Half Year Financial Report

June 30, 2014

AREVA

General comments

This financial report contains statements on the objectives, prospects and growth areas for the AREVA group. This information is not meant as a presentation of past performance data and should not be interpreted as a guarantee that events or data set forth herein are assured or that objectives will be met. The statements of prospects in this financial report also address known and unknown risks, uncertainties and other factors that may, if they happen, have the effect that future income, performance and achievements of the AREVA group might be significantly different from the objectives set and put forward. Those factors may include, in particular, changes in international, economic or market conditions, as well as risk factors presented in section 2.1. AREVA has no obligation to update the information on prospects contained in this document, subject to the ongoing disclosure obligations applicable to companies whose stock is admitted to trading on regulated markets.

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1 Person responsible

1.1 Person responsible for the half year report

Mr. Luc Oursel, Chief Executive Officer of AREVA.

1.2 Certification of the half year report by the person responsible

“I certify, to the best of my knowledge, that the condensed financial statements for the first half of 2014 are prepared in accordance with applicable accounting standards and give a true and fair view of the net worth, financial position and income of the company and all the companies included in consolidation, and that the half year financial report herewith presents a fair view of the major events that occurred during the first six months of the fiscal year, of their effect on the financial statements and of the main transactions between related parties and gives a description of the main risks and main uncertainties for the remaining six months of the financial year.”

Paris, August 1, 2014

Luc Oursel

Chief Executive Officer of AREVA

2 Half year business report

2.1 Significant events

2.1.1 Highlights of the period

The information provided in this section concerns the AREVA group as a whole. Highlights concerning commercial operations are presented in the business review in section 2.8.

Concerning business strategy and capital expenditures

Group

- On March 3, 2014, 1 million euros were added to the share liquidity agreement between AREVA and NATIXIS.
- On March 12, 2014, AREVA priced and launched a 750-million-euro bond issue with an annual coupon of 3.125% maturing in nine years, on March 20, 2023.
- On April 17, 2014, after Czech utility CEZ announced the cancellation of a tender from which the group had bee unjustly excluded in 2012, AREVA announced the withdrawal of the appeal that had been filled with the Regional Tribunal Court of Brno. This allows the relationship with CEZ to return to normal.
- On May 7, 2014, AREVA and Capgemini signed agreements involving 1) a commercial partnership in the form of a major IS outsourcing and systems integration contract in the amount of 1 billion euros over a period of 10 years, and 2) the acquisition of Euriware and its subsidiaries by the Capgemini group.
- On June 30, 2014, AREVA finalized financing arrangements for Société d'Enrichissement du Tricastin (SET), which owns and operates the Georges Besse II enrichment plant. A 10-year loan in the amount of 650 million euros was established with a group of 10 international banks.
- In the first half of 2014, AREVA assigned trade receivables and tax receivables, without recourse, to financial institutions in the total respective amounts of 260 million euros for receivables maturing in 2014 and of 124 million euros for receivables maturing between 2014 and 2017 (115 million euros at December 31, 2013). AREVA has no significant continuing involvement in these receivables.

Governance

- On May 20, 2014, during the Annual General Meeting of Shareholders, the group announced that it was launching a project to modify its governance at the request of its majority shareholders, the French State and the CEA.

Nuclear

- On March 26, 2014, during the visit to France of the President of the People's Republic of China, Xi Jinping, AREVA participated in the celebration of 50 years of diplomatic relations between the two countries. The visit was marked by the signature of agreements to continue the strategic partnership between Franc and China in civilian nuclear power, which celebrated its 30th anniversary last year.
- On April 15, 2014, Sellafield Ltd selected the offer from the joint venture between AREVA and the English companies Mace and Atkins for the Silo Direct-encapsulation Plant project (SDP).
- On May 5, 2014, during the visit to France of the Japanese Prime Minister Shinzo Abe, AREVA and ATOX announced the creation of the ANADEC joint venture, which will supply dismantling solutions and services to Fukushima and other Japanese power plants to be shut down.
- On May 6, 2014, PSEG Nuclear extended through 2022 the contract signed with AREVA to provide outage and maintenance services to the two reactors at the Salem power plant and to the Hope Creek reactor, in New Jersey.
- On May 26, 2014, in Niamey, AREVA and the State of Niger signed an agreement renewing their strategic partnership.
- On May 28, 2014, Vattenfall selected AREVA for to supply fuel assemblies to four of its seven reactors.

Renewable Energies

- On January 20, 2014, AREVA and GAMESA announced that they had begun exclusive negotiations to create a 50/50 joint venture in the offshore wind field.
- On February 6, 2014, AREVA and Schneider Electric signed a strategic partnership agreement to develop energy storage and energy management solutions based on hydrogen production and fuel cells.
- On May 7, 2014, after a national call for bids, the French Government selected the grouping formed by GDF Suez, EDP Renewables, Neoen Marine and AREVA for the installation and operation of offshore wind farms near Le Tréport, Normandy (500 MW) and Yeu and Noirmoutier islands in the Pays-de-Loire region (500 MW).
- On May 23, 2014, AREVA, SMART ENERGIES (via its subsidiary CETH2) and ADEME announced the creation of the AREVA H2-Gen joint venture, which will manufacture proton exchange membrane electrolyzers.

In the industrial field (progress on projects, inaugurations)

- On January 31, 2014, AREVA inaugurated the Bio Golden Raand biomass power plant built in partnership with the Dutch civil engineering company Ballast Nedam Industriebouw and the Finnish company and boiler supplier Metso Power Oy.
- On February 3, 2014, the Comurhex II facilities were placed in full service at Malvési.
- On February 12, 2014, the success of the leak tightness test of the EPR containment building at Olkiluoto 3 was confirmed.
- On March 13, 2014, the first batch of uranium ore produced by the Cigar Lake mine operated by Cameco in the Canadian province of Saskatchewan was shipped to AREVA's McClean Lake mill.
- On April 1, 2014, testing of the instrumentation and control system for the Olkiluoto 3 EPR reactor began at AREVA's Erlangen site in Germany.
- On April 11, 2014, AREVA was pleased to learn that STUK, the nuclear safety authority of Finland, had validated the general layout of the OL3 EPR's instrumentation and control system.
- On June 5, 2014, the 40 AREVA M5000 5 MW wind turbines were successfully installed at the Trianel Borkum wind farm in the German North Sea.
- On June 20, 2014, French Prime Minister Manuel Valls visited AREVA's Creusot Forge site, which specializes in the manufacture of large forgings and castings, and inaugurated the site's new 9,000-ton hydraulic press.
- On June 30, 2014, the Georges Besse II plant reached 84% total installed capacity.
- At the end of June 2014, almost half of the Prisme operations had been completed at the Eurodif plant.
- In the first half of 2014, AREVA installed the Flamanville 3 EPR reactor vessel and delivered other heavy components to the site.
- Mechanical work performed during unit outages under the PLEX contract was completed.

2.1.2 Related party transactions

Details of the main transactions with related parties are given in note 16 to the consolidated financial statements in this half year report.

2.1.3 Risk factors

The significant risks and uncertainties that the group faces are described in Section 4, "Risk factors", of the 2013 Reference Document filed with the French financial market regulator AMF (*Autorité des marchés financiers*) on March 31, 2014 and available on latter's website (www.amf-france.org.), as well as on AREVA's website (www.areva.com). This description of the main risks remains valid as of the date of publication of this report for the evaluation of major risks and uncertainties that could affect the group at the end of the current financial year. No significant risks or uncertainties are anticipated other than those presented in the Reference Document.

2.2 Summary of key data

2.2.1 Financial indicators

In accordance with IFRS 5 and IFRS 11, the financial statements for the first half of 2013 were restated to present pro forma information using the consolidation scope for the first half of 2014. Income from discontinued renewables operations or in joint ventures is presented on a separate line in the income statement under “net income from discontinued operations”.

(in millions of euros)	**H1 2014**	**H1 2013 pro forma**	***Change 2014/2013***
Backlog	44,916	42,786	*+€2.130bn*
Revenue	3,889	4,513	*-12.4% LFL*
Of which nuclear operations[1]	3,797	4,402	*-12.4% LFL*
Of which renewables operations	32	40	*-18.1% LFL*
Restated EBITDA[2]	**256**	**487**	*-€231m*
In percentage of sales revenue	*6.6%*	*10.8%*	*-4.2 pts.*
including impact of 4 major projects generating losses	-227	-242	*+€15m*
Reported EBITDA	226	487	*-€261m*
In percentage of sales revenue	*5.8%*	*10.8%*	*-5.0 pts.*
Restated free operating cash flow before tax[2]	98	-158	*+€256m*
Reported free operating cash flow before tax	71	-158	*+€228m*
Restated operating income[2]	-280	290	*-€569m*
Reported operating income	-305	290	*-€594m*
Net income attributable to owners of the parent	-694	0	*-€694m*
Earnings per share	-€1.81	€0.00	*-€1.81*
	June 30, 2014	**December 31, 2013**	
Net debt (+) / cash (-)	4,734	4,468	*+€266m*
Net debt / net debt + equity	54.1%	47.3%	*6.8 pts.*

For purposes of comparison, information for the first half of 2013 was adjusted for comparability with that of the first half of 2014.

In addition, it should be noted that Business Group revenues and contributions to consolidated income may vary significantly from one half year to the next in the nuclear businesses. Accordingly, half-year data should not be viewed as a reliable indicator of annual trends.

The backlog amounted to 44.9 billion euros, up 3.5 billion euros compared with the end of 2013, including more than 5 billion euros added as a result of the 2013-2020 agreement with EDF for treatment-recycling services.

The financial performance of the first half of 2014 was marked by a negative net income attributable to equity owners of the parents of -694 million euros, primarily due to:

- losses in the total amount of 373 million euros connected with 1) renewable operations that were contributed to joint ventures or discontinued (Wind Energy and Solar Energy), following provisions and impairment totaling 352 million euros to reduce the impact of financial risk on future profitability recognized in advance of the creation of the joint venture with Gamesa in the offshore wind business, and 2) the decision to discontinue the Solar Energy business (unless overall takeover proposal received in the short term);

[1] Nuclear operations: operations in the Mining, Front End, Reactors & Services and Back End Business Groups and in Engineering & Projects (recognized under Corporate & Other)

[2] Restated for asset disposals (Duisburg and Euriware)

- in the nuclear field:
  - the immediate impact of the agreement reached with EDF on the terms for the 2013-200 Treatment-Recycling agreement following negotiations initiated two years ago (-95 million euros), The extension of the term of this agreement and the increased volumes nonetheless provide increased much greater visibility to the Back End Business Group;
  - provisions and assets impairment.

While the lower volume of business was more pronounced than anticipated in the first half of the year, the group was able to generate free operating cash flow:

- like for like, revenue was down 12.4% to 3.889 billion euros compared with the first half of 2013. Revenue for the first half of 2013 had been boosted by significant deliveries in the Mining BG (HEU program, reduction in inventories and deliveries of material initially scheduled to be delivered in 2012) and by non-recurrent recycling contracts with foreign utilities (Back End BG).
- EBITDA restated for asset sales amounts to 256 million euros (6.6% of revenue), down significantly compared with the first half of 2013 (drop in revenue in the Mining and Back End Business Groups).
- Free operating cash flow restated for asset sales comes to 98 million euros, an increase of 256 million euros compared with the first half of 2013, reflecting the combined impact of improvement in the working capital requirement (including +145 million euros in comparison with December 31, 2013) and the lower level of capital spending. This significant increase in cash flow highlights the impact of performance improvement activities, which partially offset the downswing. In fact, the group continued to implement its performance improvement plan in the first half of the year: by the end of June 2014, the objective of reducing operating costs by 1 billion euros by the target date of 2015 had been 86% achieved and 100% secured. For instance, support functions costs were reduced by 9% over the semester compared to the same period of 2013.

  In view of market conditions in the nuclear power segment, which is marked by decreasing prices in the front end of the cycle and our customers' budget constraints, these activities will be strengthened in the second half of the year, including:

  - an increase in the cost reduction objective, from 1 billion euros by 2015 (which has already been secured) to 1.2 billion euros by 2016;
  - the revision in progress of production plans for Somaïr and Cominak and the preparation of a plan for additional savings;
  - a reduction in the total capital budget from 1.3 billion euros to approximately 1.1 billion euros for 2014 (compared with 1.4 billion euros in 2013);
  - the study in progress to optimize the schedules for completion of the Comurhex II plant and for the expansion of its capacity to 21,000 metric tons per year;
  - discontinuation of solar energy operations upon the completion of projects in progress (unless overall takeover proposal received in the short term);
  - in terms of human resources:
    - in France, a slowdown in external hiring in the second half of 2014 compared with the first half, and initiation of dialogue with employee representative bodies concerning a flexibility project at industrial sites operating below capacity;
    - an external hiring freeze in Germany and the United States;
    - in Germany, an increase in the workforce reduction objective to 1,500 positions by 2015;
    - in the United States, the elimination of 200 jobs in 2014;
    - in Brazil, a restructuring of the Bioenergy business;

The group's financial outlook was revised downwards (see section 2.10, Outlook).

2.2.2 Definitions of financial indicators

> Operating working capital requirement (Operating WCR)

Operating WCR represents all of the current assets and liabilities related directly to operations. It includes the following items:

- inventories and work-in-process;
- trade accounts receivable and related accounts;
- non-interest-bearing advances;
- other accounts receivable, accrued income and prepaid expenses;
- currency hedges on operating WCR;
- minus: trade accounts payable and related accounts, trade advances and prepayments received (excluding interest-bearing advances), other operating liabilities, accrued expenses, and deferred income;

Note: Operating WCR 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.

> 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; unhedged orders are valued at the rate in effect on the last day of the period. The backlog reported for long-term contracts recognized 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 recognized 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.

> Free operating cash flow (Free OCF)

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

- EBITDA, excluding end-of-lifecycle operations;
- plus losses or minus gains on disposals of assets included in operating income;
- 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 property, plant and equipment and intangible assets, net of changes in accounts payable related to fixed assets;
- plus sales of property, plant and equipment and intangible assets included in operating income, net of changes in receivables on the sale of fixed assets;
- plus prepayments received from customers during the period on non-current assets;
- plus acquisitions (or disposals) of consolidated companies (excluding equity associates).

> Net debt

Net debt is defined as the sum of current and non-current borrowings, minus cash and cash equivalents.

Note: AREVA's definition of net debt was modified at December 31, 2013 in order to comply with the definition published by the French Accounting Standards Authority. The definition used previously was "net debt is defined as the sum of current and non-current borrowings, minus cash, cash equivalents and other current financial assets."

> Earnings before income tax, depreciation and amortization (EBITDA)

EBITDA is equal to operating income after depreciation, depletion, amortization and provisions, net of reversals. EBITDA excludes the cost of end-of-lifecycle operations performed in nuclear facilities during the year (facility dismantling, waste retrieval and packaging). It should be noted that the cash flows linked to end-of-lifecycle operations are presented separately.

Note: For greater consistency, AREVA's definition of EBITDA was modified at June 30, 2014 to exclude all non-cash operating income items. The definition used previously was "EBITDA is equal to operating income plus net amortization, depreciation and operating provisions, except for provisions for impairment of working capital items."

> Cash flows from end-of-lifecycle operations

This indicator encompasses all of the cash flows linked to end-of-lifecycle obligations and to assets earmarked to cover those obligations. It is equal to the sum of the following items:

- income from the portfolio of earmarked assets;
- cash from the sale of earmarked assets;
- full and final payments received for facility dismantling;
- minus acquisitions of earmarked assets;
- minus expenses during the period related to end-of-lifecycle obligations;
- minus full and final payments paid for facility dismantling.

> Comprehensive income attributable to owners of the parent

Comprehensive income is the change in equity over a period resulting from transactions and events other than the changes resulting from transactions with the shareholders.

Comprehensive income includes all of the components of "income" and "other comprehensive income items".

"Other comprehensive income items" include the following components:

(a) profits and losses resulting from the conversion of the financial statements of a foreign business;

(b) profits and losses relating to the revaluation of available-for-sale financial assets;

(c) the effective share of profits and losses on cash flow hedging instruments.

(d) actuarial gains and losses on employee benefits.

