Condensed half-yearly consolidated financial statements

Orano

June 30, 2019

CONSOLIDATED STATEMENT OF INCOME

(in millions of euros)	*Note*	H1 2019 (*)	H1 2018 (*)
Revenue		**1,654**	**1,713**
Cost of sales		(1,335)	(1,420)
Gross margin		**318**	**293**
Research and development expenses		(47)	(44)
Marketing and sales expenses		(18)	(16)
General expenses	*4*	(52)	(35)
Other operating income	*4*	14	10
Other operating expenses	*4*	(37)	(44)
Operating income		**179**	**163**
Share in net income of joint ventures and associates	*12*	7	(4)
Operating income after share in net income of joint ventures and associates		**186**	**159**
Income from cash and cash equivalents		11	13
Gross borrowing costs		(128)	(78)
Net borrowing costs		**(117)**	**(65)**
Other financial income		549	113
Other financial expenses		(317)	(390)
Other financial income and expenses	*6*	**232**	**(277)**
Net financial income		**115**	**(342)**
Income tax	*7*	**(24)**	**(27)**
Net income from continuing operations		**277**	**(210)**
Net income for the period		**277**	**(210)**
Net income attributable to owners of the parent		**259**	**(205)**
Net income attributable to non-controlling interests		**18**	**(5)**

(*) Application of IFRS 16 from January 1, 2019.

(**) The comparative figures as of June 30, 2018 have been restated to take into account the change in the presentation of end-of-lifecycle operations (see Notes 4 and 25).

CONSOLIDATED COMPREHENSIVE INCOME

(in millions of euros)	H1 2019 (*)	H1 2018
Net income	**277**	**(210)**
Items not recyclable to the statement of income	**(63)**	**2**
Actuarial gains and losses on employee benefits	(60)	(3)
Income tax related to non-recyclable items	0	(0)
Share in other non-recyclable items from joint ventures and associates, net of tax	(3)	5
Items recyclable to the statement of income	**51**	**(87)**
Currency translation adjustments	41	6
Change in value of cash flow hedges	18	(103)
Income tax related to recyclable items	(7)	10
Share in other recyclable items from joint ventures and associates, net of tax	-	-
Total other items of comprehensive income (net of income tax)	**(11)**	**(85)**
Comprehensive income	**265**	**(294)**
- Attributable to owners of the parent	246	(289)
- Attributable to non-controlling interests	19	(5)

(*) Application of IFRS 16 from January 1, 2019.

ASSETS

(in millions of euros)	***Note***	**June 30, 2019 (*)**	**December 31, 2018**
Non-current assets		**18,320**	**17,681**
Goodwill	***8***	1,235	1,229
Intangible assets	***9***	1,287	1,278
Property, plant and equipment	***9***	8,220	8,120
Right of use – leases	***10***	65	-
End-of-lifecycle assets (third party share)	***11***	131	139
Financial assets earmarked for end-of-lifecycle operations	***11***	7,140	6,693
Investments in joint ventures and associates	***12***	2	1
Other non-current assets	***13***	122	118
Deferred tax assets	***7***	117	104
Current assets		**5,427**	**4,859**
Inventories and work-in-process		1,503	1,301
Trade accounts receivable and related accounts		672	625
Contract assets		84	97
Other operating receivables		675	657
Other non-operating receivables		46	48
Current tax assets		29	37
Other current financial assets	***13***	792	66
Cash and cash equivalents	***14***	1,626	2,027
Total assets		**23,747**	**22,540**

(*) Application of IFRS 16 from January 1, 2018 (see Note 25).

