dismantling	675	(487)	188	1,621	1,808	1,786
Waste retrieval and packaging				512	512	503
Total	**675**	**(487)**	**188**	**2,132**	**2,320**	**2,289**

The third party share of the end-of-life-cycle asset for dismantling mainly corresponds to funding expected from EDF for the La Hague site and from the CEA for the Pierrelatte site. This heading increases based on discounting reversals and decreases based on work performed.

The third party share of costs associated with waste retrieval and packaging correspond to the funding expected from EDF for its share of the commitment for the La Hague site. These assets will be recovered when AREVA and EDF sign an agreement finalizing the terms and conditions of payment. In effect, when waste retrieval and packaging operations are covered by contractual commitments from third parties covering future costs, no liability or corresponding end-of-life-cycle asset is recognized. The share of waste retrieval and packaging work already completed and to be funded by EDF is included in work in process.

Assets earmarked for end-of-life-cycle operations

This heading consists of the following:

(in millions of euros)	June 30, 2007	December 31, 2006
Receivables related to dismantling	116	113
Earmarked assets	2,958	2,873
Total	**3,073**	**2,986**

- Receivables related to dismantling correspond to receivables resulting from the signature of a contract in December 2004 under which the CEA agreed to fund a share of facility dismantling expenses at the La Hague and Cadarache plants. This receivable, which bears interest at a rate of approximately 6%, totaled €116 million as of June 30, 2007 (before value added tax). This receivable has no set due date.
- The portfolio of assets earmarked to fund end-of-life-cycle operations includes the following:

(in millions of euros)	June 30, 2007	December 31, 2006
At market value		
Publicly traded shares	1,033	718
Equity mutual funds	1,010	1,001
Bond and money market mutual funds	914	1,154
Total	**2,958**	**2,873**
By region		
Euro zone	2,485	2,381
Non-euro Europe	473	492
Other	-	-
Total	**2,958**	**2,873**

Provisions for end-of-life-cycle operations

(in millions of euros)	June 30, 2007	December 31, 2006
Dismantling of nuclear facilities	3,423	3,371
Waste retrieval and packaging	1,257	1,215
Provisions for end-of-life-cycle operations	**4,680**	**4,585**

As an operator of nuclear facilities, the AREVA group has a legal obligation to secure and dismantle its facilities when they are shut down permanently. 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. Group facilities subject to these obligations include facilities in the front end of the fuel cycle, in particular Eurodif's enrichment plant at Pierrelatte and the fuel fabrication facilities, but they are predominantly facilities at the back end of the fuel cycle, including the treatment plants at La Hague and the Melox and Cadarache MOX fuel fabrication plants.

Under certain circumstances, essentially in the case of used fuel treatment, several customers have agreed to fund a portion of the costs related to dismantling operations and to the retrieval and packaging of waste for which they retain ownership. For AREVA, this has the effect of transferring the financial responsibility for dismantling and for waste retrieval and packaging from the group to third parties.

EDF/AREVA NC negotiations

EDF and AREVA NC embarked on framework negotiations to establish:

Firstly:

- The legal and financial terms of a transfer to AREVA NC of EDF's current financial obligations with respect to dismantling operations at the La Hague site (including, conceivably, payment of a lump sum to settle EDF's long-term commitment). At the end of September 2003, the parties reached agreement on their respective shares of funding for the dismantling costs for the La Hague plant.

- EDF's and AREVA NC's respective shares of obligations for the retrieval and packaging of waste at the La Hague and Saint-Laurent des Eaux sites.

Secondly:

- The financial terms of the future used fuel treatment contract beyond 2007.

Considering the global nature of this negotiation, AREVA did not modify in its financial statements the respective shares of dismantling expenses allocated to the parties as of December 31, 2006. Based on available information, this is not expected to have any significant impact on the group's financial statements or financial position.