2.3 Summary data by business segment

First half 2014 (contributions to the group)

(in millions of euros)	Mining	Front End	Reactors & Services	Back End	Renewable Energies	Corporate and Other	Total
Revenue	457	1,128	1,501	695	32	74	3,889
EBITDA	159	196	(96)	63	(15)	(81)	226
Percentage of revenue	*34.8%*	*17.4%*	*(6.4)%*	*9.0%*	*(45.5)%*	*ns*	*5.8%*
Operating income	60	21	(174)	(83)	(19)	(110)	(305)
Percentage of revenue	*13.2%*	*1.9%*	*(11.6)%*	*(12.0)%*	*(58.5)%*	*ns*	*(7.8)%*
Change in operating WCR	(61)	(63)	209	77	(3)	166	325
Net operating Capex	(220)	(158)	(39)	(56)	(2)	(15)	(490)
Operating cash flow before tax	(122)	(25)	73	83	(19)	81	71

First half 2013 (contributions to the group) – pro forma

(in millions of euros)	Mining	Front End	Reactors & Services	Back End	Renewable Energies	Corporate and Other	Total
Revenue	802	896	1,705	977	40	93	4,513
EBITDA	311	91	(121)	306	(8)	(92)	487
Percentage of revenue	*38.7%*	*10.1%*	*(7.1)%*	*31.3%*	*(19.0)%*	*ns*	*10.8%*
Operating income	250	64	(117)	228	(8)	(126)	290
Percentage of revenue	*31.1%*	*7.1%*	*(6.9)%*	*23.3%*	*(21.4)%*	*ns*	*6.4%*
Change in operating WCR	128	8	(13)	19	(14)	(204)	(75)
Net operating Capex	(209)	(243)	(63)	(42)	(3)	(13)	(573)
Operating cash flow before tax	232	(144)	(196)	282	(24)	(308)	(158)

2.4 Backlog

The group had 44.9 billion euros in backlog at June 30, 2014, representing five years of revenue. The backlog has grown significantly in comparison with December 31, 2013 (41.4 billion euros). Backlog in the Front End and Back End Business Groups (BG) rose sharply over 6 months, while that of the other nuclear Business Groups fell as contracts were successfully completed over the period. The treatment and recycling agreement with EDF for the 2013-2020 period covering the shipment and recycling of used fuel and the fabrication of MOX assemblies added more than 5.5 billion euros to the backlogs of the Back End and Front End BGs in the first half of the year.

A total of 7.9 billion euros in new orders were added to the backlog in the first half of 2014, a sharp increase from the first half of 2013 (2.9 billion euros).

2.5 Statement of Income

(in millions of euros)	***H1 2014***	***H1 2013****	***2013 ****
Revenue	***3,889***	***4,513***	***9,062***
Gross margin	*341*	*806*	*1,227*
Research and development expenses	*(96)*	*(123)*	*(273)*
Marketing and sales expenses	*(96)*	*(113)*	*(212)*
General and administrative expenses	*(184)*	*(187)*	*(388)*
Other operating expenses	*(287)*	*(147)*	*(418)*
Other operating income	*17*	*54*	*98*
Operating income	***(305)***	***290***	***34***
Net financial income	*(68)*	*(87)*	*(248)*
Income tax	*38*	*(113)*	*(59)*
Share in net income of associates and joint ventures	*(8)*	*6*	*(13)*
Net income from continuing operations	*(343)*	*96*	*(167)*
Net income from discontinued operations	*(384)*	*(43)*	*(256)*
Net income for the period	*(726)*	*53*	*(423)*
Minority interests	*(32)*	*52*	*71*
Net income attributable to owners of the parent	***(694)***	***0***	***(494)***
Comprehensive income	*(932)*	*(35)*	*(504)*

** In application of IFRS 5, IFRS 10 and IFRS 11, the financial statements for the first half of 2013 and for fiscal year 2013 were restated in relation to the data published for the previous year. The impacts of these restatements are detailed in note 20.*

2.5.1 Revenue

(in millions of euros)	***H1 2014***	***H1 2013****	***Change 2014/2013***
Contribution to consolidated revenue	*3,889*	*4,513*	*-13.8%*
Mining Business Group	*457*	*802*	*-43.0%*
Front End Business Group	*1,128*	*896*	*+25.9%*
Reactors & Services Business Group	*1,501*	*1,705*	*-11.9%*
Back End Business Group	*695*	*977*	*-28.9%*
Renewable Energies Business Group	*32*	*40*	*-18.1%*

** In application of IFRS 5, IFRS 10 and IFRS 11, the financial statements for the first half of 2013 were restated in relation to the data published for the previous year.*

The group had consolidated revenue of 3.889 billion euros in the first half of 2014, a decrease of 13.8% compared with the first half of 2013 (-12.6% like for like). Foreign exchange had a negative impact of 54 million euros, principally in the Mining and Reactors & Services BGs. The consolidation scope had a negative impact of 18 million euros over the period.

Revenue from the nuclear operations amounted to 3.797 billion euros in the first half of 2014, compared with 4.402 billion euros in the first half of 2013, a 13.7% decrease (-12.6% like for like).

Revenue from the renewables operations declined in the first half of 2014 to 32 million euros, compared with 40 million euros in the first half of 2013, a 18.1% decrease (-18.1% like for like).

2.5.2 Gross margin

(in millions of euros)	***H1 2014***	***H1 2013****	***Change 2014/2013***
Gross margin	*341*	*806*	*-57.7%*
Percentage of revenue	*8.8%*	*17.9%*	*-9.1 pts.*

** In application of IFRS 5, IFRS 10 and IFRS 11, the financial statements for the first half of 2013 were restated in relation to the data published for the previous year.*

The group's gross margin for the first half of 2014 was 341 million euros, or 8.8% of revenue, compared with 806 million euros in the first half of 2013, or 17.9% of revenue.

2.5.3 Research and Development

Research and development expenses are capitalized if they meet criteria established by IAS 38 and are expensed if they do not.

In the income statement, research and development expenses appear below gross margin and represent non-capitalizable expenses incurred exclusively by the group; the expenses relating to programs funded wholly or partly by customers, together with projects carried out in partnership where AREVA has commercial rights of use of the results, are recognized in the cost of sales.

The group's research and development expenses, excluding mineral exploration and mining study expenses, represented 77 million euros in the first half of 2014, or 2.0% of the revenue contributed for the period. This indicator is slightly down compared with the same period in 2013.

(in millions of euros)	**H1 2014**	**Percentage of sales**	**H1 2013***	**Percentage of sales**
Research and Development recognized as expenses under gross margin, after RTC[1]	**96**	**2.5%**	**123**	**2.7%**
Of which expenses for mineral exploration and mining studies	19	–	22	–
Research and development recognized as expenses under gross margin, excluding expenses for mining studies and mineral exploration, after RTC[1]	**77**	**2.0%**	**101**	**2.2%**
RTC[1]	30	–	26	–
Research and development recognized as expenses under gross margin, excluding expenses for mining studies and mineral exploration, before RTC[1]	**107**	**2.8%**	**127**	**2.8%**
Capitalized research and development costs	29	0.8%	44	1.0%
TOTAL	**136**	**3.5%**	**171**	**3.8%**
Number of registered patents	**27**	**–**	**51**	**–**
(1) research tax credit				

** In application of IFRS 5, IFRS 10 and IFRS 11, the financial statements for the first half of 2013 were restated in relation to the data published for the previous year.*

Taking into account capitalized development costs, research and development costs totaled 136 million euros in the first half of 2014, or 3.5% of revenue for the period, and were stable in relation to the same period of the previous year (3.8% of revenue).

2.5.4 General and administrative, marketing and sales expenses

General and administrative expenses together with marketing and sales expenses totaled 281 million euros in the first half of 2014, a decrease of 6.3% compared with the first half of 2013, when revenue fell 13.8%. As a percentage, these expenses represented 7.2% of revenue in the first half of 2014, compared with 6.6% in the first half of 2013.

2.5.5 Other operating income, other operating expenses

Other operating expenses for the first half amounted to -287 million euros, compared with -147 million euros in the first half of 2013. In the first half of 2013, they had mainly consisted of provisions for penalties or expenses related to the early termination of long-term supply contracts and to the restructuring of the group's real estate assets. In the first half of 2014, they mainly include impairment of assets in progress for the Comurhex II project and expenses related to pre-production development work at the Imouraren mining site in Niger.

Other operating income totaled 17 million euros, compared with 54 million euros in the first half of 2013, when it primarily included the impact of changes in options used as hedging instruments for contracts related to operating activities.

2.5.6 Operating income

The group reported operating income of -305 million euros in the first half of 2014, compared with +290 million euros in the first half of 2013.

The group's restated operating income[1] totaled -280 million euros in the first half of 2014, compared with +290 million euros in the first half of 2013.

2.5.7 Net financial income

(in millions of euros)	***H1 2014***	***H1 2013****
Net borrowing costs	***(101)***	***(97)***
Other financial income and expenses	***33***	***10***
Share related to end-of-lifecycle operations	***116***	***105***
Income from the earmarked financial portfolio	*220*	*209*
Income from receivables and discount reversal on earmarked assets	*17*	*23*
Impact of amended schedules	*0*	*0*
Discounting reversal expenses on end-of-lifecycle operations	*(121)*	*(127)*
Share not related to end-of-lifecycle operations	***(83)***	***(95)***
Income from disposal of securities and change in value of securities held for trading	*0*	*1*
Financial income from pensions and other employee benefits	*(31)*	*(32)*
Dividends received	*0*	*0*
Other income and expenses	*(52)*	*(64)*
Net financial income	***(68)***	***(87)***

** In application of IFRS 5, IFRS 10 and IFRS 11, the financial statements for the first half of 2013 were restated in relation to the data published for the previous year.*

Net financial income amounted to -68 million euros in the first half of 2014, compared with -87 million euros in the first half of 2013. Net borrowing costs came to -101 million euros in the first half of 2014, versus -97 million euros in the first half of 2013. The change in net financial income is explained by the share related to end-of-lifecycle operations, which improved over the period (116 million euros in the first half of 2014 versus 105 million euros in the first half of 2013).

2.5.8 Income tax

The net tax income for the first half of 2014 was 38 million euros, compared with a net tax expense of 113 million euros in the first half of 2013.

[1] Restated for asset disposals (Duisburg and Euriware)

2.5.9 Share in net income of associates and joint ventures

(in millions of euros)	***H1 2014***	***H1 2013****	***2013***
ATMEA	*(1)*	*(1)*	*(2)*
ETC	*(9)*	*(0)*	*(9)*
MNF	*(4)*	*(0)*	*(4)*
Other	*6*	*8*	*7*
Total	***(8)***	***6***	***(13)***

** In application of IFRS 5, IFRS 10 and IFRS 11, the financial statements for the first half of 2013 were restated in relation to the data published for the previous year.*

The share in net income of associates and joint ventures was -8 million euros in the first half of 2014, compared with +6 million euros in the first half of 2013. The decrease is due mainly to the negative contribution from ETC.

2.5.10 Minority interests

The share in net income attributable to minority interests was -32 million euros, down compared with the first half of 2013, when it was 52 million euros.

2.5.11 Net income attributable to owners of the parent

Net income attributable to equity owners of the parent totaled -694 million euros in the first half of 2014, compared with a nil net income in the first half of 2013.

2.5.12 Comprehensive income

Comprehensive income amounted to -932 million euros in the first half of 2014, compared with -35 million euros in the first half of 2013. This change is mainly due to the decrease in net income attributable to equity owners of the parent, the negative contribution from minority interests, and actuarial losses on employee benefits in consolidated companies as a result of the decrease in discount rates used by the group to value liabilities associated with employee benefits.

2.6 Cash flow and change in net debt

2.6.1 Change in net debt

(in millions of euros)	***H1 2014***
Reported net debt at beginning of period (December 31, 2013)	***(4,415)***
Restated net debt at beginning of period (December 31, 2013)	***(4,468)***
Free operating cash flow before tax	*71*
Cash flow from end-of-lifecycle operations	*118*
Acquisitions / disposals of investment securities maturing > 3 months	*8*
Dividends paid to minority shareholders	*(1)*
Financing of discontinued operations	*(233)*
Impact of financial result	*(111)*
Income tax	*(57)*
Others	*(61)*
Change in net debt	***(266)***
	June 30, 2014
Net debt (-) / Net cash (+) at the end of the period	***(4,734)***

2.6.2 Free operating cash flows of the group

(in millions of euros)	***H1 2014***	***H1 2013***
EBITDA	***226***	***487***
Percentage of revenue	*5.8%*	*10.8%*
Gains or losses on disposals of operating assets	*10*	*3*
Change in operating WCR	*325*	*(75)*
Net operating Capex	*(490)*	*(573)*
Free operating cash flow before tax	***71***	***(158)***

2.6.3 Free operating cash flows by business

(in millions of euros)	***Reported EBITDA***		***Change in operating WCR***		***Reported Operating CAPEX, net of disposals***		***Reported Free operating cash flow before tax***	
	H1 2014	***H1 2013****	***H1 2014***	***H1 2013****	***H1 2014***	***H1 2013****	***H1 2014***	***H1 2013****
Mining Business Group	*159*	*311*	*(61)*	*128*	*(220)*	*(209)*	*(122)*	*232*
Front End Business Group	*196*	*91*	*(63)*	*8*	*(158)*	*(243)*	*(25)*	*(144)*
Reactors & Services Business Group	*(96)*	*(121)*	*209*	*(13)*	*(39)*	*(63)*	*73*	*(196)*
Back End Business Group	*63*	*306*	*77*	*19*	*(56)*	*(42)*	*83*	*282*
Renewable Energies Business Group	*(15)*	*(8)*	*(3)*	*(14)*	*(2)*	*(3)*	*(19)*	*(24)*
Corporate and Other	*(81)*	*(92)*	*166*	*(204)*	*(15)*	*(13)*	*81*	*(308)*
Total group	*226*	*487*	*325*	*(75)*	*(490)*	*(573)*	*71*	*(158)*

** In application of IFRS 5, IFRS 10 and IFRS 11, the financial statements for the first half of 2013 were restated in relation to the data published for the previous year.*

Restated EBITDA[1] was down in relation to the first half of 2013, going from 487 million euros in the first half of 2013 to 256 million euros in the first half of 2014. Reported EBITDA went from 487 million euros in the first half of 2013 to 226 million euros in the first half of 2014, a reduction of 261 million euros.

The change in operating working capital requirement was positive, reaching 325 million euros in the first half of 2014 versus -75 million euros in the first half of 2013, and benefitted in particular from the increased assignment of trade receivables, without recourse (+145 million euros of net contribution in the first half of 2014).

The group's gross operating capital expenditure totaled 484 million euros in the first half of 2014, compared with 574 million euros in the first half of 2013. Capital expenditure was fully funded by the operating cash flow generated by the business[2] in the first half of 2014, compared with 72% in the first half of 2013. In the first half of 2014, 47% of the group's gross operating capital expenditure was on sites located in France.

Restated net operating capital expenditure[1] amounted to 481 million euros in the first half of 2014, versus 573 million euros in relation to the first half of 2013.

Restated free operating cash flow before tax[1] rose 256 million euros compared with the first half of 2013 (+98 million euros in the first half of 2014 versus -158 million euros in the first half of 2013). Reported free operating cash flow before tax was 71 million euros.

2.6.4 Cash flows related to end-of-lifecycle operations

To finance its dismantling commitments, the group has built a portfolio of assets earmarked to fund the corresponding expenses. It is the group's policy to offset negative cash flows associated with end-of-lifecycle operations with positive cash flows generated by dividends or sales of securities held in the portfolio.

In the first half of 2014, cash flows related to end-of-lifecycle operations were +118 million euros, compared with -21 million euros at June 30, 2013.

[1] Restated for asset disposals (Duisburg and Euriware)

[2] Before capital expenditure

2.6.5 Other components of the change in net debt

Other components of the change in net debt totaled -454 million euros. For the most part, they include net cash flows from discontinued operations (-233 million euros), tax payments (-57 million euros) and impact from financial result (-111 million euros).

2.7 Balance sheet items

Working capital assets and liabilities are reported on a net basis in the condensed balance sheet. Deferred tax assets are also offset against deferred tax liabilities. Assets and liabilities are not offset in the detailed balance sheet.

(in millions of euros)	***June 30, 2014***	***December 31, 2013****
Net goodwill	*3,777*	*3,764*
Property, plant and equipment (PP&E) and intangible assets	*11,322*	*11,241*
Assets earmarked for end-of-lifecycle operations	*6,193*	*6,256*
Investments in associates and joint ventures	*265*	*254*
Other non-current financial assets	*272*	*261*
Deferred taxes (assets – liabilities)	*1,271*	*1,099*
Operating working capital requirement	*(1,801)*	*(1,319)*
Assets of discontinued operations	*481*	*643*
Total assets	***21,780***	***22,199***
Equity and minority interests	*4,013*	*4,982*
Provisions for end-of-lifecycle operations	*6,448*	*6,437*
Other provisions and employee benefits	*4,960*	*4,779*
Other assets and liabilities	*1,279*	*1,144*
Liabilities of discontinued operations	*346*	*389*
Net debt	*4,734*	*4,468*
Total liabilities and equity of the simplified balance sheet	***21,780***	***22,199***

** In application of IFRS 10 and IFRS 11, the 2013 financial statements were restated in relation to the data published for the previous year. The impacts of these restatements are detailed in note 20.*

2.7.1 Borrowings, liquidity and share ownership

The group's net debt totaled 4.734 billion euros at June 30, 2014, compared with 4.468 billion euros at December 31, 2013. For the most part, this increase in net debt reflects payments for tax expenses (-57 million euros) and impact of financial result (-111 million euros), and the increase in net debt of discontinued operations (-233 millions), offset in part by cash flow from end-of-lifecycle operations (+118 million euros) and by free operating cash flow from continuing operations (+71 million euros).