SHAREHOLDERS’ EQUITY AND LIABILITIES

(in millions of euros)	***Note***	**June 30, 2019 (*)**	**December 31, 2018**
Capital		132	132
Consolidated premium s and reserves		1,266	1,007
Actuarial gains and losses on employee benefits		(201)	(138)
Unrealized gains and losses on financial instruments		1	(10)
Currency translation reserves		(26)	(64)
Equity attributable to owners of the parent		**1,173**	**927**
Non-controlling interests		(187)	(204)
Shareholders’ equity	***15***	**986**	**723**
Non-current liabilities		**13,468**	**12,799**
Employee benefits	***16***	1,131	1,088
Provisions for end-of-lifecycle operations	***11***	7,975	7,881
Other non-current provisions	***17***	294	279
Share in negative net equity of joint ventures and associates	***12***	42	45
Long-term borrowings	***18***	3,963	3,494
Long-term lease liabilities	***10***	49	-
Deferred tax liabilities	***7***	13	13
Current liabilities		**9,294**	**9,017**
Current provisions	***17***	1,993	1,933
Short-term borrowings	***18***	943	922
Short-term lease liabilities	***10***	18	-
Trade accounts payable and related accounts		688	652
Contract liabilities		4,611	4,514
Other operating liabilities		999	972
Other non-operating liabilities		10	7
Current tax liabilities		31	19
TOTAL SHAREHOLDERS’ EQUITY AND LIABILITIES		**23,747**	**22,540**

(*) Application of IFRS 16 from January 1, 2018 (see Note 25).

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of euros)	*Note*	H1 2019 (*)	H1 2018
Net income for the period		**277**	**(210)**
Net amortization, depreciation and impairment of PP&E and intangible assets and marketable securities maturing in more than 3 months		257	245
Net increase in (reversal of) provisions		(131)	(76)
Net effect of unwinding of assets and provisions		240	269
Income tax expense (current and deferred)		24	27
Net accrued interest included in financial debt		117	79
Loss (gain) on disposals of fixed assets and marketable securities maturing in more than 3 months; change in fair value	*4 and 6*	(381)	79
Share in net income of joint ventures and associates	*12*	(7)	4
Dividends received from joint ventures and associates and share of income from consortiums		-	(5)
Other non-cash items		19	(45)
Cash flow from operations before interest and taxes		**414**	**366**
Net interest received (paid)		(60)	(97)
Net interest paid on lease liabilities		(1)	-
Income tax paid		(21)	(11)
Cash flow from operations after interest and tax		**332**	**259**
Change in working capital requirement		(95)	(43)
Net cash flow from operating activities		**237**	**215**
Investment in PP&E and intangible assets		(229)	(209)
Disposals of PP&E and intangible assets		6	4
Acquisitions of shares of consolidated companies, net of acquired cash		(1)	-
Acquisitions of financial assets earmarked for end-of-lifecycle operations		(1,121)	(697)
Disposals of financial assets earmarked for end-of-lifecycle operations		1,053	688
Change in cash management financial assets	*13*	(300)	(349)
Loans granted to joint ventures and associates		-	(11)
Repayment of loans from joint ventures and associates		6	1
Acquisitions of other financial assets		(3)	(17)
Net cash flow from investing activities		**(589)**	**(591)**
Parent company capital increases		-	499
Transactions with non-controlling interests		-	-
Dividends paid to non-controlling interests		-	(61)
Repayment of lease liabilities	*10*	(8)	-
Increase in borrowings	*18*	742	4
Decrease in borrowings	*18*	(314)	(23)
Change in other borrowings	*18*	0	(68)
Net cash flow from financing activities		**420**	**351**
Impact of change in classification of non-monetary funds	*14*	(460)	-
Impact of foreign exchange movements		2	(2)
Increase (decrease) in net cash		**(390)**	**(26)**
Net cash at the beginning of the period		**1,953**	**1,877**
Net cash at the end of the period	*14*	1,626	1,922
Less: short-term bank facilities and non-trade current accounts in credit	*18*	(63)	(72)
Net cash at the end of the period		**1,563**	**1,850**