Note 8 - Investments in associates

	June 30, 2007					December 31, 2006
(in millions of euros)	% of control	Share in net income of equity associates	Investment in associates (excluding goodwill)	Goodwill	Investment in associates (including goodwill)	Investment in associates (including goodwill)
STMicroelectronics	10.91%	(46)	761	43	804	905
Eramet	26.24%	71	469	35	504	489
REpower	30.17%	2	92	26	118	79
Other equity associates		7	48		48	48
Total		**34**	**1,370**	**104**	**1,474**	**1,521**

Changes from December 31, 2006 to June 30, 2007 reflect for the most part net income recognized and dividends paid by equity associates during the period.

Agreement between AREVA and Suzlon concerning AREVA's equity interest in REpower

On February 22, 2007, AREVA made a public offer to acquire REpower shares on the market. A competing offer was subsequently made by Suzlon. On May 24, 2007, AREVA decided to keep its shares of REpower and entered into a cooperative agreement with Suzlon under which:

- AREVA retains its equity interest in REpower and will continue to support the company;
- AREVA becomes a preferred supplier to Suzlon in the electricity transmission and distribution business;
- Suzlon an option grants to AREVA to sell its REpower shares at a guaranteed price, as indicated in the section on commitments received by the group (see Note 14).

The pricing of this option resulted in a gain recognized in financial income (see Note 4).

Note 9 - Other non-current financial assets

(in millions of euros)	June 30, 2007	December 31, 2006
Available-for-sale securities	2,416	2,096
Loans to equity associates	28	30
Other non-current financial assets	227	215
Derivatives on financing activities	13	34
Total	**2,685**	**2,376**

Available-for-sale securities

Available-for-sale securities are as follows:

(in millions of euros)	Number of shares at June 30, 2007	June 30, 2007	December 31, 2006
Publicly traded shares (at market value)			
- Suez	27,627,000	1,174	1,084
- Safran	30,772,945	584	541
- Total	7,350,064	443	402
- Uramin Inc.	15,000,000	87	-
- Summit	20,659,641	48	-
- Alcatel	2,597,435	27	28
- Other publicly traded securities		18	-
Investment in privately held companies		35	41
Total		**2,416**	**2,096**

In the first half of 2007, AREVA acquired shares representing 5.5% of the share capital of Uramin and 10.5% of the share capital of Summit.

Uramin is a junior uranium exploration company traded on the London and Toronto stock exchanges (see Note 16);

Summit is a junior uranium exploration company traded on the Sydney stock exchange.

Changes in investments in Total, Alcatel, Suez and Safran correspond solely to changes in their market prices. AREVA did not buy or sell any shares in these companies during the reporting period.

Other non-current financial assets

As of June 30, 2007 and December 31, 2006, this heading primarily consists of deposits made with the US customs authorities in connection with the Usec dispute.

Note 10 - Cash and cash equivalents

(in millions of euros)	June 30, 2007	December 31, 2006
Short term investments (initial maturity of less than 3 months)	224	690
Cash and current accounts	282	272
Net value	**506**	**962**

Short-term investments with initial maturities of less than three months consisted mostly of negotiable debt instruments and short-term cash mutual funds.

Note 11 - Other provisions

(in millions of euros)	June 30, 2007	December 31, 2006
Restoration of mining sites and mill decommissioning	64	63
Site clean-up and reclamation of other industrial sites	50	49
Other non-current provisions	**114**	**112**
Restructuring and layoff plans	95	128
Provisions for ongoing cleanup	87	81
Provisions for customer warranties	240	241
Provisions for losses to completion	651	570
Accrued costs	461	455
Other	277	313
Current provisions	**1,810**	**1,788**
Total other provisions	**1,924**	**1,900**

Contract to build the Olkiluoto 3 EPR

The key milestones in the construction schedule established at the end of 2006 for the first half of 2007 were met.

However, performance of the OL3 project remains impacted by the following:

- management of the specific process for approval of all technical documentation prior to manufacturing and adjustments in response to specific requests;
- the “first-of-a-kind” nature of the reactor, and
- the possible need to re-qualify certain subcontractors.

The AREVA/Siemens consortium has entered into discussions with the customer to define measures to strengthen and extend their cooperation.