In the first half of 2014, the group's liquidity was strengthened by:

- a nine-year bond issue for a total amount of 750 million euros maturing in 2023 with an annual coupon of 3.125%, the lowest since the group's EMTN program was launched;
- the establishment of an innovative financing scheme on a limited recourse basis for the Georges Besse II enrichment plant with a group of 10 banks in the amount of 650 million euros.

AREVA's total bond debt outstanding thus amounted to 5.9 billion euros at June 30, 2014. The group has no major reimbursement due before 2016.

At June 30, 2014, the group had available net cash[1] of 2.335 billion euros (versus 1.180 billion euros at December 31, 2013) and undrawn lines of credit totaling more than 2 billion euros (syndicated credit of 1.25 billion euros maturing in 2018 and bilateral lines of credit totaling 795 million euros maturing in 2015 and 2017).

2.7.2 Equity

Shareholders' equity decreased over the period from 4.982 billion euros at January 1, 2014 to 4.013 billion euros at June 30, 2014 due to negative comprehensive income.

2.7.3 Operating working capital requirement

The group's operating working capital requirement was -1.801 billion euros at June 30, 2014, compared with -1.319 billion euros at December 31, 2013. In relation to June 30, 2013, it declined by 1.221 billion euros, reflecting optimization actions carried out in every Business Group.

2.7.4 Assets and provisions for end-of-lifecycle operations

The change in the balance sheet from December 31, 2013 to June 30, 2014 with regard to assets and liabilities for end-of-lifecycle operations is summarized in the table below.

(in millions of euros)	***June 30, 2014***	***December 31, 2013***
ASSETS		
End-of-lifecycle assets	*429*	*432*
Of which AREVA share (to be amortized in future years)[1]	*234*	*233*
Of which third party share[2]	*195*	*199*
Assets earmarked for end-of-lifecycle operations[3]	*5,998*	*6,057*
LIABILITIES		
Provisions for end-of-lifecycle operations	*6,448*	*6,437*
Of which provisions to be funded by AREVA	*6,253*	*6,238*
Of which provisions to be funded by third parties	*195*	*199*

[1] Amount of the total provision to be funded by AREVA still subject to amortization, included in property, plant and equipment on the balance sheet

[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.

Provisions for end-of-lifecycle operations at June 30, 2014 totaled 6.448 billion euros, compared with 6.437 billion euros at December 31, 2013.

Assets earmarked for these end-of-lifecycle operations totaled 6.427 billion euros at June 30, 2014, including 195 million euros in the third party share of end-of-lifecycle assets, 234 million euros in end-of-lifecycle assets for AREVA's share still subject to amortization, and 5.998 billion euros of financial assets dedicated by AREVA to these operations (including receivables).

At June 30, 2014, AREVA's coverage of activities subject to the French law of June 28, 2006 was 102%.

[1] Available net cash: Cash and cash equivalents less current borrowings

The nature of the commitments and the calculation of the provision are presented in note 8 to the consolidated financial statements.

2.7.5 Other provisions and employee benefits

The amount of other provisions and employee benefits was 4.960 billion euros, essentially unchanged in relation to December 31, 2013.

The description of other provisions may be found in note 13 to the consolidated financial statements.

2.8 Review of the Business Groups

2.8.1 Mining Business Group

(contribution to the group, in millions of euros)	***H1 2014***	***H1 2013****	***Change 2014/2013***
Backlog	*9,009*	*11,377*	*-20.8%*
Revenue	*457*	*802*	*-43.0%*
EBITDA	*159*	*311*	*-€152m*
Percentage of revenue	*34.8%*	*38.7%*	*-4.0 pts.*
Operating income	*60*	*250*	*-€189m*
Percentage of revenue	*13.2%*	*31.1%*	*-17.9 pts.*
Operating cash flow before tax	*(122)*	*232*	*-€354m*

** In application of IFRS 10 and IFRS 11, the 2013 financial statements were restated in relation to the data published for the previous year. The impacts of these restatements are detailed in note 20.*

The Mining BG had 9.009 billion euros in backlog at June 30, 2014. With the uranium market situation still uncertain, marked by a drop in market prices and low volumes in the spot market, the order intake was limited in the first six months of the year.

The Mining BG had revenue of 457 million euros in the first half of 2014, a decrease of 43.0% compared with the first half of 2013 (-40.9% like for like). Foreign exchange had a negative impact of 29 million euros.

This change is the net result of two developments:

- the sharp drop in volumes sold (-41%) following the completion of sales under HEU agreements in 2013 and the large inventory drawdowns carried out over the same period in 2013;
- the reduction of the average sale price of uranium sold under contracts in relation to the first half of 2013 due to a less favorable contract mix over the period.

In the Mining BG, EBITDA amounted to 159 million euros in the first half of 2014, compared with 311 million euros in the first half of 2013. This change is explained in particular by:

- the sharp drop in volumes sold (-41%), as expected, following the completion of sales under HEU agreements in 2013 and the large inventory drawdowns carried out over the same period in 2013;
- the reduction of the average sale price of uranium sold under contracts in relation to the first half of 2013, when it had benefited from a favorable contract mix;
- an unfavorable resource mix over the period.

Operating income in the Mining BG totaled 60 million euros, versus 250 million euros in the first half of 2103, a 189-million-euro decrease, chiefly for the same reasons as for this BG's EBITDA. In the first half of 2014, it included 35 million euros in expenses related to the postponement of pre-production development work at the Imouraren site.

The change in the Mining BG's operating working capital requirement was negative by 61 million euros (versus a positive contribution of 128 million euros in the first half of 2013, when it benefitted from major inventory reduction operations).

The Mining BG's net operating capital expenditure totaled 220 million euros in the first half of 2014, compared with 209 million euros in the first half of 2013. It was concentrated on the mining sites in Canada and Niger.

2.8.2 Front End Business Group

(contribution to the group, in millions of euros)	***H1 2014***	***H1 2013****	***Change 2014/2013***
Backlog	*17,867*	*17,757*	*+0.6%*
Revenue	*1,128*	*896*	*+25.9%*
Reported EBITDA	*196*	*91*	*+€106m*
Percentage of revenue	*17.4%*	*10.1%*	*7.3 pts.*
Restated EBITDA	*213*	*91*	*+€123m*
Percentage of revenue	*18.9%*	*10.1%*	*8.8 pts.*
Reported Operating income	*21*	*64*	*-€43m*
Percentage of revenue	*1.9%*	*7.1%*	*-5.2 pts.*
Restated Operating income	*33*	*64*	*-€31m*
Percentage of revenue	*2.9%*	*7.1%*	*-4.2 pts.*
Reported Operating cash flow before tax	*(25)*	*(144)*	*+€120m*
Restated Operating cash flow before tax	*(13)*	*(144)*	*+€132m*

** In application of IFRS 10 and IFRS 11, the 2013 financial statements were restated in relation to the data published for the previous year. The impacts of these restatements are detailed in note 20.*

The Front End BG had 17.867 billion euros in backlog at June 30, 2014. In addition to the contribution from the treatment and recycling agreement with EDF, it benefitted from the signature of several significant contracts, including:

- two contracts for the supply of enriched uranium (integrated offer) in the United States and Europe;
- a contract with Vattenfall to supply fuel assemblies to four of its seven reactors in Sweden over the 2016-2020 period;
- contracts with European utilities in the Enrichment business;
- fuel assembly supply contracts with American utilities.

Revenue in the Front End BG totaled 1.128 billion euros, representing a 25.9% increase year on year (+26.7% like for like). Foreign exchange had a negative impact of 6 million euros.

- The Chemistry-Enrichment business posted strong growth due to:
  - a substantial increase in volumes sold in the United States, France and Asia in Enrichment in parallel with the production ramp-up at the Georges Besse II plant;
  - steady Conversion business with French and US customers widely offsetting the business downturn in Asia.
- Revenue in the Fuel Business Unit (BU) benefitted from a favorable delivery schedule in France and was up significantly.

In the Front End BG, restated EBITDA[1] amounted to 213 million euros in the first half of 2014, compared with 91 million euros in the first half of 2013. This sharp increase is explained in particular by:

- a higher level of activity compared with the same period in 2013;
- the ramp-up of the Georges Besse II enrichment plant;
- the positive impact of performance improvement plans across all of the BG's operations.

The Front End BG had 33 million euros in restated operating income[1], compared with 64 million euros in the first half of 2013, a decrease of 31 million euros. In particular, it includes impairment in the amount of 96 million euros for Comurhex II assets pursuant to the increase in the cost to completion of the first phase of this project.

The change in operating WCR in the Back End BG was negative by 63 million euros (compared with 8 million euros in the first half of 2013).

Net operating capital expenditure in the Front End BG came to 158 million euros, down from the first half of 2013 (243 million euros), in accordance with the planned pace of construction and ramp-up of enrichment and conversion facilities.

2.8.3 Reactors & Services Business Group

(contribution to the group, in millions of euros)	***H1 2014***	***H1 2013****	***Change 2014/2013***
Backlog	*8,372*	*7,730*	*+8.3%*
Revenue	*1,501*	*1,705*	*-12.0%*
EBITDA	*(96)*	*(121)*	*+€25m*
Percentage of revenue	*(6.4)%*	*(7.1)%*	*0.7 pts.*
Operating income	*(174)*	*(117)*	*-€57m*
Percentage of revenue	*(11.6)%*	*(6.9)%*	*-4.7 pts.*
Operating cash flow before tax	*73*	*(196)*	*+€269m*

** In application of IFRS 10 and IFRS 11, the 2013 financial statements were restated in relation to the data published for the previous year. The impacts of these restatements are detailed in note 20.*

The Reactors & Services BG had 8.372 billion euros in backlog at June 30, 2014. In the first half of 2014, commercial activity was marked in particular by:

- a contract for a global offer covering fuel supply and maintenance and inspection services during unit outages;
- several contracts under the *Safety Alliance* program to supply safety improvement systems to existing power plants, most notably for the Asco 1 & 2 and Vandellos 2 reactors in Spain. Orders represented a cumulative total of approximately 640 million euros;
- several contracts under the *Forward Alliance* program for the modernization of instrumentation and control systems for backup generators and electrical systems at the Gösgen power plant in Switzerland and to replace stators at the Kori 3 & 4 reactors in South Korea;
- a contract to install the digital instrumentation and control system for a power plant under construction.

Revenue for the Reactors & Services BG fell 11.9% to 1.501 billion euros (-10.6% like for like). Consolidation scope had a negative impact of 12 million euros. Foreign exchange had a negative impact of 14 million euros.

- Revenue in the Installed Base operations was down compared with the first half of 2013, when it benefitted from strong business in France. In addition, installed base business declined in the United States and Europe due to deteriorated market conditions.
- Revenue from Major Projects was down compared with the first half of 2013 in line with the developments of the major EPR projects. The increased revenue associated with the Angra 3 project in Brazil and the Flamanville 3 project in France does not offset the decreased revenue expected from the Taishan project in China. In addition, in conformity with paragraph 32 of IAS 11, which have been applied since the second half of 2013, no revenue was recognized for the Olkiluoto 3 project in Finland during the half-year period.

EBITDA in the Reactors & Services BG was -96 million euros in the first half of 2014, up in relation to the first half of 2013 (-121 million euros). This change is due in particular to developments on the Olkiluoto 3 EPR project and the cost control efforts carried out in all operations.

The Reactors & Services BG reported operating income of -174 million euros, down compared to the first half of 2013 (-117 million euros). It included an additional 90 million euros for the provision for losses at completion constituted in previous years for a reactor modernization contract in Europe. This addition was recognized to reflect the deferral of the project's completion date due to the complexity of the field working environment, software configuration changes requested by the customer, and the deferral of the operator training program at the customer's initiative. The amount of the additional provision does not reflect the value of any of AREVA's claims submitted to the customer for these items. It also included an impairment of capitalized R&D expenses and benefitted from a provision reversal in a positive amount following the agreement with Fortum concerning the termination of a modernization contract for the Loviisa power plant in Finland.

The change in operating WCR in the Reactors & Services BG was positive by 209 million euros (compared with a negative contribution of 13 million euros in the first half of 2013), reflecting optimization of account receivables.

The Reactors & Services BG reported total net operating capital expenditure of 39 million euros in the first half of 2014, down from 63 million euros in 2013.

2.8.4 Back End Business Group

(contribution to the group, in millions of euros)	***H1 2014***	***H1 2013****	***Change 2014/2013***
Backlog	*9,621*	*5,742*	*+67.6%*
Revenue	*695*	*977*	*-28.9%*
EBITDA	*63*	*306*	*-€243m*
Percentage of revenue	*9.0%*	*31.3%*	*-22.3 pts.*
Operating income	*(83)*	*228*	*-€312m*
Percentage of revenue	*(12.0)%*	*23.3%*	*-35.3 pts.*
Operating cash flow before tax	*83*	*282*	*-€199m*

** In application of IFRS 10 and IFRS 11, the 2013 financial statements were restated in relation to the data published for the previous year. The impacts of these restatements are detailed in note 20.*

The Back End BG had 9.621 billion euros in backlog at June 30, 2014, a sharp increase from the first half of 2013, in particular with the addition to the backlog of the treatment and recycling agreement with EDF for the period running until 2020.

Revenue in the Back End BG was down 28.9% to 695 million euros (-28.9% like for like). Consolidation scope had a positive impact of 6 million euros. Foreign exchange had a negative impact of 5 million euros.

- Revenue from the Recycling Operations division fell sharply over the period. Despite strong activity at our la Hague plant (in preparation for scheduled maintenance outages in the second half) and our Melox plant, this decrease is due to:
  - an unfavorable basis of comparison in relation to the first half of 2013, when it had benefitted from strong business under contracts signed with foreign customers for MOX fuel fabrication campaigns;
  - the one-off impact of the treatment and recycling agreement reached with EDF for the 2013-2020 period, with commercial concessions granted to EDF in exchange for greater schedule visibility and increased volumes.
- Revenue from the Nuclear Logistics Operations division was down due to a lower level of business in the supply of dry storage solutions in the United States.

The Back End BG recorded EBITDA of 63 million euros in the first half of 2014, compared with 306 million euros in the first half of 2013. This sharp drop is the result of:

- an unfavorable basis of comparison in relation to the first half of 2013, when it had benefitted from strong business under contracts signed with foreign customers for MOX fuel fabrication campaigns;
- the one-off impact of the agreement reached with EDF on the terms of the treatment - recycling agreement for the 2013-2020 period, in particular in terms of commercial concessions;
- this despite strong business in our la Hague and Melox facilities and good production cost control.

The Back End BG posted an operating loss of 83 million euros in the first half of 2014, a substantial downturn compared with the first half of 2013 (228 million euros), in particular due to the one-off impact of the agreement with EDF on the terms of the 2013-2020 treatment and recycling agreement. Added to the impact in terms of EBITDA is the impairment of industrial assets at la Hague and Melox, given the capital project financing terms agreed upon with EDF for these sites since 2013.

The change in operating WCR in the Back End BG was positive by 77 million euros (compared with a positive contribution of 19 million euros in the first half of 2013).

The Back End BG had 56 million euros in net operating capital expenditure, an increase compared with the first half of 2013 (42 million euros), due to increased capital expenditure on the la Hague facilities.

2.8.5 Renewable Energies Business Group

(contribution to the group, in millions of euros)	***H1 2014***	***H1 2013****	***Change 2014/2013***
Backlog	*40*	*78*	*-48.1%*
Revenue	*32*	*40*	*-18.1%*
EBITDA	(15)	(8)	*-€7m*
Percentage of revenue	*(45.5)%*	*(19.0)%*	*-26.5 pts.*
Operating income	(19)	(8)	*-€10m*
Percentage of revenue	*(58.5)%*	*(21.4)%*	*-37.0 pts.*
Operating cash flow before tax	*(19)*	*(24)*	*+€5m*

** In application of IFRS 10 and IFRS 11, the 2013 financial statements were restated in relation to the data published for the previous year. The impacts of these restatements are detailed in note 20.*

The Renewable Energies BG had 40 million euros in backlog at June 30, 2014.

Revenue in the Renewable Energies BG totaled 32 million euros in the first half of 2014, down 18.1% (-18.1% like for like) compared with the first half of 2013 due to a lower level of Bioenergy business in Europe.