(*) Application of IFRS 16 from January 1, 2019.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in millions of euros)	***Note***	Number of shares outstanding	Capital	Consolidated premiums and reserves	Actuarial gains and losses on employee benefits	Unrealized gains and losses on financial instruments	Currency translation reserves	**Total equity attributable to owners of the parent**	Non-controlling interests	**Total shareholders' equity**
JANUARY 1, 2018		**237,737,500**	**119**	**1,066**	**(164)**	**90**	**(79)**	**1,032**	**(192)**	**840**
Net income for the first half of 2018				(205)				(205)	(5)	(210)
Other items of comprehensive income					2	(93)	7	(84)	(0)	(85)
Comprehensive income				**(205)**	**2**	**(93)**	**7**	(289)	**(5)**	**(294)**
Dividends paid									(3)	(3)
Other transactions with shareholders	***15***	26,415,278	13	486				499	-	499
JUNE 30, 2018 (*)		**264,152,778**	**132**	**1,347**	**(162)**	**(3)**	**(72)**	**1,241**	**(200)**	**1,041**
JANUARY 1, 2019 (**)		**264,152,778**	**132**	**1,007**	**(138)**	**(10)**	**(64)**	**927**	**(204)**	**723**
Net income for the first half of 2019				259				259	18	277
Other items of comprehensive income					(62)	11	39	(13)	1	(11)
Comprehensive income				**259**	**(62)**	**11**	**39**	**246**	**19**	**265**
Dividends paid									(3)	(3)
Other transactions with shareholders				-				-		-
June 30, 2019		**264,152,778**	**132**	**1,266**	**(201)**	**1**	**(26)**	**1,173**	**(187)**	**986**

(*) For the first-time application of IFRS 15, the group fine-tuned some of the IFRS 15 adjustments between shareholders' equity reported as of June 30, 2018 and that reported as of December 31, 2018. As a result, shareholders' equity as of June 30, 2018 has been restated in relation to that presented, in a total amount of (15) million euros.

(**) Application of IFRS 16 from January 1, 2019 (see Note 25).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS TO JUNE 30, 2019

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

NOTE 1 - HIGHLIGHTS OF THE PERIOD

Philippe Coste plant

The operating tests for the new Philippe Coste conversion plant were still in progress at the end of the reporting period, together with the first production runs. The plant is being started up gradually with the goal of reaching monthly production at the end of the year in line with the current installed capacity of 7,500 tons/year. The latter will be increased to 15,000 tons/year during 2020, with the goal of reaching monthly production in line with the new installed capacity in the first half of 2021.

Termination of the MFFF contract

MOX Services, 30% owned by Orano, was notified on October 10, 2018 by the National Nuclear Security Administration (NNSA) of a request for termination for convenience of the contract for the construction of the Savannah River recycling plant (South Carolina). The plant, known as the MOX Fuel Fabrication Facility (MFFF), was to contribute to the nuclear disarmament program by recycling 34 metric tons of military plutonium into fuel to produce electricity for the U.S. grid. Orano, a minority partner of the MOX Services consortium in charge of building the plant, was in charge of supplying recycling equipment.

A mediation aimed at resolving the dispute between MOX Services and the NNSA (National Nuclear Security Administration) and reviewing the terms of the termination of the contract has been requested by the U.S. Department of Justice (DOJ). An agreement determining the amount of the payment that NNSA will make to MOX Services to settle the disputes and terminate the contract is being negotiated. The final closing agreement and the associated settlement are expected before the end of 2019. The group does not expect this agreement to have a negative impact.

Funding

On April 9, 2019, Orano successfully issued a maiden 750 million euro 7-year bond (maturity 2026) bearing an annual coupon of 3.375% (yield of 3.50% on issue).

In parallel with this issue, Orano launched a partial redemption offer on the 2023 and 2024 bonds issued by Areva. The maximum amount of acceptance of redeemed securities was 250 million euros, allocated entirely to the 2024 bond.

With these transactions, Orano was able to strengthen the group's liquidity position, renew its long-term funding and as such optimize its borrowing profile.

Liquidity position

Orano's short-term borrowings amounted to 943 million euros as of June 30, 2019, including:

- the 750 million euros bond maturing in November 2019;
- accrued interest not due in the amount of 74 million euros;
- short-term bank facilities and current accounts in credit in the total amount of 63 million euros.

Beyond a 12-month period, the first significant debt maturity is a 500 million euros bond due on September 4, 2020.

To meet these commitments and ensure the continuity of its operations over the longer term, Orano had 2,386 million euros at June 30, 2019, breaking down into 1,626 million euros in cash and cash equivalents (Note 14) plus 760 million euros in cash management financial assets (Note 13). Its cash position is reinforced by a confirmed and undrawn syndicated credit facility, which has represented 940 million euros since March 2019. This facility, signed with a pool of 11 international banks, matures in July 2022.