The consortium also reserved its rights to indemnification for cost overruns which the company considers attributable to TVO. TVO communicated its position on this subject at the end of the first half of 2007 and has itself submitted certain claims against the consortium. AREVA has rejected these claims as without merit.

The provision for loss to completion recognized by the group was supplemented to take into account new cost estimates and a revised assessment of risk resulting from the conditions for contract execution. This provision takes into consideration the insurance policy acquired by the group at the end of 2006 to cover losses to completion on export sales of EPRs, subject to a deductible and a maximum coverage amount.

Remaining uncertainties regarding the cost to completion are related in particular to contractual risks, claims and technical difficulties inherent in the construction of a “first-of-a-kind” reactor.

Note 12 - Borrowings

(in millions of euros)	Long-term borrowings	Short-term borrowings	June 30, 2007	December 31, 2006
Put options of minority shareholders	1,117		1,117	1,117
Interest-bearing advances	19	568	587	548
Loans from financial institutions	253	196	449	316
Short-term bank facilities and non-trade current accounts (credit balances)		55	55	61
Financial instruments		7	7	3
Miscellaneous debt	52	15	67	74
Total borrowings	**1,441**	**841**	**2,282**	**2,119**

Put options of minority shareholders

The shareholders’ agreement signed in 2001 between Framatome SA (absorbed by AREVA in 2001) and Siemens provides for the exercise of a put option by Siemens in respect of shares it holds in AREVA NP, representing 34% of the share capital, and a call option by AREVA in respect of AREVA NP shares held by Siemens, under the following terms and conditions.

First, the put and call may be exercised after a deadlock, as defined in the shareholders’ agreement, in particular if it becomes impossible to make certain decisions, such as shutting down a site, changing the bylaws, etc., or if Siemens does not approve the financial statements for two consecutive years.

Secondly, the shareholders’ agreement provides that after 11 years, i.e. from 2012, the parties may exercise the put and the call unconditionally.

Accordingly, Siemens will be free to exercise a put option enabling it to sell all its shares to AREVA, based on an expert valuation, and AREVA will be free to exercise a call option to enabling it to buy all AREVA NP shares held by Siemens, based on an expert valuation.

Commitments to purchase minority interests held by Siemens in AREVA NP SAS are included in borrowings at the put option exercise price, estimated at the net present value of future cash flows. This value is adjusted on December 31 of each year.

Note 13 - Related party transactions

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

Transactions between the group and other important related parties are as follows:

CEA

(in millions of euros)	**June 30, 2007**	December 31, 2006
Sales	272	543
Purchases	37	90
Loans to/receivables from related parties	344	529
Borrowings from related parties	208	381

Relations with government-owned companies

The group has business relationships with government-owned companies, in particular EDF. Transactions with EDF include sales of uranium, enrichment services and nuclear fuel, maintenance and sales of equipment for nuclear reactors, and used fuel transportation, storage, treatment and recycling services. Ongoing negotiations with EDF are described in Note 7 - End-of-life-cycle operations.

Note 14 - Commitments given or received

Off-balance sheet commitments

(in millions of euros)	**June 30, 2007**	December 31, 2006
Commitments given	**3,746**	**3,085**
Contract guarantees given	2,819	2,524
Other operating guarantees	573	152
Commitments given on financing	47	49
Other commitments given	307	360
Commitments received	**1,243**	**883**
Operating commitments received	508	436
Commitments received on financing	1	13
Other commitments received	734	434
Reciprocal commitments	**2,729**	**781**

The amounts above only include commitments that the group considers valid as of the date of closing. Accordingly, these commitments do not include construction contracts currently under negotiation.

Commitments given

AREVA gave a specific guarantee in respect of ownership of FCI shares sold to Bain Capital. This amount, which is capped at the sale price of €582 million, is not included in the summary table.

The group gave a parent-company guarantee to TVO for the full value of the contract for the construction of an EPR reactor in Finland. The group received a counter-guarantee from Siemens corresponding to this supplier's share of the TVO contract. The net commitment given by the group is in the range of €1.5 billion to €2 billion. It is not included in the summary table.