EBITDA in the Renewable Energies BG was -15 million euros in the first half of 2014, a downturn in relation to the first half of 2013 (-8 million euros). This change is due to a lower level of performance in the Bioenergy business.

The Renewable Energies BG reported operating income of -19 million euros in the first half of 2014, compared with -8 million euros in the first half of 2013.

The change in operating WCR in the Renewable Energies BG was negative by 3 million euros (compared with a negative contribution of 14 million euros in the first half of 2013).

Net operating capital expenditure in the Renewable Energies BG was essentially unchanged in the first half of 2014 at 2 million euros, compared with 3 million euros in the first half of 2013.

2.8.6 Corporate and Other

(contribution to the group, in millions of euros)	***H1 2014***	***H1 2013****	***Change 2014/2013***
Revenue	*74*	*93*	*-20.4%*
Reported EBITDA	*(81)*	*(92)*	*+10m*
Restated EBITDA	*(68)*	*(92)*	*+23m*
Reported Operating income	*(110)*	*(126)*	*+€16m*
Restated Operating income	*(97)*	*(126)*	*+€29m*
Reported Operating cash flow before tax	*81*	*(308)*	*+€389m*
Restated Operating cash flow before tax	*96*	*(308)*	*+€404m*

** In application of IFRS 10 and IFRS 11, the 2013 financial statements were restated in relation to the data published for the previous year. The impacts of these restatements are detailed in note 20.*

2.9 Events subsequent to end of the period

The main events subsequent to the period ended June 30, 2014 are as follows:

- On July 7, 2014, AREVA and Gamesa signed binding agreements to create a global leader in the field of offshore wind.
- On July 10, 2014, Spanish nuclear operator ANAV awarded a contract to AREVA to equip the reactor containment buildings of the Asco 1 and 2 and Vandellos 2 nuclear reactors with filtered containment venting systems (FCVS).
- On July 16, 2014, SVAFO awarded a contract to AREVA to dismantle two research reactors in Sweden. SVAFO is owned by four Swedish nuclear power plant operators.
- In July 2014, AREVA decided to discontinue its Solar Energy operations once current construction projects are completed (unless a proposal for full acquisition is received in the short term) (see note 6).

2.10 Outlook

The following items were considered in revising the financial outlook:

For recurring activities:

- extension of outage work for the nuclear power plant modernization contract in northern Europe;
- delay in the start of major overhaul operations in France;
- a market situation that is more difficult than anticipated in the Installed Base activities;
- commercial concessions granted to EDF in connection with the treatment-recycling agreement with EDF.

For new projects:

- delay in the start of new construction projects abroad;
- slower than anticipated ramp-up of the Angra 3 project.

Based on these items and at constant consolidation and change scope, excluding the impacts of asset disposals:

For the full year of 2014, AREVA has set the following targets:

- a 10% decrease in organic revenue;
- an EBITDA margin of c. 7% of revenues;
- gross capital expenditure brought back to 1.1 billion euros;
- free operating cash flow before tax close to breakeven.

For the 2015-2016 period, AREVA has set the following targets:

- organic revenue growth averaging around 4 to 5% per year;
- an EBITDA to revenue ratio of approximately 10-11% in 2015 and of about 14-15% in 2016;
- gross capital expenditure of less than an average of 1.1 billion euros per year;
- free operating cash flow before tax close to breakeven in 2015 and distinctly positive in 2016.

3 Statutory Auditors' report on the half-year financial information for the period January 1 to June 30, 2014

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Statutory auditors' review report
on the first half-yearly financial information for 2014

Period from 1 January to 30 June 2014

To the Shareholders,

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

- the review of the accompanying condensed half-yearly consolidated financial statements of AREVA, for the period from 1 January to 30 June 2014, and
- the verification of the information contained in the interim management report.

These condensed half-yearly consolidated financial statements are the responsibility of your Executive Committee. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

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

Based on our review, nothing has come to our attention that causes us to believe that the condensed half-yearly 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 our conclusion, we draw your attention to the following points set out in the notes to the condensed half-yearly consolidated financial statements:

- Note 13 which describes the methods of recognition applicable to the OL3 contract in accordance with paragraph 32 of IAS 11 as from the second half of 2013. In addition, this note specifies the conditions of completion of the contract and the sensitivity of the income at completion to legal risks, as well as to the operational conditions for the end of construction and testing until the reactor is put in service.
- Note 13 which describes the difficulties in the performance of the contract for the study and building of components for an experimental reactor prototype, and the additional costs of around 200 million euros not taken into account in the loss at completion of this contract. This note also describes the discussions in progress with the client in order to continue the project without having to bear these additional costs. The failure of these negotiations could lead to a significant increase in the provisions recognized.
- Note 6 which describes the treatment and impact on the half-yearly consolidated financial statements of the discontinued operations (wind power and solar energy activities, as well as a subsidiary specialized in energy storage).
- Note 8 which describes the procedures for revision of the provisions for end-of-life cycle operations, and their sensitivity to the assumptions used in terms of costs, inflation and discount rates.
- Note 7 which describes the factors likely to affect the operating conditions of the mine of Somair, and therefore its value in use retained as of June 30, 2014 in the accounts.
- Note 7 which describes the sensitivity of the recoverable amount of the capitalized costs related to the construction of Comurhex II plant to the changes in the discount rate and the assumptions adopted concerning capacity and selling prices.
- Note 1.2 related to new mandatory standards, and in particular IFRS 11 standard “Joint Arrangements” whose impact on the 2013 financial statements is set out in note 20.

II. Specific verifications

We have also verified the information presented in the interim management report in respect of the condensed half-yearly financial statements subject to our review.

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

Paris-La-Défense,

31 July 2014

The Statutory Auditors

French original signed by:

MAZARS		**ERNST & YOUNG AUDIT**	
Cédric Haaser	Jean-Louis Simon	Aymeric de La Morandière	Jean Bouquot

4 Condensed consolidated financial statements for the period ended June 30, 2014

CONSOLIDATED STATEMENT OF INCOME

(in millions of euros)	Note	1st half 2014	1st half 2013*	Year 2013 *
Revenue		**3,889**	**4,513**	**9,062**
Other income from operations		4	6	26
Cost of sales		(3,551)	(3,714)	(7,861)
Gross margin		**341**	**806**	**1,227**
Research and development expenses		(96)	(123)	(273)
Marketing and sales expenses		(96)	(113)	(212)
General and administrative expenses		(184)	(187)	(388)
Other operating expenses	*3*	(287)	(147)	(418)
Other operating income	*3*	17	54	98
Operating income		**(305)**	**290**	**34**
Share in net income of associates and joint ventures	*9*	(8)	6	(13)
Operating income after share in net income of associates and joint ventures		**(313)**	**296**	**22**
Income from cash and cash equivalents		18	20	44
Gross borrowing costs		(119)	(116)	(257)
Net borrowing costs		**(101)**	**(97)**	**(213)**
Other financial expenses		(216)	(232)	(457)
Other financial income		249	242	423
Other financial income and expenses		**33**	**10**	**(35)**
Net financial income	*4*	**(68)**	**(87)**	**(248)**
Income tax	*5*	**38**	**(113)**	**59**
Net income from continuing operations		**(343)**	**96**	**(167)**
Net income from discontinued operations	*6*	(384)	(43)	(256)
Net income		**(726)**	**53**	**(423)**
Including:				
Group:				
Net income from continuing operations		(321)	41	(247)
Net income from discontinued operations		(373)	(41)	(246)
Net income attributable to owners of the		**(694)**	**0**	**(494)**
Minority interests:				
Net income from continuing operations		(21)	54	80
Net income from discontinued operations		(11)	(2)	(9)
Net income attributable to minority interests		**(32)**	**52**	**71**
Number of shares outstanding		383,204,852	383,204,852	383,204,852
Average number of shares outstanding		383,204,852	383,204,852	383,204,852
Average number of treasury shares		806,667	4,462,770	2,614,543
Average number of shares outstanding, excluding treasury shares		382,398,185	378,742,082	380,590,309
Earnings per share from continuing operations (in euros)		-0.84	0.11	-0.65
Basic earnings per share		-1.81	0.00	-1.30
Consolidated net income per diluted share (1)		-1.81	0.00	-1.30

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

** In application of IFRS 5 and IFRS 11, the financial statements for the first half of 2013 and for fiscal year 2013 were restated in relation to the data published for the previous year. The impacts of these restatements are detailed in note 20.*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of euros)	1st half 2014	1st half 2013*	Year 2013 *
Net income	**(726)**	**53**	**(423)**
Comprehensive income items not recyclable through profit and loss	**(122)**	**44**	**71**
Actuarial gains and losses on the employee benefits of consolidated companies	(169)	68	93
Income tax related to non-recyclable items	51	(24)	(18)
Share in other non-recyclable items of comprehensive income from associates and joint ventures, net of tax	(4)	-	(4)
Non-recyclable items related to discontinued operations, net of tax	(0)	-	-
Comprehensive income items recyclable through profit and loss	**(84)**	**(132)**	**(152)**
Currency translation adjustments on consolidated companies	(36)	(24)	(180)
Change in value of available-for-sale financial assets	(57)	(81)	108
Change in value of cash flow hedges	(11)	(46)	(15)
Income tax related to recyclable items	22	33	(56)
Share in other recyclable items of comprehensive income from associates and joint ventures, net of tax	4	(16)	(30)
Recyclable items related to discontinued operations, net of tax	(7)	3	21
Total other comprehensive income items (net of income tax)	**(206)**	**(88)**	**(81)**
Comprehensive income	**(932)**	**(35)**	**(504)**
- Attributable to equity owners of the parent	(863)	(82)	(562)
- Attributable to minority interests	(69)	47	58

** In application of IFRS 5 and IFRS 11, the financial statements for the first half of 2013 and for fiscal year 2013 were restated in relation to the data published for the previous year. The impacts of these restatements are detailed in note 20.*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

(in millions of euros)	Note	June 30, 2014	December 31, 2013*
Non-current assets		**23,120**	**22,906**
Goodwill on consolidated companies	7	3,777	3,764
Intangible assets	7	2,598	2,533
Property, plant and equipment	7	8,724	8,708
End-of-lifecycle assets (third party share)	8	195	199
Assets earmarked for end-of-lifecycle operations	8	5,998	6,057
Investments in associates and joint ventures	9	265	254
Other non-current financial assets	10	272	261
Deferred tax assets	5	1,291	1,129
Current assets		**9,705**	**8,895**
Inventories and work-in-process		2,217	2,224
Trade accounts receivable and related accounts		1,845	2,060
Other operating receivables		1,798	1,984
Current tax assets		58	78
Other non-operating receivables		109	105
Cash and cash equivalents	11	3,070	1,692
Other current financial assets		128	110
Assets of discontinued operations	6	481	643
Total assets		**32,825**	**31,801**

** In application of IFRS 11, the 2013 financial statements were restated in relation to the data published for the previous year. The impacts of these restatements are detailed in note 20.*

LIABILITIES AND EQUITY

(in millions of euros)	Note	June 30, 2014	December 31, 2013*
Equity and minority interests		**4,013**	**4,982**
Share capital		1,456	1,456
Consolidated premiums and reserves		2,500	3,198
Actuarial gains and losses on employee benefits		(429)	(317)
Deferred unrealized gains and losses on financial instruments		287	330
Currency translation reserves		(104)	(94)
Equity attributable to owners of the parent		**3,710**	**4,574**
Minority interests		303	408
Non-current liabilities		**15,899**	**14,279**
Employee benefits	12	2,098	1,928
Provisions for end-of-lifecycle operations	8	6,448	6,437
Other non-current provisions	13	203	192
Share in net negative equity of associates and joint ventures	9	55	44
Long-term borrowings	14	7,074	5,648
Deferred tax liabilities	5	20	30
Current liabilities		**12,913**	**12,541**
Current provisions	13	2,659	2,659
Short-term borrowings	14	735	512
Advances and prepayments received		4,684	4,513
Trade accounts payable and related accounts		1,726	1,762
Other operating liabilities		2,628	2,566
Current tax liabilities		40	70
Other non-operating liabilities		95	70
Liabilities of discontinued operations	6	346	389
Total liabilities and equity		**32,825**	**31,801**

** In application of IFRS 11, the 2013 financial statements were restated in relation to the data published for the previous year. The impacts of these restatements are detailed in note 20.*

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of euros)	1st half 2014	1st half 2013*	2013 *
Net income for the period	**(726)**	**53**	**(423)**
Minus: income from discontinued operations	384	43	256
Net income from continuing operations	**(343)**	**96**	**(167)**
(Profit) / loss of associates and joint ventures	8	(6)	13
Net amortization, depreciation and impairment of PP&E and intangible assets and marketable securities maturing in more than 3 months	537	271	722
Goodwill impairment losses	-	-	4
Net increase in (reversal of) provisions	(149)	(154)	27
Net effect of reverse discounting of assets and provisions	168	176	338
Income tax expense (current and deferred)	(38)	113	(59)
Net interest included in borrowing costs	102	94	215
Loss (gain) on disposals of fixed assets and marketable securities maturing in more than 3 months; change in fair value	(101)	(101)	(226)
Other non-cash items	1	(22)	(54)
Dividends from associates and joint ventures	1	3	12
Cash flow from operations before interest and taxes	**187**	**470**	**823**
Net interest received (paid)	(41)	(42)	(200)
Income tax paid	(57)	(71)	(135)
Cash flow from operations after interest and tax	**89**	**358**	**488**
Change in working capital requirement	339	(68)	541
NET CASH FROM OPERATING ACTIVITIES	**427**	**290**	**1,030**
Investment in PP&E and intangible assets	(484)	(571)	(1,416)
Loans granted and acquisitions of non-current financial assets	(689)	(958)	(1,943)
Acquisitions of shares of consolidated companies, net of acquired cash	-	-	2
Disposals of PP&E and intangible assets	4	-	6
Loan repayments and disposals of non-current financial assets	784	923	1,976
Disposals of shares of consolidated companies, net of disposed cash	(9)	-	5
NET CASH USED IN INVESTING ACTIVITIES	**(395)**	**(605)**	**(1,371)**
Share issues in the parent company and share issues subscribed by minority shareholders in consolidated subsidiaries			
Treasury shares sold/(acquired)	(2)	43	44
Transactions with minority interests	-		37
Dividends paid to shareholders of the parent company	-		
Dividends paid to minority shareholders of consolidated companies	(1)	(33)	(33)
Increase in borrowings	1,506	(152)	202
NET CASH USED IN FINANCING ACTIVITIES	**1,503**	**(142)**	**250**
(Increase) decrease in securities recognized at fair value through profit and loss	8	181	211
Impact of foreign exchange movements	11	(3)	(16)
NET CASH FLOW FROM DISCONTINUED OPERATIONS	**(247)**	**31**	**26**
CHANGE IN NET CASH	**1,308**	**(248)**	**130**
Net cash at the beginning of the year	**1,582**	**1,451**	**1,451**
Cash at the end of the year	3,070	1,305	1,692
Minus: short-term bank facilities and non-trade current accounts (credit balances)	(180)	(102)	(106)
Net cash from discontinued operations	(1)		(4)
Net cash at the end of the year	**2,890**	**1,204**	**1,582**

** In application of IFRS 5 and IFRS 11, the financial statements for the first half of 2013 and for fiscal year 2013 were restated in relation to the data published for the previous year. The impacts of these restatements are detailed in note 20.*

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

- "cash and cash equivalents" (see note 11), 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 current borrowings (see note 14).