NOTE 2 - ACCOUNTING ESTIMATES, JUDGMENTS AND PRINCIPLES

ESTIMATES AND JUDGMENTS

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

- operating margins on contracts recognized according to the percentage-of-completion method, which are estimated by the project teams and reviewed by management in accordance with the group's procedures (see Note 17);
- cash flow forecasts and the discount and growth rates used for impairment tests for goodwill and other plant, property and equipment and intangible assets (see Notes 8 and 9);
- all assumptions used to assess the value of pension commitments and other employee benefits, including the rate of wage increases and discount rates, retirement age and employee turnover (see Note 16);
- all assumptions used to assess the value of provisions for end-of-lifecycle operations (see Note 11) and, where appropriate, the assets corresponding to the third-party share, in particular:
  - the estimated costs of those operations,
  - the inflation and discount rates,
  - the schedule of future disbursements,
  - the operating life of the facilities,
  - the scenario chosen with regard to knowledge of the initial condition of the facilities, the target final condition, and waste treatment and removal methods and their availability,
  - the procedures for final shut-down,
  - safety requirements and regulatory developments;
- - assumptions used to measure provisions for contract completion, in particular for waste treatment channels not yet existing: the prospective cost estimates of the related operations, the provisional payment schedule, the inflation rate and the discount rate (see Note 17);
- estimates and judgments regarding the outcome of ongoing litigation and, more generally, estimates regarding all of Orano's provisions and contingent liabilities (see Note 17);
- estimates and judgments relating to the recoverability of accounts receivable from the group's customers and other financial assets.

Preparation of the financial statements

The consolidated financial statements for the six months to June 30, 2019, approved by the Board of Directors on July 30, 2019, were prepared in accordance with IAS 34 relating to interim financial information. Being condensed financial statements, they do not include all the disclosures required for the preparation of full consolidated financial statements under IFRS and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2018.

Specific methods for the preparation of intermediate financial statements

- Orano applies the methodology prescribed by IAS 34 to determine the tax expense for the interim period. It is calculated by applying the estimated average effective tax rate for the year for each tax jurisdiction to the pre-tax result for the period. However, a different tax rate is used for income categories subject to specific tax rates, such as the results of disposals of securities subject to the long-term capital gains regime.

- The interim period expense relating to retirement benefits and other employee benefits is calculated using the discount rate determined as of December 31, 2018. In applying this method, Orano has calculated the expense for the first half of 2019 in respect of the current service cost, the accretion expense of the provision and the income relating to the expected return on hedging assets using the actuarial assumptions determined as of December 31, 2018, in accordance with IAS 19. Changes in actuarial assumptions taken into account for the valuation of employee liabilities as of June 30, 2019 are recorded in "Other items of comprehensive income" in almost their entire amount.

ACCOUNTING PRINCIPLES

The accounting principles applied in the preparation of the condensed consolidated financial statements for the six months to June 30, 2019 are identical to those described in Note 1 of the notes to the consolidated financial statements for the year ended December 31, 2018, with the exception of IFRS 16, subject to mandatory application from January 1, 2019, and the change in presentation of the management of end-of-lifecycle operations in the statement of income. They were prepared in accordance with IFRS, as published by the International Accounting Standards Board (IASB) and adopted in the European Union as of June 30, 2019.

IFRS standards and interpretations as adopted in the European Union are available on the website:

http://ec.europa.eu/finance/company-reporting/standards-interpretations/index_fr.htm

The group has not early adopted any standards, amendments or interpretations published by the IASB whose application was optional or not mandatory within the European Union as of June 30, 2019.

IFRS 16 "Leases" came into force on January 1, 2019

First-time application

IFRS 16 "Leases", adopted by the European Union on October 31, 2017, replaces IAS 17. It is mandatory for fiscal years beginning on or after January 1, 2019.

IFRS 16 requires all leases to be recognized in the lessee's balance sheet as a "right-of-use" asset offsetting a financial liability.

The group has elected to apply the modified retrospective transition method, as well as the simplification measures provided by the standard. These measures allow the exclusion of:

- low-value leases;
- leases whose remaining term is less than one year from the date of first-time application; and
- the initial direct costs of leases.

The transition method selected requires the recognition of:

- a lease liability in the amount of remaining rent payments discounted at the rate applicable on the date of transition; and
- a right-of-use asset in an amount equal to the lease liability, less prepaid rent.