Commitments received

Commitments received as of June 30, 2007 include the maximum value of vendor warranties received from Alstom following the group's acquisition of the **Transmission & Distribution** division.

The group entered into a cooperative agreement with Suzlon under which AREVA has an option to sell its REpower shares for the guaranteed amount of €471 million.

Reciprocal commitments

As of June 30, 2007, AREVA has access to an unused syndicated credit facility totaling €1.9 billion.

Note 15 - Other information

Disputes and contingent liabilities

ISF2

The ISF2 project concerns the construction of a dry storage unit for nuclear fuel from RBMK reactors in Ukraine.

In May 2004, the customer wrote to AREVA NP advising that the condition of the fuel assemblies did not comply with the contractual documents. Without prejudicing the contractual positions of any party, and independently of commercial and financial negotiations, a memorandum of understanding was signed on July 17, 2004 by the three parties, i.e. AREVA NP, the customer's representative (PMU) and the power plant, thus demonstrating their desire to cooperate to resolve the issue.

At the customer's request, AREVA NP drafted a technical solution that takes into account the possibility that the customer may not be able to establish the actual condition of the fuel assemblies (contractual responsibility of the customer). In November 2004, this solution was presented to the donor countries in the presence of all interested parties (EBRD, AREVA NP, customer and Ukrainian safety authorities).

In July 2005, the cost estimate for the solution proposed by AREVA NP was presented to the meeting of donor countries. At their request, the EBRD performed a technical and financial audit. Concurrently, the contract was suspended in October 2005 by mutual agreement for an initial period of three months and specific work was undertaken under a service contract to continue the most critical tasks during this interim period. This work was stopped at the end of June 2006.

In the spring of 2006, the Ukrainian party proposed a new technical solution to process all of the fuel, whether in good condition or with water inside the cladding. The solution, involving the use of a drying process offered by a US company, was presented at the meeting of donor countries held on June 27, 2006. Several countries agreed in principle to its use, including the Ukraine and the United States.

After the meeting, the US company having been solicited to take over the entire project, AREVA NP initiated discussions with the EBRD to terminate the contract amicably and cooperate with the US company by providing short-term technical assistance, thus allowing it become more familiar with the project.

At a meeting held on December 14, 2006, the donor countries (including the Ukraine) officially approved AREVA NP's withdrawal. A mutually agreeable termination agreement was signed to this effect on March 29, 2007. It contemplates in particular the transfer of the existing facility and installed equipment to the contractor and the payment of a termination fee.

The signature of this agreement thus brings the contract to a close and no further claims or contentious procedures may be initiated by any of the parties.

Usec litigation

In 2001, the United States Department of Commerce (DOC) ordered that countervailing duties be levied on enrichment services imported to the United States from France, Germany, the Netherlands and the United Kingdom. This action followed complaints filed in December 2000 by the United States Enrichment Corporation (Usec) against Eurodif and Urenco for dumping and unfair subsidies. The level of countervailing duties applied to Eurodif exports to the United States led to a deposit of $188 million with the US Customs Service at the end of 2006, recoverable once the case has been adjudicated.

Eurodif's defense included administrative proceedings before the US DOC and a legal proceeding before the US Court of International Trade (CIT):

- In February 2003, Eurodif asked the DOC to revise provisional countervailing duties paid in 2001 and 2002. Final administrative decisions revising these duties were issued in July and September 2004. The revision reduced the level of the countervailing duties to approximately 80% of the provisional amount. The final amount of the duties relating to the 2004 deposit was communicated in August 2006.
- In April 2002, Eurodif appealed the DOC decision before the US Court of International Trade (CIT).
- The CIT issued favorable rulings validating Eurodif's legal analysis in March 2003 and September 2003.
- On March 3, 2005, the US Court of Appeal for the Federal Circuit (CAFC), which is the ultimate level of appeal, issued a ruling in favor of Eurodif, thus terminating all legal proceedings and the anti-dumping and subsidy protection measures implemented by the DOC. The CAFC confirmed its ruling during re-hearings on September 9, 2005. The court remanded the case to the CIT, which in turn ordered the DOC to comply with these decisions in January 2006.
- In April 2006, all parties renounced their right to appeal on matters other than the "goods vs. services" issue.