STATEMENT OF CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY

(in millions of euros)	Number of d'actions	Share capital	Premiums and consolidated reserves	Actuarial gains and losses on employee benefits	Deferred unrealized gains and losses on financial instruments	Currency translation reserves	**Equity attributable to equity holders of the parent**	Minority interests	**Total equity**
January 1, 2013*	***378,601,362***	**1,456**	**3,659**	**(385)**	**286**	**57**	**5,074**	**382**	**5,456**
Net income for the first half of 2013			0				**0**	52	**53**
Other comprehensive income items				43	(87)	(39)	**(83)**	(5)	**(88)**
Comprehensive income			**0**	**43**	**(87)**	**(39)**	**(82)**	**47**	**(35)**
Dividends paid (**)								(33)	**(33)**
Treasury shares acquired	*3,755,037*		43				**43**		**43**
Share issue									
Other transactions with shareholders			(0)				**(0)**	(1)	**(1)**
June 30, 2013*	***382,356,399***	**1,456**	**3,703**	**(342)**	**199**	**18**	**5,034**	**395**	**5,429**
January 1, 2014*	***382,432,527***	**1,456**	**3,198**	**(317)**	**330**	**(94)**	**4,574**	**408**	**4,982**
Net income for the first half of 2014			(694)				**(694)**	(32)	**(726)**
Other comprehensive income items				(113)	(43)	(12)	**(169)**	(36)	**(206)**
Comprehensive income			**(694)**	**(113)**	**(43)**	**(12)**	**(863)**	**(69)**	**(932)**
Dividends paid (**)								(29)	**(29)**
Treasury shares sold/(acquired)	*(111,062)*		(2)				**(2)**		**(2)**
Other transactions with shareholders			(2)	1		3	**1**	(7)	**(6)**
June 30, 2014	***382,321,465***	**1,456**	**2,500**	**(429)**	**287**	**(104)**	**3,710**	**303**	**4,013**

** In application of IFRS 11 at January 1, 2013, the financial statements for the year ended December 31, 2013 and the first half of 2013 were restated in accordance with the new rules for purposes of comparison.*

(**) Dividend paid out per share (in euros):	
in 2013 from 2012 net income	none
in 2014 from 2013 net income	none

SEGMENT INFORMATION

Data by business segment

1st half 2014

(in millions of euros)	Mining	Front End	Reactors & Services	Back End	Renewable Energies	Corporate, Shared Services, Engineering and Eliminations	**Total group**
Gross sales revenue	462	1 189	1 523	828	33	(146)	3,889
Inter-segment sales	(4)	(61)	(21)	(133)	(0)	220	-
Contribution to consolidated sales	457	1 128	1 501	695	32	74	3,889
EBITDA	159	196	(96)	63	(15)	(81)	226
% of gross revenue	*34.5%*	*16.5%*	*(6.3%)*	*7.5%*	*(45.0%)*	*n.a.*	*5.8%*

1st half 2013*

(in millions of euros)	Mining	Front End	Reactors & Services	Back End	Renewable Energies	Corporate, Shared Services, Engineering and Eliminations	**Total group**
Gross sales revenue	873	983	1,730	1,132	40	(244)	4,513
Inter-segment sales	(70)	(87)	(25)	(154)		336	-
Contribution to consolidated sales	802	896	1,705	977	40	93	4,513
EBITDA	311	91	(121)	306	(8)	(92)	487
% of gross revenue	*35.6%*	*9.2%*	*(7.0%)*	*27.0%*	*(19.0%)*	*n.a.*	*10.8%*

Year ended December 31, 2013*

(in millions of euros)	Mining	Front End	Reactors & Services	Back End	Renewable Energies	Corporate, Shared Services, Engineering and Eliminations	**Total group**
Gross sales revenue	1,800	2,229	3,361	2,163	69	(559)	9,062
Inter-segment sales	(83)	(155)	(67)	(422)	(0)	727	-
Contribution to consolidated sales	1,717	2,074	3,293	1,742	68	168	9,062
EBITDA	647	296	(283)	532	(26)	(175)	991
% of gross revenue	*36.0%*	*13.3%*	*(8.4%)*	*24.6%*	*(37.3%)*	*n.a.*	*10.9%*

** In application of IFRS 5 and IFRS 11, the segment information for the first half of 2013 and for fiscal year 2013 were restated in relation to the data published for the previous year.*

More than 10% of the group's consolidated revenue for the three periods presented was received from one customer, the EDF group.

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

AREVA modified its definition of EBITDA as of June 30, 2014 in order to exclude all non-cash items of operating income for purposes of greater consistency.

Contribution to consolidated revenue by business segment and customer location

(in millions of euros)	Mining	Front End	Reactors & Services	Back End	Renewable Energies	Other	Group total
1st half 2014							
France	121	491	733	474	15	61	**1,894**
Europe (excluding France)	33	323	230	105	-	10	**702**
North & South America	73	223	312	76	13	-	**697**
Asia-Pacific	208	84	210	38	4	3	**547**
Africa / Middle East	23	6	18	2	-	-	**49**
Total	**457**	**1,128**	**1,501**	**695**	**32**	**74**	**3,889**

(in millions of euros)	Mining	Front End	Reactors & Services	Back End	Renewable Energies	Other	Group total
1st half 2013*							
France	195	418	746	465	1	76	**1,901**
Europe (excluding France)	79	234	345	355	23	13	**1,048**
North & South America	108	124	308	111	11		**663**
Asia-Pacific	387	115	293	45	5	3	**849**
Africa / Middle East	32	5	13	2	-	1	**53**
Total	**802**	**896**	**1,705**	**977**	**40**	**93**	**4,513**

(in millions of euros)	Mining	Front End	Reactors & Services	Back End	Renewable Energies	Other	Group total
Year ended December 31, 2013*							
France	383	784	1,521	932	7	135	**3,760**
Europe (excluding France)	119	571	645	514	28	26	**1,903**
North & South America	311	356	581	213	25		**1,486**
Asia-Pacific	850	349	520	78	9	7	**1,813**
Africa / Middle East	54	14	27	4	-	1	**100**
Total	**1,717**	**2,074**	**3,293**	**1,742**	**68**	**168**	**9,062**

** In application of IFRS 5 and IFRS 11, the revenue information for the first half of 2013 and for fiscal year 2013 were restated in relation to the data published for the previous year.*

Supplementary information on Germany and Japan

(in millions of euros)	1st half 2014	1st half 2013	December 31, 2013
Germany	283	384	670
Japan	196	98	322

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2014

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

NOTE 1 – Accounting principles

.1 Preparation of the financial statements

The consolidated financial statements at June 30, 2014, approved by the Executive Board on July 28, 2014, were prepared in accordance with the accounting standard IAS 34 on interim financial data. These summary financial statements do not contain all of the information to be provided for year-end financial statements prepared in accordance with International Financial Reporting Standards (IFRS). They must be read in conjunction with the consolidated financial statements at December 31, 2013.

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

.2 Accounting principles

The accounting principles used to prepare the condensed consolidated financial statements for the period ended June 30, 2014 are identical to those described in note 1 to the consolidated financial statements for the year ended December 31, 2013, except for the effects of the first-time adoption of IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements and amended IAS 18 – Investments in Associates and Joint Ventures.

AREVA has applied these standards retroactively to January 1, 2013 since January 1, 2014.

- IFRS 10, which replaced IAS 27, stipulates that exercise of control constitutes the sole criterion for consolidation of an entity, gives the definition of control and determines its constituent criteria.
- IFRS 11, which replaces IAS 31, defines the concept of joint control and distinguishes between two categories of partnership agreements with joint control:
  - joint activities in which each partner holds rights in the assets and incurs obligations on the liabilities related to the business, and each partner recognizes the assets, liabilities, income and expenses relating to its interests in the joint activity;
  - joint ventures in which the parties exercise joint control of the operation and have rights in the net assets thereof, and each joint venture partner recognizes its interests in the joint venture according to the equity method. IFRS 11 therefore eliminates the option authorized by IAS 31 to consolidate joint ventures according to the proportionate consolidation method.
- Amended IAS 28 defines the equity method applicable to recognition of equity interests in associates and joint venture.

Application of IFRS 10 did not result in a change in the scope of companies that are fully consolidated by AREVA.

In particular, the group still does not consolidate dedicated mutual funds in it holds practically all of the shares, because it considers that the criteria for control defined in IFRS 10 have not been met. Consequently, the dedicated mutual funds are recognized as financial assets in the balance sheet under a single heading corresponding to AREVA’s share of their net asset value as of the end of the year.

Application of IFRS 11 led to the use of the equity method for consolidation of joint ventures that were previously consolidated proportionately. This concerned in particular the joint ventures of Cominak (Mining BG), ETC (Front End BG), Atmea and AREVA Dong Fang (Reactors & Services BG).

In accordance with the preliminary provisions of this standard, when a joint venture consolidated proportionately was part of a cash generating unit (CGU) to which goodwill was attached, a share of the amount of the goodwill was allocated retroactively to that joint venture at January 1, 2013, i.e. its date of recognition under the equity method, based on its relative net carrying amount. As a result, goodwill in the amount of 100 million euros attached

A to the Reactors & Services CGU was allocated to the Atmea joint venture. However, because the recoverable value of Atmea was insufficient to bear this goodwill, it was fully depreciated on the restated balance sheet at January 1, 2013 as an offset to equity.

The ETC joint venture had negative equity at January 1, 2013 and negative net income at June 30 and December 31, 2013, as well as at June 30, 2014. AREVA considers that it has an implicit obligation to ensure the continuity of ETC operations; consequently, and in accordance with the provisions of IAS 28, AREVA recognizes its share of negative ETC equity under liabilities on its consolidated balance sheet and its share of negative net income on its statement of income and statement of consolidated comprehensive income (see note 9).

The impacts of the retroactive first-time adoption of this standard on equity at January 1, 2013 and on the statement of income and the statement of comprehensive income for the first half of 2013 and for fiscal year 2013 are described in note 20.

The share in net income of associates and joint ventures whose operations se operations are an extension of the group's operations are presented under an income statement heading immediately below operating income, and a new sub-total entitled "Operating income after share in net income of associates and joint ventures" is included, in accordance with recommendation no. 2013-03 of the French Accounting Standards Authority (Autorité des normes comptables, ANC).

On June 13, 2014, the European Union published IFRIC 21 – Levies Charged by Public Authorities, for which it set the mandatory adoption date at the first fiscal year after its publication. AREVA did not elect early adoption of this interpretation, and will thus apply it as from January 1, 2015. The interpretation concerns the taxes due by an entity to a public authority in application of the regulation, other than those entering into the scope of IAS 12, "Income Taxes". IFRIC 21 specifies that the obligating event for a tax consists of the last activity rendering it payable. Adoption of this interpretation will have the consequence of modifying the recognition method for certain taxes. In particular, taxes that become payable on a given date when certain conditions are met will be recognized in their full amount at that date and may not be spread out over time. However, AREVA believes that the adoption of IFRIC 21 will have a negligible impact on its annual financial statements and a relatively insignificant one of its half-year financial statements.

Specific methods used to prepare interim financial statements

- AREVA uses the method prescribed by IAS 34 to determine the tax expense for the interim period. This is calculated by applying the estimated average effective tax rate for the year to before-tax income for this period. However, a different tax rate was used for income items subject to a specific tax rate, such as gains on disposals of securities eligible for long-term capital gain tax treatment.
- Interim period expenses regarding retirement obligations and other employee benefits are calculated based on the discount rate determined at the end of the previous year, adjusted to reflect changes in plans and reductions, liquidations and other important non-recurring events. In applying this method to the first half of 2014, AREVA calculated the expense of the cost of services rendered during the period, the expense for discounting reversal of the provision, and the income related to the expected return on plan assets using the discount rate established at December 31, 2013. Changes in actuarial assumptions used to value benefit liabilities at June 30, 2014 are recognized under "Other comprehensive income items", essentially for their full amount. The discount rate used to value these commitments at June 30, 2014 is 2.50% for the euro zone (versus 3.25 at December 31, 2013) and 4.00% for the dollar zone (compared with 4.50% at December 31, 2013).

NOTE 2 – Consolidation scope and highlights of the period

CONSOLIDATION SCOPE

Sale of Euriware SA and Euriware Group

On May 7, 2014, AREVA and Capgemini signed agreements involving 1) a commercial partnership in the form of a major IS outsourcing and systems integration contract and 2) the acquisition of Euriware and its subsidiaries by the Capgemini group.

Creation of AREVA H2 Gen

On May 23, 2014, AREVA, SMART ENERGIES (via its subsidiary $CETH_2$) and ADEME announced the creation of the AREVA H2-Gen joint venture, which will manufacture proton exchange membrane electrolyzers.

HIGHLIGHTS OF THE PERIOD

The strategic partnership agreement signed between the State of Niger and AREVA on May 26, 2014 calls for work to be scheduled to open the Imouraren deposit no later than January 1, 2017 in order to launch production by March 31, 2020, subject to natural uranium market conditions, and for the establishment of a joint strategic committee in which the State of Niger and AREVA are equally represented, which is in charge of analyzing market conditions. In consideration for the new schedule for opening Imouraren, AREVA agreed to invest 100 million euros in the country's infrastructure. This amount was recognized under intangible assets on the balance sheet at June 30, 2014 and is offset by debt in the same amount.

In addition, a provision for expenses in the amount of 35 million euros was constituted at June 30, 2014 based on an estimate of costs associated with the deferral of work to open the deposit (see note 3); these costs are not eligible for capitalization.

AREVA and EDF reached an agreement on the financial terms of the treatment and recycling contract for the 2013-2020 period. The terms of this agreement apply retroactively to January 1, 2013 and are reflected in the financial statements for the period ended June 30, 2014 in the total amount of 95 million euros, corresponding to the reduction in the contract margin and additional depreciation of non-current assets associated with the La Hague and MELOX plants, in view of the financing method agreed upon with EDF. The definitive contract wording should be finalized with EDF by next November. Its financial impact, if any, would be recognized in the financial statements for the year ending December 31, 2014.

In the first half of 2014, AREVA assigned trade receivables and tax receivables, without recourse, to financial institutions in the total respective amounts of 260 million euros for receivables maturing in 2014 and of 124 million euros for receivables maturing between 2014 and 2017 (115 million euros at December 31, 2013). AREVA has no significant continuing involvement in these receivables.

NOTE 3 – Other operating income and expenses

Other operating expenses

(in millions of euros)	1st half 2014	1st half 2013	December 31, 2013
Restructuring and early retirement costs	(1)	(1)	
Goodwill impairment losses			(4)
Impairment of other assets	(156)		(160)
Income on disposals of assets other than financial assets	(1)	(3)	(6)
Other operating expenses	(129)	(144)	(248)
Total other operating expenses	**(287)**	**(147)**	**(418)**

In the first half of 2014, impairment of other assets corresponds primarily to the write-down of assets in progress associated with the Comurhex II project (see note 7) and capitalized research and development expenses.

In 2013, impairment of other assets mainly includes the impairment of intangible assets corresponding to preliminary studies for the construction of the EREF uranium enrichment plant in the United States, taking into consideration the unfavorable trend in long-term price forecasts for uranium enrichment and the weighted average cost of capital used to calculate the value in use, in addition to the lack of investing partners for this project.

In the first half of 2014, other operating expenses included in particular:

- costs associated with the deferral of work to open the Imouraren mining site in the amount of 35 million euros;
- losses on disposals of assets in the amount of 24 million euros.
- provisions and expenses associated with the streamlining of the group's office sites, mainly in France, in the amount of 19 million euros;

In 2013, other operating expenses included:

- provisions for penalties or expenses associated with the early termination of long-term supply contracts, in the amount of 53 million euros; and
- provisions and expenses associated with the streamlining of the group's office sites, mainly in France, in the amount of 35 million euros.

Other operating income

(in millions of euros)	1st half 2014	1st half 2013	December 31, 2013
Income on sales of non-financial assets			
Other operating income	17	54	98
Total other operating income	**17**	**54**	**98**

In 2013, "other operating income" mainly reflects the impact of changes in options used to hedge contracts associated with operations.

NOTE 4 – Net financial income

(in millions of euros)	1st half 2014	1st half 2013	December 31, 2013
Net borrowing costs	**(101)**	**(97)**	**(213)**
Income from cash and cash equivalents	18	20	44
Gross borrowing costs	(119)	(116)	(257)
Other financial income and expenses	**33**	**10**	**(35)**
Share related to end-of-lifecycle operations	***116***	***105***	***165***
Income from disposal of securities earmarked for end-of-lifecycle operations	102	103	231
Dividends received	118	106	138
Income from receivables and discount reversal on earmarked assets	17	23	33
Impairment of securities	-	-	-
Impact of amended schedules	-	-	4
Discounting reversal expenses on end-of-lifecycle operations	(121)	(127)	(241)
Share not related to end-of-lifecycle operations	***(83)***	***(95)***	***(200)***
Foreign exchange gain (loss)	6	3	-
Income from disposals of securities and change in value of securities held for trading	-	1	3
Income from equity associates	-	-	-
Dividends received	-	-	2
Impairment of financial assets	(1)	(7)	(21)
Interest on contract prepayments	(37)	(29)	(63)
Other financial expenses	(26)	(38)	(67)
Other financial income	6	7	12
Financial income from pensions and other employee benefits	(31)	(32)	(65)
Net financial income	**(68)**	**(87)**	**(248)**

At June 30, 2013 and June 30, 2014, the net gain on sales of securities included in the share related to end-of-lifecycle operations did not include any recapture of lasting impairment of the securities sold, compared with 12 million euros at December 31, 2013.

NOTE 5 – Income taxes

Tax income reached 38 million euros in the first half of 2014.

Tax income for the first half of 2014 was calculated by applying the estimated effective tax rate for the year to earnings before tax for the period, excluding disposals of securities. That rate was 8.7%, including the CVAE business tax, net of the deduction at the standard rate in the amount of -35 million euros. Excluding the CVAE, the group's estimated effective tax rate for the year is 13.1%.

Changes in deferred taxes for the first half of 2014 in the amount of 73 million euros, resulting from changes in the fair value of financial instruments and actuarial differences on employee benefits recognized in retained earnings, were recognized directly in equity.