In addition, for the determination of discount rates, the lease term selected on the transition date is the remaining term of the lease. The weighted average incremental borrowing rate as of January 1, 2019 was 4.3%.

Lease agreements mainly relate to the rental of real estate, light and heavy vehicles, industrial equipment and IT equipment.

The impact of the first-time application of IFRS 16 as of January 1, 2019 results in the recording of a lease liability and a right-of-use asset of 50 million euros (see Note 25).

Reconciliation between minimum future lease payments as of December 31, 2018 and the lease liability as of January 1, 2019:

(in millions of euros)	
Minimum future rents as of December 31, 2018	**87**
Exempt contracts (*)	(12)
Effect of discounting of the lease liability	(6)
Other effects (**)	(19)
Lease liability as of January 1, 2019	**50**

(*) Exempt contracts mainly include the rent on Orano's current head office, the remaining term of which was less than 12 months as of January 1, 2019. The remaining lease liability as of June 30, 2019 was 6 million euros.
(**) Other effects mainly include leases whose effective date is after December 31, 2018 (which were included in minimum future lease payments taking into account the commitment made on December 31, 2018) and off-balance sheet commitments not presented as of December 31, 2018.

<u>Accounting principles</u>

Leases are recognized in the balance sheet as soon as they come into effect, by the recognition of right-of-use assets under "Right-of-use assets – Leases" and a liability recorded under "Lease liabilities". A contract contains a lease if it gives the group the right to control the use of an identified asset for a specified period in exchange for the payment of a consideration.

On the effective date of the contract, the lease liability is the present value of future payments.

Lease payments are discounted at the incremental borrowing rate. The rate used, determined by currency and by maturity, is the rate that the lessee would have had to pay to borrow, over a similar period and with a similar guarantee, the funds necessary to obtain a good of similar value to the right to use the leased asset in a similar economic environment.

The value of the right of use is determined on the effective date of the lease from the initial amount of the lease liability, plus, where applicable:

- advance payments made to the lessor, net of advantages received from the lessor;
- initial direct costs: the marginal costs incurred by the lessee for the conclusion of the contract;
- the estimated costs of repairing the leased property; this amount is discounted and recorded against a provision for remediation.

In the statement of income, rental expense is replaced by an amortization charge for the right of use and an interest charge. This restatement results in the recognition of deferred taxes. In the statement of cash flows, interest expense is the only the item to impact cash flows from operating activities.

Leases on contracts for assets with a low unit value or for short terms are expensed directly.

The right of use and the lease liability are amortized over the term of the lease, which is the firm period of the commitment taking into account optional periods that are reasonably certain to be exercised. The probability of exercising a renewal option or not exercising a termination option is determined by type of contract or on a case-by-case basis based on contractual and regulatory provisions, the nature of the underlying asset, its specific features and its location, as appropriate.

Other standards, amendments and interpretations that came into force on January 1, 2019

- IFRIC 23 “Uncertainty over Income Tax Treatments” clarifies the application of the provisions of IAS 12 “Income Taxes” as regards recognition and measurement when there is uncertainty over the treatment of income taxes.
- Amendments to IFRS 9 “Prepayment Features with Negative Compensation” (effective date: January 1, 2019.
- Amendments to IAS 28 “Investments in Associates and Joint Ventures”.
- Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement” (effective date:
- Annual improvements, 2015-2017 cycle: IAS 12 “Income tax consequences of payments for financial instruments classified as equity instruments”, IAS 23 «Borrowing costs included in the cost of the asset,” and IFRS 3 and IFRS 11 “Previously held interests in a joint operation.”

Amendments and interpretations with mandatory application from January 1, 2019 did not have an impact on the group’s consolidated financial statements.

New standards and interpretations adopted by the European Union not yet mandatory and not early adopted

As of June 30, 2019, there were no texts adopted by Europe and applicable early.

Change of presentation of end-of-lifecycle operations

In 2019, the group made a change in the organization of end-of-lifecycle operations, under which the end-of-lifecycle activities for regulated nuclear facilities at a standstill are now directly linked to the Corporate segment. This organizational change has resulted in these activities being presented within the “Corporate and other” segment for the purposes of segment reporting.