After remanding the case to the DOC on several occasions:

- The CIT affirmed the DOC's proposal to rescind the order mandating countervailing duties. Usec appealed this decision on July 18, 2006. The US government did not appeal.
- On August 3, 2006, the CIT affirmed a second determination proposed by the DOC regarding the anti-dumping proceedings. This determination excludes uranium enrichment contracts from the scope of the order. Usec appealed this decision before the CAFC on September 19, 2006.
- In February 2007, the CAFC issued affirmance of CIT's judgment on the "CVD order" subsidies in favor of Eurodif. In the end, Usec did not appeal this decision to the US Supreme Court. This procedure is therefore closed. No date has been set for the reimbursement of duties.
- At the beginning of July 2007, the CAFC heard Usec's appeal regarding the dumping procedure. The court's decision is pending.

Ongoing investigations

After an investigation carried out by the European Commission into alleged anti-competition practices between gas-insulated switchgear (GIS) suppliers, the Commission imposed a series of fines on the 11 companies participating in the cartel. The investigation began in May 2004 when ABB submitted a request for immunity to the European Commission. On January 24, 2007, the Commission fined the parent companies of the companies involved, including Alstom, which received a €11 million fine. It also held Alstom jointly liable with AREVA T&D SA for the payment of a €54 million fine. The other group companies penalized – AREVA SA, AREVA T&D Holding and AREVA T&D AG – are jointly liable with AREVA T&D SA for the payment of this fine, up to €25.5 million.

The decision, which has been appealed with the Court of First Instance of the European Communities, does not specify the respective obligations of Alstom and AREVA for payment of the abovementioned €54 million fine.

In April 2007, Alstom and AREVA entered into an agreement related to warranty obligations, particularly for payment of the cost of investigations into anti-competitive practices. Irrespective of the amount, AREVA will ask Alstom to reimburse the majority of its loss.

This investigation triggered additional, although less critical, investigations by competition authorities in Hungary, the Czech Republic, Slovakia, South Africa, Brazil and other countries, which are currently less active. In Hungary, authorities ruled in favor of AREVA's position. The Czech Republic levied a fine of €5.6 million on AREVA T&D in early February 2007. The fine was partially reduced to approximately €360,000 on April 26, 2007; this decision is under appeal.

Administrative sanctions against a Mexican subsidiary of AREVA T&D

Proceedings were instigated by Mexican authorities against a subsidiary of AREVA T&D in 2004 for anti-competition practices, which could lead to this company not being allowed to bid on public contracts in Mexico.

A court decision exonerating AREVA T&D was rendered on August 11, 2005. However, the local authority concerned has handed down a new decision which is identical to the first decision to prevent AREVA T&D SA de CV from gaining access to public contracts in Mexico. Proceedings have been initiated to ensure enforcement of the court's ruling and suspend the administrative measure until a new court decision, if any, is issued on the merits. A final decision, which may be in favor of AREVA T&D de CV, is expected soon.

Note 16 - Events subsequent to the period end

AREVA purchased a 51% stake in Multibrid

AREVA purchased on September 17, 2007 a 51% stake in Multibrid, a designer and manufacturer of multi-megawatt off-shore wind turbines based in Germany. With this acquisition, AREVA has entered into a joint venture with Prokon Nord, a German off-shore wind turbine and biomass plant developper and current owner of Multibrid.

Takeover bid on Uramin

Following to the sucessful outcome of AREVA's friendly takeover bid for Uramin, a Canadian company with uranium mining permits in Namibia, South Africa and the Central African republic, AREVA owns 100% of Uramin.

A business corporation (société anonyme) whith an Executive Board
and a Supervisory Board capitalized at €1,346,822,638

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