The change in deferred tax assets comes primarily from the effect of taxes of other items of comprehensive income.

NOTE 6 – Items related to discontinued operations

The following operations meet the criteria of IFRS 5 for classification as assets and liabilities of discontinued operations at June 30, 2014:

- Wind energy

On January 20, 2014, AREVA and GAMESA entered exclusive negotiations to create a joint venture in the field of offshore wind. On July 7, 2014, AREVA and Gamesa signed binding agreements to create this joint venture, which will be held in equal shares by the two groups. AREVA will contribute assets valued at 280 million euros (including working capital valued at 70 million euros, with the amount subject to confirmation upon closing of the transaction). GAMESA will contribute assets valued at 195 million euros. The joint venture should be officially created during the fourth quarter of 2014, subject to approval by the French Government and European competition authorities. In view of governance rules agreed upon with Gamesa, the future joint venture will be consolidated under the equity method.

- Solar energy

In the first half of 2014, AREVA initiatives launched in 2013 with potential partners to set up a strategic partnership agreement or to sell an equity interest in AREVA Solar. At the end of June 2014, AREVA noted that conditions were not conducive to the creation of a joint venture with a partner in this field with satisfactory technical development prospects and sales opportunities in the short to medium term. Consequently, in July 2014, AREVA decided to discontinue this business upon the completion of current construction projects (unless a proposal for full acquisition is received in the short term). All property, plant and equipment and intangible assets dedicated to this business were written off, for a total amount of 53 million euros.

- Energy storage

In the second half of 2013, AREVA began actively seeking partners for joint venture creation in the field of renewable energy storage solutions. On May 23, 2014, AREVA, SMART ENERGIES and ADEME announced the creation of the AREVA H2-Gen joint venture for the production of hydrogen using proton exchange membrane electrolyzers (PEM). In the second half of 2014, AREVA will continue to look for partners for the creation of joint ventures dedicated to the development of the remainder of these energy storage operations.

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

(in millions of euros)	**1st half 2014**
Revenue	**59**
Operating income	(388)
Net financial income	(4)
Income tax	8
Net income for the period	**(384)**
Minority interests	**11**
Net income attributable to owners of the parent	**(373)**

These amounts include contributions from the Wind, Solar and Energy Storage Business Units, each being a separate and main business line meeting IFRS 5 criteria for classification as assets and liabilities of discontinued operations at June 30, 2014.

Operating income includes write-downs of non-current assets of the Solar Energy business mentioned above and increases in provisions for losses at completion for several contracts in the Wind Energy and Solar Energy businesses.

Assets and liabilities of discontinued operations at June 30, 2014 are as follows:

(in millions of euros)	**1st half 2014**
Non-current assets	**289**
Goodwill on consolidated companies	79
Property, plant and equipment and intangible assets	193
Other non-current financial assets	7
Deferred tax assets	10
Current assets	**192**
Inventories and work-in-process	41
Trade receivables and other operating receivables	149
Current tax assets	
Other non-operating receivables	
Cash and cash equivalents	1
Other current financial assets	
TOTAL ASSETS HELD FOR SALE	**481**

(in millions of euros)	**1st half 2014**
Non-current liabilities	**28**
Employee benefits	
Other non-current provisions	
Long-term borrowings	10
Deferred tax liabilities	17
Current liabilities	**318**
Current provisions	233
Short-term borrowings	1
Advances and prepayments received	12
Trade payables and other operating liabilities	72
Current tax liabilities	
Other non-operating liabilities	
TOTAL LIABILITIES HELD FOR SALE	**346**

These amounts include the assets and liabilities of the Wind Energy, Solar Energy and Energy Storage Business Units.

NOTE 7 – goodwill and property, plant and equipment and intangible assets

GOODWILL

Goodwill at June 30, 2014 was as follows:

(in millions of euros)	**December 31, 2013**	Additions	Disposals	Discontinued operations	Currency translation adjustments and other	Impairment	**June 30, 2014**
Mining	897				9		905
Front End	1,163						1,163
Reactors & Services	1,436				1		1,437
Back End	225						226
Renewable Energies	43				5	(1)	46
TOTAL	**3,764**	**-**	**-**	**-**	**15**	**(1)**	**3,777**

INTANGIBLE ASSETS

(in millions of euros)	**Net carrying amount December 31, 2013**	Additions	Net increase in depreciation / Impairment*	Currency translation adjustments	Discontinued operations	Other changes	**Net carrying amount June 30, 2014**
Pre-mining expenses	**1,053**	64	(31)	(7)		(13)	**1,067**
R&D expenses	**709**	30	(98)	3	(1)	13	**656**
Mineral rights	**-**	100					**100**
Concessions and patents (excluding mines)	**371**		(18)			14	**368**
Software	**128**	1	(17)			6	**118**
Intangible assets in progress	**157**	40	(2)	(10)		(14)	**172**
Other	**115**		(31)	1		33	**119**
TOTAL	**2,533**	**236**	**(197)**	**(12)**	**(1)**	**39**	**2,598**

* Including 112 million euros in impairment of intangible assets recognized in the first half of the year

PROPERTY, PLANT AND EQUIPMENT

(in millions of euros)	**Net carrying amount December 31, 2013**	Additions	Net increase in depreciation / Impairment*	Currency translation adjustments	Discontinued operations	Other changes	**Net carrying amount June 30, 2014**
Land	**102**		0			(2)	**100**
Buildings	**1,127**	9	(35)	(12)		32	**1,120**
Plant, equipment and tooling	**4,342**	(5)	(234)	(3)		267	**4,368**
End-of-lifecycle asset	**233**		(5)			6	**234**
Other	**477**	8	(33)	(2)		7	**456**
In process	**2,428**	380	(96)	(1)		(266)	**2,445**
TOTAL	**8,708**	**392**	**(402)**	**(18)**	**-**	**44**	**8,724**

* Including 107 million euros in impairment of property, plant and equipment recognized in the first half of the year

Impairment tests were carried out at June 30, 2014 for assets with indications of impairment during the half-year period.

Uranium Mining Cash Generating Unit (CGU)

In the natural uranium market, spot prices and long-term price forecasts for natural uranium published by UxC deteriorated significantly in the first half of the year, with the five-year and ten-year forecasts falling almost 30% in the last six months.

The net carrying amount of the Uranium Mining CGU's property, plant and equipment and intangible assets totaled 4.2 billion euros at June 30, 2014, including 905 million euros of goodwill.

The value in use of mining operations is calculated based on forecast data for the entire period, from mining at existing mines to marketing of the corresponding products (i.e. until 2069), rather than on a base year. The value in use – determined by discounting future cash flows at the rate of 10% (the same rate as for December 31, 2013) and using an exchange rate of 1.36 US dollars per euro – is greater than the net carrying amount and thus no impairment is required. For sales not covered by an existing contract, future cash flows were determined using AREVA price forecasts rather than price forecasts published by UxC because the former's anticipation of future uranium prices between 2020 and 2025, based in particular on AREVA's expectations for future supply (uranium mines and secondary sources) and demand (reflecting the use of uranium in nuclear plants in service worldwide at that time and the utilities' procurement policies) is significantly different from that of UxC.

The outcome of this test is confirmed by an assessment of the potential resale value of AREVA's mining reserves and resources, based on multiple quantities of uranium in the ground determined from recent transactions and the valuation of publicly traded uranium mining companies deemed comparable to AREVA (discounted to reflect the specific characteristics of AREVA's mining portfolio).

The value in use of the assets of the Uranium Mining CGU would remain higher than their net carrying amount if any of the following assumptions were used:

- a discount rate of 10.5% rather than 10%;
- a euro/US dollar exchange rate of 1.40 rather than 1.36; or
- sales price assumptions for amounts under contract of less than 5 dollars per pound, versus the selected scenario (which is based on long-term uranium price forecasts drawn up by AREVA).

The estimated value in use obtained using UxC price forecasts would be approximately 1.5 billion euros lower than the net carrying amount of the Uranium Mining CGU.

However, a significant change in sales prices could lead to a revision of economically mineable uranium quantities as well as of production schedules.

MINING ASSETS IN NIGER

IMOURAREN

At June 30, 2014, the net carrying amount of the Imouraren project's property, plant and equipment and intangible assets was 823 million euros. This value is justified by the potential resale value of the deposit's reserves and resources, which is estimated at 1.3 billion euros based on a valuation per pound of uranium in the ground.

SOMAIR

At June 30, 2014, the net carrying amount of Somaïr's property, plant and equipment and intangible assets was 193 million euros.

The strategic partnership agreement signed between the State of Niger and AREVA on May 26, 2014 provides for the Somaïr mining convention to be renewed in accordance with mining law no. 2006-26 of August 9, 2006. To ensure the economic and financial viability of this company:

- a cost reduction plan will be implemented;
- certain rights and payables due by the mining company to the parties to the agreement will be deferred;
- the State of Niger will establish a mechanism neutralizing the value added tax.

Due to the deterioration of current and forecast market conditions and the impact of the terms of the new mining convention, the estimated value in use of Somaïr's assets, based on future cash flows discounted using a 12% discount rate, is 150 million euros lower than their net carrying amount, assuming all other assumptions used in Somaïr's business plan remain the same as those used for this calculation at December 31, 2013.

However, a complete revision of Somaïr's business plan is in progress and will be finalized in the second half of 2014. It includes the new tax and market parameters and the expected impact of cost reduction plans. This review will be incorporated into a revised mining asset development plan balancing profitability with the service life of these assets. To prepare the financial statements for the year ending December 31, 2014, the calculation of Somaïr's value in use will be updated based on the revised business plan. This may result in the recognition of a partial or full asset impairment at that date.

COMURHEX II PLANT

The cost of construction for the first phase of the Comurhex II uranium conversion plant was raised by 95 million euros during the period.

The value in use of property, plant and equipment in progress, calculated at June 30, 2014 using a discount rate of 7.25% (compared with 7.00% at December 31, 2013), and conversion unit sales price assumptions resulting from AREVA's medium- and long-term forecasts for supply and demand, total 458 million euros, i.e. 96 million euros less than their carrying amount. The analysis used to determine sales price assumptions is the same as that used at December 31, 2013. It will be updated in the second half of 2014.

Consequently, this asset was written down by 96 million euros at June 30, 2014.

The forecast data used for this project assume that the annual production capacity of the Comurhex II plant is raised from 15,000 metric tons to 21,000 metric tons beyond the time-frame of the Action 2016 plan.

Using a discount rate of 7.75% instead of 7.25% would lead to additional impairment of 88 million euros for Comurhex II property, plant and equipment in progress.

Using a conversion unit sales price that is lower by 5% than that used in performing the impairment test would lead to additional impairment of 115 million euros.

Lastly, an assumption of limitation of the ultimate production capacity to 15,000 metric tons instead of 21,000 metric tons per year would lead to the total impairment of this asset. A study on optimization of the schedule for completing the first phase of the Comurhex II plant and on the assumption of raising production capacity to 21,000 metric tons per year is in progress; it will be finalized in the second half of the year.

NOTE 8 – End-of-lifecycle operations

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

ASSETS *(in millions of euros)*	**June 30, 2014**	**December 31, 2013**	**LIABILITIES**	**June 30, 2014**	**December 31, 2013**
End-of-lifecycle assets – AREVA share[1]	*234*	233			
Assets earmarked for end-of-lifecycle operations	6,193	6,256	Provisions for end-of-lifecycle operations	6,448	6,437
- End-of-lifecycle asset – third party share[2]	*195*	*199*	*- funded by third parties[2]*	*195*	*199*
- Assets earmarked for end-of-lifecycle operations[3]	*5,998*	*6,057*	*- funded by AREVA*	*6,253*	*6,238*

[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*

ASSETS EARMARKED FOR END-OF-LIFECYCLE OPERATIONS

This heading consists of the following:

(in millions of euros)	**June 30, 2014**	**December 31, 2013**
Receivables related to end-of-lifecycle operations	718	705
Earmarked assets	5,280	5,352
Total	**5,998**	**6,057**

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

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

(in millions of euros)	**June 30, 2014**	**December 31, 2013**
At market value		
Publicly traded shares	1,281	1,441
Equity funds	1,098	991
Bond and money market mutual funds	2,126	2,172
Unlisted mutual funds	73	68
At amortized cost		
Bonds and bond mutual funds held to maturity	**702**	**680**
Portfolio of securities earmarked for end-of-lifecycle operations	**5,280**	**5,352**
Receivables related to end-of-lifecycle operations	**718**	**705**
TOTAL FINANCIAL ASSETS EARMARKED FOR END-OF-LIFECYCLE OPERATIONS	**5,998**	**6,057**

PROVISIONS FOR END-OF-LIFECYCLE OPERATIONS

(in millions of euros)	**June 30, 2014**	**December 31, 2013**
Dismantling of nuclear facilities	4,693	4,685
Waste retrieval and packaging	1,755	1,752
Provisions for end-of-lifecycle operations	**6,448**	**6,437**

There were no significant revisions of estimates during the first half of the year. The discount and inflation rates used to update the provisions for end-of-lifecycle operations at June 30, 2014 are 4.75% and 1.9% respectively, unchanged from December 31, 2013. As the regulatory system setting a cap on the discount rate is being revised, the relevant ministers issued a letter on May 14, 2014 giving AREVA a period of six months to apply a rate consistent with the applicable regulation. The rate resulting from the regulatory system would be 4.45%.

At June 30, 2014, the use of a discount rate of 0.25% lower than the rate used and without change to the inflation rate would have had the effect of increasing the amount of the provisions for end-of-lifecycle operations falling within the scope of the French law of June 28, 2006 by approximately 275 million euros, for an additional financial expense of approximately one third of this amount and an increase in end-of-lifecycle assets (AREVA share) of about two thirds of that amount.

In accordance with the French law of June 28, 2006, the French department of energy and climate DGEC (Direction générale de l'énergie et du climat) designated a working group to perform a new cost assessment for deep geologic disposal. The DGEC-led working group brings together representatives from ANDRA and, in an advisory capacity, from AREVA, the CEA, EDF and French nuclear safety authority ASN. In this regard, ANDRA has carried out conceptual studies since 2012 and analyzed the technical optimizations proposed by the producers. The cooperation between ANDRA and the producers allows for constructive technical discussions aimed at optimizing the repository design and its operation.

On that basis, ANDRA drafted a preliminary consolidated estimate which was sent to AREVA on July 21, 2014. This will serve as the basis for starting a new phase of consensus building under the aegis of the DGEC, particularly concerning methods for including risks, opportunities and uncertainties and concerning the unit costs for which there are significant differences between ANDRA and the producers.

Following this new phase of discussions, the cost assessment should also take into account the recommendations of ASN and of the National Assessment Committee. In addition, after consulting with the waste producers and ASN, the Minister of Energy is expected to decide on the assessment of these costs and to make it public in the second half of 2014. If the assessment decided by the Minister of Energy were to be different from AREVA's estimates, the group would reflect the impacts thereof in its financial statements

For information purposes, a 1-billion-euro increase (at 2003 economic conditions) of the cost estimate for the deep disposal center would have an impact of 26 million euros on the group's end-of-lifecycle provision, assuming the percentage allocation of cost among waste producers remains the same.

NOTE 9 – Information on associates and joint ventures

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

(in millions of euros)	June 30, 2014					December 31, 2013
	Percentage of control	Share of income	Share in net equity	Net goodwill	Carrying amount	
Joint Ventures						
ATMEA	50%	(1)	53	0	53	54
Other joint ventures		5	64	4	68	55
Total Joint Ventures		**4**	**117**	**4**	**121**	**109**
Associates						
MNF	30%	(4)	33	62	94	94
Other associates		1	46	4	50	50
Total Associates		**(3)**	**79**	**66**	**144**	**145**
Total		**1**	**196**	**69**	**265**	**254**

SHARE IN NEGATIVE EQUITY OF ASSOCIATES AND JOINT VENTURES

(in millions of euros)	June 30, 2014					December 31, 2013
	Percentage of control	Share of income	Share in net equity	Net goodwill	Liability	
Joint Ventures						
ETC	50%	(9)	55	-	55	44

NOTE 10 – Other non-current financial assets

(in millions of euros)	June 30, 2014	December 31, 2013
Available-for-sale securities	91	105
Loans to affiliates	5	1
Other non-current financial assets	70	69
Derivatives on financing activities	106	86
Total	**272**	**261**

Available-for-sale securities are as follows:

(in millions of euros)	June 30, 2014	December 31, 2013
Publicly traded shares (at market value)		
- Alcatel	7	8
- Japan Steel	15	20
- Other publicly traded securities	9	13
Investment in privately held companies	60	64
Total	**91**	**105**

NOTE 11 – Cash and cash equivalents

(in millions of euros)	June 30, 2014	December 31, 2013
Cash equivalents	435	205
Cash and current accounts	2,635	1,487
Net	**3,070**	**1,692**

Cash equivalents consist chiefly of short-term marketable securities and mutual funds.