In addition, it has been decided to modify the presentation of end-of-lifecycle operations in the statement of income so as to reflect the performance on the dismantling of facilities separately from commercial activities. Dismantling and waste treatment costs, as well as changes in the corresponding provisions, are accordingly presented under “Other operating income and expenses” from January 1, 2019. The amortization of the end-of-lifecycle asset is maintained in the gross margin.

The statement of income for the first half of 2018 has been restated to reflect the impact of this change over the comparative period (see Note 25).

NOTE 3 - OPERATING SEGMENTS

BY BUSINESS SEGMENT

H1 2019

(in millions of euros)	Mining	Front End	Back End	Corporate, other operations and eliminations	**Total**
Gross revenue	**495**	**373**	**824**	**(39)**	**1,654**
Inter-segment sales	(3)	(5)	(41)	49	-
Contribution to consolidated revenue	**492**	**369**	**783**	**10**	**1,654**
Operating income	**179**	**44**	**(25)**	**(18)**	**179**
Share in net income of joint ventures and associates	**-**	**-**	**-**	-	7
Net financial income	**-**	**-**	**-**	-	115
Income tax	**-**	**-**	**-**	-	(24)
Net income	**-**	**-**	**-**	-	**277**
EBITDA (Note 5)	**271**	**101**	**60**	**(27)**	**404**
% of gross revenue	*54.8%*	*26.9%*	*7.2%*	*n/a*	*24.4%*

In the first half of 2019, the group generated approximately 51% of its revenue with EDF.

Revenue is recognized when the control of the material is transferred for the Mining and Front End divisions, and predominantly on the basis of the percentage-of-completion method for the Back End segment.

H1 2018

(in millions of euros)	Mining	Front End	Back End	Corporate, other operations and eliminations	**Total**
Gross revenue	**557**	**307**	**891**	**(42)**	**1,713**
Inter-segment sales	(2)	(19)	(29)	50	-
Contribution to consolidated revenue	**555**	**288**	**862**	**8**	**1,713**
Operating income	**226**	**(58)**	**41**	**(46)**	**163**
Share in net income of joint ventures and associates	-	-	-	-	(4)
Net financial income	-	-	-	-	(342)
Income tax	-	-	-	-	(27)
Net income	**-**	**-**	**-**	**-**	**(210)**
EBITDA (Note 5)	**323**	**33**	**151**	**(77)**	**429**
% of gross revenue	*58.0%*	*10.8%*	*16.9%*	*n/a*	*25.1%*

In the first half of 2018, the group generated approximately 42% of its revenue with EDF.
The change in the presentation of end-of-lifecycle operations has no impact on segment information as of June 30, 2018.

CONTRIBUTION TO CONSOLIDATED REVENUE BY BUSINESS SEGMENT AND CUSTOMER LOCATION

H1 2019

(in millions of euros)	Mining	Front End	Back End	Other	Total
France	174	212	573	10	**969**
Europe (excluding France)	4	47	73	0	**124**
North & South America	98	61	81	0	**241**
Asia-Pacific	204	48	54	0	**306**
Africa and Middle East	12		2	-	**14**
Total	**492**	**369**	**783**	**10**	**1,654**

H1 2018

(in millions of euros)	Mining	Front End	Back End	Other	Total
France	151	158	530	7	**846**
Europe (excluding France)	55	30	76	0	**161**
North & South America	88	40	110	0	**238**
Asia-Pacific	249	60	145	0	**453**
Africa and Middle East	12	0	2	-	**14**
Total	**555**	**288**	**862**	**8**	**1,713**

NOTE 4 - GENERAL EXPENSES AND OTHER OPERATING INCOME AND EXPENSES

General expenses

The change in these expenses results from a change in the analytical allocation of certain Corporate costs between gross margin and general expenses in the second half of 2018.

Other operating income

(in millions of euros)	H1 2019	H1 2018
Gain on disposals of assets other than financial assets	5	5
Other income	9	5
Total other operating income	**14**	**10**

Other operating expenses

(in millions of euros)	H1 2019	H1 2018 (*)
Restructuring and early retirement plan costs	(2)	(5)
Impairment of other assets	-	(4)
Loss on disposals of assets other than financial assets	(1)	(1)
Dismantling costs net of provisions/reversals of provisions for end-of-lifecycle operations (*)	(7)	(6)
Other expenses	(27)	(28)
Total other operating expenses	**(37)**	**(44)**

(*) The comparative figures as of June 30, 2018 have been restated to take into account the change in presentation of end-of-lifecycle operations in the statement of income (see Note 25).

Impairment losses on other assets are described in Note 9.

As of June 30, 2019, other expenses included 10 million euros (12 million euros as of June 2018) in charges related to the postponement of mining operations on the Imouraren and Trekkopje sites, as well as the maintenance of infrastructure.

NOTE 5 - RECONCILIATION BETWEEN OPERATING INCOME AND EBITDA

(in millions of euros)	H1 2019	H1 2018
Operating income	**179**	**163**
Net increase in depreciation and impairment of intangible assets, net of reversals	48	53
Net increase in depreciation and impairment of property, plant and equipment, net of reversals	200	193
Net increase in depreciation and impairment of intangible assets, net of reversals of right-of-use assets – leases	9	
Impairment of current assets, net of reversals	2	4
Provisions, net of reversals (*)	(131)	(74)
Costs of end-of-lifecycle operations performed	97	91
EBITDA	**404**	**429**

(*) including increases and reversals of provisions for employee benefits and end-of-lifecycle operations

NOTE 6 - NET FINANCIAL INCOME

Gross borrowing costs

Gross borrowing costs in the six months to June 30, 2019 include interest expense on bonds in the amount of 82 million euros (78 million euros in the six months to June 30, 2018) and the cash payment of the partial redemption of the 2024 bond in April 2019 in the amount of 32 million euros.

The interest expense related to IFRS 16 incurred in the first half of 2019 was 2 million euros.

Other financial income and expenses

(in millions of euros)	H1 2019	H1 2018
Change in fair value through profit or loss of earmarked assets	377	(82)
Dividends received	166	92
Income from receivables and accretion gains on hedging assets	5	12
Impact of changes in discount rates and inflation rates	(9)	(67)
Impact of revisions of payment schedules	-	-
Unwinding expenses on end-of-lifecycle operations	(156)	(148)
Share related to end-of-lifecycle operations	***383***	***(193)***
Foreign exchange gain (loss)	(1)	7
Change in fair value through profit or loss of non-earmarked assets	(0)	(1)
Interest on advances	(29)	(25)
Financial income from pensions and other employee benefits	(9)	(10)
Accretion expenses of debt and other provisions	(69)	(46)
Other financial income	1	1
Other financial expenses	(44)	(11)
Share not related to end-of-lifecycle operations	***(151)***	***(84)***
Other financial income and expenses	**232**	**(277)**

Other financial expense consists chiefly of premiums/discounts on earmarked assets.

NOTE 7 - INCOME TAX

The tax expense in the first half of 2019 was 24 million euros.

NOTE 8 - GOODWILL

(in millions of euros)	**December 31, 2018**	Increase	Disposal	Impairment	Currency translation adjustments and other	**June 30, 2019**
Mining	840				6	**847**
Front End	161					**161**
Back End	227				0	**228**
Total	**1,229**	**-**	**-**	**-**	**6**	**1,235**

Given the poor conditions in the uranium market, the group performs impairment tests on the goodwill of the groups of mining and Front End CGUs at the end of each accounting period**.**

Mining

The recoverable amount of the Mining group of CGUs is determined based on its value in use. The value in use of mining operations is calculated based on forecast data for the entire period, up to the planned end of mining operations at existing mines and the marketing of the corresponding products (i.e. no later than 2041), rather than on a normative year. The value in use is determined by discounting estimated future cash flows per mine at rates between 7.50% and 11.60% (between 7.65% and 11.60% as of December 31, 2018) and based on exchange rates as of June 30, 2019.

Future cash flows are determined using the contractually set prices for the fixed component of the backlog and, for the variable component, the market prices based on the forecast price curve prepared by Orano. The forecast price curve is also used for the portion of sales not yet covered by a contract. The price curve is based among other things on Orano's vision of changes in supply (uranium mines and secondary resources) and demand (reflecting the consumption of the global fleet of nuclear power plants over the length of the curve and the purchasing policy of the relevant utilities). The forecast price curve was updated in November 2018 to take into account Orano's analysis of foreseeable changes in the nuclear fleet, the purchasing policy of electricity utilities and trends in resources, both production resources and secondary resources. Market conditions in the first half of 2019 do not challenge this price curve.