NOTE 12 – Employee benefits

The discount rate used by the group to value liabilities pertaining to employee benefits fell 75 basis points in the Euro zone and 50 basis points in the United States in relation to December 31, 2013, settling at 2.5% and 4.0% respectively. Liabilities increased by a total of 218 million euros as a result of this change in assumption.

After factoring in the effects of changes in demographic assumptions, experience differences and earmarked asset yields, “other items of comprehensive income” were adjusted y a net charge of 170 million euros in accordance with the provisions of amended IAS 19.

NOTE 13 – Other provisions

(in millions of euros)	June 30, 2014	December 31, 2013
Rehabilitation of mining sites and dismantling of uranium concentration plants	202	191
Other	1	1
Other non-current provisions	**203**	**192**
Restructuring and layoff plans	32	34
Provisions for ongoing cleanup	186	220
Provisions for customer warranties	125	79
Provisions for losses at completion	940	1,050
Accrued costs	912	872
Other	465	404
Current provisions	**2,659**	**2,659**
Total other provisions	**2,862**	**2,851**

Provisions for losses at completion

- **Contract for construction of the Olkiluoto 3 EPR™ reactor**

For several years, the construction of the Olkiluoto 3 EPR™ reactor (the "Project") has given rise to constant and significant disagreements with TVO (the "Customer"), mostly because of the manner in which the latter applies the contract and does not comply with its obligations. Since the beginning of the Project, this situation has been a very important disruptive factor, in particular as the Project reaches the final stages of reactor construction and pre-commissioning testing, which require close cooperation with the Customer and the latter's gradual takeover of the plant.

On the legal side, the AREVA-Siemens Consortium (the "Consortium") continues to exercise its rights in the framework of arbitration proceedings initiated in 2008.

- The Consortium's claim for damage compensation amounts to a total of 2.7 billion euros. No income has been recognized in respect of this claim.
- TVO is claiming approximately 1.8 billion euros. No provision has been constituted in respect of this claim. In fact, the Consortium and its counsel remain of the opinion that the allegations of intentional gross negligence set out by TVO against the Consortium in this claim are without merit.
- Under the procedural calendar, it is foreseen that the arbitration tribunal will render a decision in 2015 concerning certain specific matters not related to the amounts of claims of the parties.

On the operating side, in the first half of 2014, the Consortium has focused on the project's critical path in the following fields:

- finalization of detailed studies enabling the start of platform testing of the instrumentation and control system, an activity that currently constitutes the project's critical path;
- platform testing of instrumentation and control systems at Erlangen, Germany, on April 1, 2014, as planned, before shipment to the Olkiluoto 3 site for the start of the operational testing phases, and detailed engineering studies prior to the start of operational testing;
- finalization of the relevant detailed documentation on the instrumentation and control architecture, which at the same time served to secure STUK's approval, also in April; this approval is a crucial milestone in the overall process of architecture validation, with the following milestone corresponding to the completion of platform testing of the instrumentation and control system and formalized by STUK's consent to ship I&C PLC cabinets to the site.

In parallel, noticeable progress was made on the following activities in the first half of the year:

- configuration management regarding the handling of change orders and continued resolution of open technical items from the previous phases;
- electromechanical installation activities, particularly in the backup generator buildings and for low-voltage electrical installation and site finishing work;
- testing activities (unrelated to the instrumentation and control system), which are 25% complete, including in particular the successful completion of the reactor containment building leak test in February 2014; other testing activities primarily involved the fuel handling equipment and electrical power distribution.

Since the end of 2013, the project has entered a phase requiring close cooperation between TVO in its capacity as operator and the Consortium, as called for in the contract, to prepare and execute all testing and commissioning activities in a concerted manner. AREVA once again regrets TVO's insufficient will to cooperate and its lack of commitment to tackle these final phases of the project.

Nonetheless, following AREVA's efforts, discussions began between the parties in order to mutually agree on the necessary conditions for completing the project according to an optimized schedule with a moderate level of risk.

From an accounting standpoint, in accordance with the application of paragraph 32 of IAS 11 to this contract since the second half of 2013, costs incurred in the first half of 2014 that did not contribute efficiently to the technical progress of the project were incurred in the amount of 72 million euros. These costs mainly concern a part of the costs related to the instrumentation and control system and to testing as well as the costs for site preservation, procurement of replacement parts, and engineering hours to revise the documentation pursuant to requests for changes from STUK and TVO. The losses at completion recognized at June 30, 2014 now stand at 3.9 billion euros.

AREVA will revert to the percentage of completion method for the OL3 contract (paragraph 22 of IAS 11) when it will again be able to assess contract costs at completion with sufficient reliability. This not only requires an official joint schedule between the parties, but also a real commitment from TVO for its involvement during the power plant's testing and commissioning phases as future operator of the reactor. These conditions had not been met at June 30, 2014.

- **Contract to modernize a nuclear power plant**

AREVA is encountering difficulties in the performance of a contract to extend the operating period of a nuclear power plant and upgrade its capacity. A provision for loss at completion in the amount of 424 million euros had already been recognized at December 31, 2013, in view of the contract's technical and scheduling constraints and changes in the contractual scope of work at the customer's initiative, and to reflect cost increases after the first few months of performance since the beginning of the outage campaign.

At June 30, 2014, an additional provision in the amount of 90 million euros for loss at completion was recognized to reflect the deferral of the project's completion date due to the complex work environment, software configuration change orders requested by the customer, and the deferral of the operators' training program at the request of the customer. The amount of the additional provision does not reflect the value of AREVA's claims submitted to the customer for these items.

- **Contracts for the design and construction of an experimental reactor**

AREVA is encountering difficulties in the performance of contracts for the design and construction of components of an experimental reactor. These difficulties result from changes requested by the customer, from certain technical specifications, and from the default of certain suppliers. A provision had already been recognized for losses at completion for these contracts in 2011 and 2012. At June 30, 2014, the unused portion of these provisions represented 45 million euros.

In the first half of 2014, discussions initiated by AREVA with the customer in 2013 led to consensus on a new schedule and on an estimate of foreseeable excess costs at completion for AREVA's scope of the contracts in the amount of approximately 200 million euros; this estimate includes the assumption that certain risks would materialize. The cost for an additional 12 months at the current level of engineering and project teams deployed to execute these contracts may be estimated at about 50 million euros.

In the second quarter of 2014, the discussions between AREVA and its customer were put on hold while the State performed an audit of the project. The auditors submitted their report at the end of June. These discussions recently resumed with the goal of completion in the second half of 2014. AREVA wishes to find a legal and financial solution with its customer enabling it to continue executing the project, with the objective of avoiding new losses. The outcome of these discussions was not known as of the closing of the accounts for June 30, 2014.

In this context, no additional provision was recognized for these contracts in the first half of 2014. The provision for losses at completion pertaining to these contracts will be updated in the second half of 2014 based on the completion of discussions with the customer.

NOTE 14 – Borrowings

(in millions of euros)	**Non-current borrowings**	**Current borrowings**	**June 30, 2014**	**December 31, 2013**
Interest-bearing advances	92		92	91
Borrowings from lending institutions and commercial paper	1,060	425	1,484	734
Bond issues*	5,907	108	6,016	5,174
Short-term bank facilities and non-trade current accounts (credit balances)		180	180	106
Financial derivatives		15	15	33
Miscellaneous debt	15	7	22	21
Total Borrowings	**7,074**	**735**	**7,809**	**6,160**
Including leasing obligations	*8*	*5*	*13*	***18***

* after hedging of the interest rate risk

Borrowings from lending institutions and commercial paper

At June 30, 2014, this heading includes:

- commercial paper outstanding for 340 million euros;
- borrowings from the European Investment Bank, half contracted in 2008 and the remainder in 2009, in the total amount of 400 million euros, maturing in 2015 and 2016 respectively;
- a syndicated loan from 10 banks in the amount 650 million euros contracted in 2014 and maturing in 2024.

Bond issues

Issue date	***Balance sheet value*** *(in millions of euros)*	***Currency***	***Nominal*** *(in currency millions)*	***Nominal rate***	***Maturity***
September 23, 2009	*1,000*	*EUR*	966	*3.875%*	*2016*
September 23, 2009	*1,040*	*EUR*	1,000	*4.875%*	*2024*
November 6, 2009	*777*	*EUR*	750	*4.375%*	*2019*
September 22, 2010	*759*	*EUR*	750	*3.5%*	*2021*
October 5, 2011	*395*	*EUR*	398	*4.625%*	*2017*
March 14, 2012	*397*	*EUR*	400	*4.625%*	*2017*
April 4, 2012	*198*	*EUR*	200	*TEC10+2.125%*	*2022*
September 4, 2013	*523*	*EUR*	500	*3.25%*	*2020*
September 20, 2013	*58*	*JPY*	8,000	*1.156%*	*2018*
March 20, 2014	*760*	*EUR*	750	*3.125%*	*2023*
Total	**5,907**				

Guarantees and covenants

The 650-million-euro syndicated loan maturing in June 2024 is backed by certain future revenue from the Georges Besse II enrichment plant. It includes security interests in future receivables and a covenant allocating cash flows to the repayment of the debt while subordinating payments to AREVA (dividends and loan repayments).

NOTE 15 – Additional information on financial instruments

Financial assets by category

ASSETS *(in millions of euros)*	**Balance sheet value**	**Non-financial assets and liabilities**	**Loans and receivables**	**Fair value recognized in profit or loss**	**Assets available for sale**	**Assets held to maturity**	**Derivatives**	**Fair value of financial assets**
Non-current assets	**23,120**	**16,852**	**791**		**4,669**	**702**	**106**	**6,365**
Goodwill on consolidated companies	3,777	3,777						
Intangible assets	2,598	2,598						
Property, plant and equipment	8,724	8,724						
End-of-lifecycle assets (third party share)	195	195						
Assets earmarked for end-of-lifecycle operations	5,998		718		4,578	702		6,095
Investments in associates and joint ventures	265	265						
Other non-current financial assets	272	2	73		91		106	271
Deferred tax assets	1,291	1,291						
Current assets	**9,705**	**5,031**	**4,510**	**27**			**137**	**4,674**
Inventories and work-in-process	2,217	2,217						
Trade accounts receivable and related accounts	1,845	906	939					939
Other operating receivables	1,798	1,286	403				109	512
Current tax assets	58	58						
Other non-operating receivables	109	82	27					27
Cash and cash equivalents	3,070	2	3,067	2				3,069
Other current financial assets	128		74	26			28	128
Assets of discontinued operations	481	481						
Total assets	**32,825**	**21,882**	**5,302**	**27**	**4,669**	**702**	**243**	**11,040**

The table hereunder shows the breakdown into levels of financial instruments estimated at their fair value by income and equity:

Level 1: valuation based on quoted market prices in an active market

Level 2: if a market for a financial instrument is not active, valuation based on readily observed market inputs

Level 3: valuation based on criteria that cannot be readily observed.

(in millions of euros)	**Level 1**	**Level 2**	**Level 3**	**TOTAL**
Non-current assets	**5,408**	**146**	**19**	**5,574**
Assets earmarked for end-of-lifecycle operations	5,377			5,377
Other non-current financial assets	32	146	19	197
Current assets	**27**	**137**		**164**
Other operating receivables		109		109
Cash and cash equivalents	2			2
Other current financial assets	26	28		53
Total assets	**5,436**	**283**	**19**	**5,738**

Analysis of assets in the level 3 category

(in millions of euros)	Amount at December 31, 2013	Additions	Disposals	Other	Amount at June 30, 2014
Other non-current financial assets	64	3	-	(48)	19

AREVA's interest in Euronimba was at the level 3 category at December 31, 2013, considering the lack of short-term disposal opportunities, and is valued at historical cost. It was reclassified from level 3 to level 2 at June 30, 2014, based on an estimated sales price connected with negotiations with potential buyers of that company.

Financial liabilities by category

LIABILITIES AND EQUITY *(in millions of euros)*	Balance sheet value	Non-financial assets and liabilities	Liabilities at amortized cost	Fair value recognized in profit or loss	Derivatives	Fair value of financial liabilities
Equity and minority interests	**4,013**	**4,013**				
Share capital	1,456	1,456				
Consolidated premiums and reserves	2,500	2,500				
Actuarial gains and losses on employee benefits	(429)	(429)				
Deferred unrealized gains and losses on financial instruments	287	287				
Currency translation reserves	(104)	(104)				
Minority interests	303	303				
Non-current liabilities	**15,899**	**8,825**	**7,074**			**7,462**
Employee benefits	2,098	2,098				
Provisions for end-of-lifecycle operations	6,448	6,448				
Other non-current provisions	203	203				
Share in net negative equity of associates and joint ventures	55	55				
Long-term borrowings	7,074		7,074			7,462
Deferred tax liabilities	20	20				
Current liabilities	**12,913**	**9,031**	**3,821**		**61**	**3,883**
Current provisions	2,659	2,659				
Short-term borrowings	735		720		15	735
Advances and prepayments received	4,684	4,684				
Trade accounts payable and related accounts	1,726	16	1,710			1,710
Other operating liabilities	2,628	1,285	1,297		46	1,344
Current tax liabilities	40	40				
Other non-operating liabilities	95	1	94			94
Liabilities of discontinued operations	346	346				
Total liabilities and equity	**32,825**	**21,868**	**10,896**		**61**	**11,345**

(in millions of euros)	Level 1	Level 2	Level 3	TOTAL
Current liabilities		**61**		**61**
Short-term borrowings		15		15
Other operating liabilities		46		46
Total liabilities		**61**		**61**

NOTE 16 – Related party transactions

Transactions between the parent company and its consolidated 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 presented below.

(in millions of euros)	CEA	
	June 30, 2014	**December 31, 2013**
Sales	316	580
Purchases	45	101
Loans to/receivables from related parties	894	901
Borrowings from related parties	187	174

AREVA buys centrifuges from ETC for the new Georges Besse II enrichment plant, which is also maintained by ETC. AREVA's equipment purchases from ETC totaled 38 million euros in the first half of 2014.

Relations with government-owned companies

The group has business relationships with government-owned companies, in particular EDF. Transactions with EDF involve sales of uranium, enrichment services and nuclear fuel; the supply of services and equipment related to the construction of nuclear reactors; power plant maintenance and related equipment sales; used fuel shipping, storage, treatment and recycling services; and cleanup and dismantling services.

The group also provides services to the CEA, including studies and research work and cleanup and dismantling services, and has two contracts for the design and construction of an experimental reactor.

NOTE 17 – Commitments given or received

(in millions of euros)	**June 30, 2014**	**December 31, 2013***
COMMITMENTS GIVEN	**2,014**	**2,076**
Contract guarantees given	*1,720*	1,848
Other operating guarantees	*125*	119
Commitments given on financing	92	61
Other commitments given	77	48
COMMITMENTS RECEIVED	**1,149**	**1,268**
Operating commitments received	1,078	1,192
Commitments received on collateral	1	1
Other commitments received	70	75
RECIPROCAL COMMITMENTS	**3,445**	**3,892**

** In application of IFRS 11, commitments for 2013 were restated in relation to the data published for the previous year.*

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

Commitments given

The group gave a parent company guarantee to TVO for the full value of the contract for construction of an EPR reactor in Finland. The group received a counter-guarantee from Siemens corresponding to that 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 euros. This amount is not included in the summary table.

Reciprocal commitments

In January 2013, the group established a 1.25-billion-euro syndicated line of credit available in euros over a five-year period. In addition, the group has bilateral lines of credit available to it in the total amount of 795 million euros, including 545 million euros maturing in 2017, 50 million euros maturing in 2016 and 200 million euros maturing in 2015. None of these tranches had been used at June 30, 2014.

NOTE 18 – Disputes and contingent liabilities

- **ONGOING INVESTIGATIONS**

On January 24, 2007, the European Commission fined 11 companies, including AREVA SA, for anti-competitive practices in the gas insulated switchgear market (GIS):

- On April 10, 2014, the Court of Justice of the European Union ruled in favor of AREVA in some of the counts submitted on appeal by AREVA. This resulted in a change in the allocation of fines, but did not reduce their total amount. The total amount of the penalty, including interest, is 79 million euros, including 28 million euros for Alstom and AREVA severally. Once all appeals have been exhausted, and after Alstom's guarantee has come into play, AREVA owes 3 million euros (for the fine and interest combined); this amount is in the process of being paid to ALSTOM. The case will be closed definitively after this payment.
- Concerning the new claim for damages filed by EBS Networks in Ireland on April 19, 2013, naming jointly AREVA SA and all the defendant companies subject to the above-mentioned finding by the European Commission. Before any defense on the merits, AREVA decided to file for dismissal of this action on procedural grounds (strike-out) after the plaintiff served its statement of claim. Discussions are underway with the plaintiff in this respect.
- Concerning the third-party claim filed by National Grid in Great Britain, AREVA signed a settlement on June 6, 2014 under which it paid 1 million pounds to National Grid for the costs of the procedure initiated seven years ago. This amount is covered by a provision. This case is now closed.

- **CURRENT CONTRACTS**

The claims and potential losses associated with the OL3 contract are described in note 13.

NOTE 19 – Events subsequent to the end of the period

In July 2014, AREVA decided to discontinue its Solar Energy operations once current construction projects are completed (unless a proposal for full acquisition is received in the short term) (see note 6).

On July 7, 2014, AREVA and GAMESA signed binding agreements for the creation of a joint venture in offshore wind (see note 6).

NOTE 20 – Transition of 2013 financial statements as reported to restated 2013 financial statements

This note recapitulates the main impacts of first adoption of IFRS 11 and of IFRS 5 implementation on the financial statements for the period ended December 31, 2013 and for the first half of 2014.

RESTATEMENT OF SHAREHOLDERS' EQUITY AT JANUARY 1, 2013

(in millions of euros)	Share capital	Premiums and consolidated reserves	Actuarial gains and losses on employee benefits	Deferred unrealized gains and losses on financial instruments	Currency translation reserves	**Equity attributable to equity holders of the parent**	Minority interests	**Total equity**
December 31, 2012 reported	**1,456**	**3,759**	**(385)**	**286**	**57**	**5,174**	**382**	**5,556**
Goodwill impairment*		(100)				(100)		(100)
January 1, 2013 restated	**1,456**	**3,659**	**(385)**	**286**	**57**	**5,074**	**382**	**5,456**

* see note 1

TRANSITION OF INCOME STATEMENT AS REPORTED TO RESTATED INCOME STATEMENT

(in millions of euros)	**1st half 2013 Reported**	*IFRS 11 adjustments*	*IFRS 5 adjustments*	**1st half 2013 Restated**
Revenue	**4,762**	**(75)**	**(174)**	**4,513**
Other income from operations	18	(11)		6
Cost of sales	(3,981)	66	201	(3,714)
Gross margin	**799**	**(20)**	**27**	**806**
Research and development expenses	(136)	7	6	(123)
Marketing and sales expenses	(122)	1	8	(113)
General and administrative expenses	(194)		6	(187)
Other operating expenses	(157)	1	8	(147)
Other operating income	55			54
Operating income	**245**	**(11)**	**55**	**290**
Share in net income of associates and joint ventures	1	5		6
Operating income after share in net income of associates and joint ventures	**246**	**(6)**	**55**	**296**
Income from cash and cash equivalents	20			20
Gross borrowing costs	(120)		3	(116)
Net borrowing costs	**(100)**		**3**	**(97)**
Other financial expenses	(234)	1	1	(232)
Other financial income	241		1	242
Other financial income and expenses	**7**	**1**	**2**	**10**
Net financial income	**(93)**	**2**	**5**	**(87)**
Income tax	**(100)**	**4**	**(17)**	**(113)**
Net income from continuing operations	**53**		**43**	**96**
Net income from discontinued operations	**-**		(43)	(43)
Net income	**53**	**-**	**-**	**53**
Including:				
Group:				
Net income from continuing operations	-		41	41
Net income from discontinued operations	-		(41)	(41)
Net income attributable to owners of the parent	**0**			**0**
Minority interests:				
Net income from continuing operations	52		2	54
Net income from discontinued operations	-		(2)	(2)
Net income attributable to minority interests	**52**			**52**
Number of shares outstanding	383,204,852			383,204,852
Average number of shares outstanding	383,204,852			383,204,852
Average number of treasury shares	4,462,770			4,462,770
Average number of shares outstanding, excluding treasury shares	378,742,082			378,742,082
Earnings per share from continuing operations (in euros)	0.00			0.11
Basic earnings per share	0.00			0.00
Diluted earnings per share	0.00			0.00

(in millions of euros)	**Year 2013 Reported**	*IFRS 11 adjustments*	*IFRS 5 adjustments*	**Year 2013 Restated**
Revenue	**9,240**	**(178)**		**9,062**
Other income from operations	49	(23)		26
Cost of sales	(7,990)	127	1	(7,861)
Gross margin	**1,299**	**(73)**	**1**	**1,227**
Research and development expenses	(293)	16	4	(273)
Marketing and sales expenses	(215)	2	1	(212)
General and administrative expenses	(390)	1	1	(388)
Other operating expenses	(481)	64		(417)
Other operating income	92	6		98
Operating income	**11**	**16**	**8**	**34**
Share in net income of associates and joint ventures	-	(12)		(13)
Operating income after share in net income of associates and joint ventures	**11**	**3**	**8**	**22**
Income from cash and cash equivalents	44			44
Gross borrowing costs	(258)	1		(257)
Net borrowing costs	**(214)**	**1**		**(213)**
Other financial expenses	(459)	1		(457)
Other financial income	424	(2)		423
Other financial income and expenses	**(34)**	**-**		**(35)**
Net financial income	**(248)**			**(248)**
Income tax	**62**	**(4)**		**59**
Net income from continuing operations	**(175)**		**8**	**(167)**
Net income from discontinued operations	(248)		**(8)**	(256)
Net income	**(423)**			**(423)**
Including:				
Group:				
Net income from continuing operations	(255)		8	(247)
Net income from discontinued operations	(238)		(8)	(246)
Net income attributable to owners of the parent	**(494)**			**(494)**
Minority interests:				
Net income from continuing operations	80			80
Net income from discontinued operations	(9)			(9)
Net income attributable to minority interests	**71**			**71**
Number of shares outstanding	383,204,852			383,204,852
Average number of shares outstanding	383,204,852			383,204,852
Average number of treasury shares	2,614,543			2,614,543
Average number of shares outstanding, excluding treasury shares	380,590,309			380,590,309
Earnings per share from continuing operations (in euros)	-0.67			-0.65
Basic earnings per share	-1.30			-1.30
Diluted earnings per share	-1.30			-1.30

TRANSITION FROM STATEMENT OF COMPREHENSIVE INCOME AS REPORTED TO RESTATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of euros)	**1st half 2013 Reported**	*IFRS 11 adjustments*	*IFRS 5 adjustments*	**1st half 2013 Restated**
Net income	**53**			**53**
Comprehensive income items not recyclable through profit and loss	**44**	**0**	**0**	**44**
Actuarial gains and losses on the employee benefits of consolidated companies	68	1		68
Income tax related to non-recyclable items	(24)			(24)
Share in other non-recyclable items of comprehensive income from associates and joint ventures, net of tax		(1)		0
Non-recyclable items related to discontinued operations, net of tax				
Comprehensive income items recyclable through profit and loss	**(131)**	**0**	**0**	**(132)**
Currency translation adjustments on consolidated companies	(21)	(1)	(3)	(24)
Change in value of available-for-sale financial assets	(82)			(81)
Change in value of cash flow hedges	(46)			(46)
Income tax related to recyclable items	33			33
Share in other recyclable items of comprehensive income from associates and joint ventures, net of tax	(16)			(16)
Recyclable items related to discontinued operations, net of tax			3	3
Total other comprehensive income items (net of income tax)	**(88)**			**(88)**
Comprehensive income	**(35)**			**(35)**
- Attributable to equity owners of the parent	(82)			(82)
- Attributable to minority interests	47			47

(in millions of euros)	**Year 2013 Reported**	*IFRS 11 adjustments*	*IFRS 5 adjustments*	**Year 2013 Restated**
Net income	**(423)**			**(423)**
Comprehensive income items not recyclable through profit and loss	**71**	**0**	**0**	**71**
Actuarial gains and losses on the employee benefits of consolidated companies	91	2		93
Income tax related to non-recyclable items	(20)	2		(18)
Share in other non-recyclable items of comprehensive income from associates and joint ventures, net of tax		(4)		(4)
Non-recyclable items related to discontinued operations, net of tax				
Comprehensive income items recyclable through profit and loss	**(152)**	**0**	**0**	**(152)**
Currency translation adjustments on consolidated companies	(181)	1		(180)
Change in value of available-for-sale financial assets	108			108
Change in value of cash flow hedges	(15)			(15)
Income tax related to recyclable items	(56)			(56)
Share in other recyclable items of comprehensive income from associates and joint ventures, net of tax	(29)	(1)		(30)
Recyclable items related to discontinued operations, net of tax	21			21
Total other comprehensive income items (net of income tax)	**(81)**			**(81)**
Comprehensive income	**(504)**			**(504)**
- Attributable to equity owners of the parent	(562)			(562)
- Attributable to minority interests	58			58

TRANSITION FROM CONSOLIDATED BALANCE SHEET AS REPORTED TO RESTATED CONSOLIDATED BALANCE SHEET

ASSETS

(in millions of euros)	Year 2013 Reported	*IFRS 11 adjustments*	Year 2013 Restated
Non-current assets	**23,052**	**(146)**	**22,906**
Goodwill on consolidated companies	3,864	(100)	3,764
Intangible assets	2,641	(108)	2,533
Property, plant and equipment	8,731	(22)	8,708
End-of-lifecycle assets (third party share)	199		199
Assets earmarked for end-of-lifecycle operations	6,057		6,057
Equity associates	145	109	254
Other non-current financial assets	262		261
Deferred tax assets	1,153	(25)	1,129
Current assets	**9,038**	**(142)**	**8,895**
Inventories and work-in-process	2,331	(107)	2,224
Trade accounts receivable and related accounts	2,067	(7)	2,060
Other operating receivables	1,962	22	1,984
Current tax assets	80	(2)	78
Other non-operating receivables	106	(1)	105
Cash and cash equivalents	1,761	(70)	1,692
Other current financial assets	88	22	110
Assets of discontinued operations	643		643
Total assets	**32,090**	**(289)**	**31,801**

LIABILITIES AND EQUITY

(in millions of euros)	Year 2013 Reported	*IFRS 11 adjustments*	Year 2013 Restated
Equity and minority interests	**5,082**	**(100)**	**4,982**
Share capital	1,456		1,456
Consolidated premiums and reserves	3,298	(100)	3,198
Actuarial gains and losses on employee benefits	(317)		(317)
Deferred unrealized gains and losses on financial instruments	330		330
Currency translation reserves	(94)		(94)
Minority interests	408		408
Non-current liabilities	**14,284**	**(5)**	**14,279**
Employee benefits	1,958	(30)	1,928
Provisions for end-of-lifecycle operations	6,437		6,437
Other non-current provisions	199	(7)	192
Share in net negative equity of associates and joint ventures		44	44
Long-term borrowings	5,659	(11)	5,648
Deferred tax liabilities	31	0	30
Current liabilities	**12,725**	**(184)**	**12,541**
Current provisions	2,724	(65)	2,659
Short-term borrowings	517	(5)	512
Advances and prepayments received	4,545	(32)	4,513
Trade accounts payable and related accounts	1,817	(55)	1,762
Other operating liabilities	2,582	(16)	2,566
Current tax liabilities	80	(10)	70
Other non-operating liabilities	70		70
Liabilities of discontinued operations	389		389
Total liabilities and equity	**32,090**	**(289)**	**31,801**

TRANSITION FROM CASH FLOW STATEMENT AS REPORTED TO RESTATED CASH FLOW STATEMENT

(in millions of euros)	**1st half 2013 Reported**	*IFRS 11 adjustments*	*IFRS 5 adjustments*	**1st half 2013 Restated**
Net income for the period	**53**			**53**
Minus: income from discontinued operations			43	43
Net income from continuing operations	**53**		**43**	**96**
(Profit) / loss of associates and joint ventures	(1)	(5)		(6)
Net amortization, depreciation and impairment of PP&E and intangible assets and marketable securities maturing in more than 3 months	291	(9)	(11)	271
Goodwill impairment losses				
Net increase in (reversal of) provisions	(155)	(3)	3	(154)
Net effect of reverse discounting of assets and provisions	177	(1)		176
Income tax expense (current and deferred)	100	(4)	17	113
Net interest included in borrowing costs	98		(3)	94
Loss (gain) on disposals of fixed assets and marketable securities maturing in more than 3 months; change in fair value	(97)		(4)	(101)
Other non-cash items	(22)			(22)
Dividends from associates and joint ventures		3		3
Cash flow from operations before interest and taxes	**443**	**(18)**	**46**	**470**
Net interest received (paid)	(46)		3	(42)
Income tax paid	(73)	3	0	(71)
Cash flow from operations after interest and tax	**324**	**(15)**	**49**	**358**
Change in working capital requirement	(157)	2	87	(68)
NET CASH FROM OPERATING ACTIVITIES	**166**	**(13)**	**136**	**290**
Investment in PP&E and intangible assets	(623)	12	40	(571)
Loans granted and acquisitions of non-current financial assets	(955)	(3)		(958)
Acquisitions of shares of consolidated companies, net of acquired cash	1	(1)		
Disposals of PP&E and intangible assets	1			
Loan repayments and disposals of non-current financial assets	924		(1)	923
Disposals of shares of consolidated companies, net of disposed cash	-			
Dividends from equity associates	1	(1)		
NET CASH USED IN INVESTING ACTIVITIES	**(651)**	**7**	**39**	**(605)**
Share issues in the parent company and share issues subscribed by minority shareholders in consolidated subsidiaries				
Treasury shares sold/(acquired)	43			43
Transactions with minority interests				
Dividends paid to minority shareholders of consolidated companies	(33)			(33)
Increase in borrowings	61	(8)	(205)	(152)
NET CASH USED IN FINANCING ACTIVITIES	**71**	**(8)**	**(205)**	**(142)**
(Increase) decrease in securities recognized at fair value through profit and loss	181			181
Impact of foreign exchange movements	(2)		(1)	(3)
NET CASH FLOW FROM DISCONTINUED OPERATIONS			**31**	**31**
CHANGE IN NET CASH	**(234)**	**(14)**		**(248)**
Net cash at the beginning of the year	**1,489**	**(38)**		**1,451**
Net cash at the end of the year	**1,256**	**(52)**		**1,204**

(in millions of euros)	**Year 2013 Reported**	*IFRS 11 adjustments*	*IFRS 5 adjustments*	**Year 2013 Restated**
Net income for the period	**(423)**			**(423)**
Minus: income from discontinued operations	248		8	256
Net income from continuing operations	**(175)**		**8**	**(167)**
(Profit) / loss of associates and joint ventures	-	12		13
Net amortization, depreciation and impairment of PP&E and intangible assets and marketable securities maturing in more than 3 months	756	(34)	(1)	722
Goodwill impairment losses	4			4
Net increase in (reversal of) provisions	81	(54)		27
Net effect of reverse discounting of assets and provisions	339	(1)		338
Income tax expense (current and deferred)	(62)	4		(59)
Net interest included in borrowing costs	216	(1)		215
Loss (gain) on disposals of fixed assets and marketable securities maturing in more than 3 months; change in fair value	(227)	1		(226)
Other non-cash items	(54)			(54)
Dividends from associates and joint ventures		12		12
Cash flow from operations before interest and taxes	**877**	**(62)**	**7**	**823**
Net interest received (paid)	(201)	1		(200)
Income tax paid	(143)	8		(135)
Cash flow from operations after interest and tax	**534**	**(53)**	**7**	**488**
Change in working capital requirement	518	24		541
NET CASH FROM OPERATING ACTIVITIES	**1,052**	**(29)**	**7**	**1,030**
Investment in PP&E and intangible assets	(1,422)	5		**(1,416)**
Loans granted and acquisitions of non-current financial assets	(1,934)	(9)		(1,943)
Acquisitions of shares of consolidated companies, net of acquired cash	4	(1)		2
Disposals of PP&E and intangible assets	7	(1)		6
Loan repayments and disposals of non-current financial assets	1,976			1,976
Disposals of shares of consolidated companies, net of disposed cash	5			5
Dividends from equity associates	1	(1)		
NET CASH USED IN INVESTING ACTIVITIES	**(1,364)**	**(7)**		**(1,371)**
Share issues in the parent company and share issues subscribed by minority shareholders in consolidated subsidiaries	-			
Treasury shares sold/(acquired)	44			44
Transactions with minority interests	37			37
Dividends paid to minority shareholders of consolidated companies	(33)			(33)
Increase in borrowings	224	(15)	(6)	202
NET CASH USED IN FINANCING ACTIVITIES	**272**	**(15)**	**(6)**	**250**
(Increase) decrease in securities recognized at fair value through profit and loss	211			211
Impact of foreign exchange movements	(17)	1		(16)
NET CASH FLOW FROM DISCONTINUED OPERATIONS	**28**		**(2)**	**26**
CHANGE IN NET CASH	**181**	**(50)**		**130**
Net cash at the beginning of the year	**1,489**	**(38)**		**1,451**
Net cash at the end of the year	**1,670**	**(88)**		**1,582**