The value in use determined in this manner is greater than the net carrying amount, and therefore does not result in any impairment of goodwill.

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

- a discount rate of 50 basis points higher: 110 million euros;
- a euro/US dollar exchange rate of 5 eurocents higher (i.e. 1.19 instead of 1.14): 252 million euros;
- selling price assumption US$5 per pound of uranium below Orano's projected price curves over the entire period of the business plans: 410 million euros.

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

Taken individually or on a cumulative basis, deterioration of this nature would not result in the impairment of the goodwill allocated to the Mining group of CGUs.

Front End

In the Front End segment, goodwill is carried by the Enrichment CGU. The recoverable amount of the CGU is determined from the value in use, calculated using forecast data for the entire period up to the planned end of the operation of industrial assets, without using a normative year. The value in use is determined by discounting estimated future cash flows at 6.70% (unchanged vs. December 31, 2018) and on the basis of a euro-US dollar exchange rate of 1.14 in line with the closing rate as of June 30, 2019 (1.15 at December 31, 2018).

Future cash flows are determined using the contractually set prices for the fixed component of the backlog and, for the variable component, the market prices based on the forecast price curve prepared and updated by Orano. The forecast price curve is also used for the portion of sales not yet covered by a contract. The price curve is based among other things on Orano's vision of changes in supply (enrichment capacities, secondary stocks and resources) and demand for enriched uranium (reflecting the consumption of the global fleet of nuclear power plants over the length of the curve and the purchasing policy of the relevant utilities).

Impairment testing performed as of June 30, 2019 did not result in the recognition of any impairment of goodwill.

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

- a discount rate of 50 basis points higher: 283 million euros;
- a euro/US dollar exchange rate 5 eurocents higher (i.e. 1.19 instead of 1.14): 161 million euros;
- selling price assumptions US$1 per SWU below Orano's projected price curves: 33 million euros.

Of these three sensitivities, only the reduction of the discount rate would result in impairment of goodwill.

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

NET INTANGIBLE ASSETS

(in millions of euros)	**December 31, 2018**	Increas	Disposa	Net increase in depreciation/impairment (*)	Other changes	Currency translation adjustments	**June 30, 2019**
Pre-mining expenses	735	16	-	(34)	28	29	**775**
R&D expenses	67	3	-	(0)	(21)	1	**49**
Mineral rights	0	-	-	(0)	-	-	**0**
Concessions & brevets	318	0	(0)	(4)	0	0	**314**
Software	34	0	(0)	(2)	1	0	**33**
Other	71	0	-	(8)	-	-	**63**
In progress	54	7	-	0	(8)	1	**53**
Total	**1,278**	**26**	**(0)**	**(48)**	**1**	**30**	**1,287**

(*) No impairment was recognized in the first half

NET PROPERTY, PLANT AND EQUIPMENT

(in millions of euros)	**December 31, 2018**	Increase	Disposal	Net increase in depreciation/impairment (*)	Other changes	Currency translation adjustments	**June 30, 2019**
Land	73	-	(0)	(0)	0	2	**73**
Buildings	893	0	(0)	(21)	4	6	**883**
Plant, equipment and tooling	5,205	10	(0)	(152)	9	23	**5,094**
End-of-lifecycle assets	575	-	-	(14)	30	0	**591**
Other	265	1	(0)	(12)	21	3	**279**
In progress	1,109	213	(3)	(2)	(20)	2	**1,299**
Total	**8,120**	**224**	**(4)**	**(200)**	**44**	**36**	**8,220**

(*) Immaterial impairment in the first half of 2019

MINING ASSETS

Given the sensitivity of the tests to market indicators, impairment tests on the property, plant and equipment and intangible assets of the mining and industrial sites (which constitute the Mining CGUs) were carried out as of June 30, 2019.

Mining assets in Namibia - Trekkopje

The carrying amount of intangible assets and property, plant and equipment in Namibia includes the mining infrastructure and the desalination plant.

The value in use of the desalination plant is tested separately from that of the mining infrastructure. It is determined on the basis of its business plan discounted at a rate of 7.50% (7.65% at December 31, 2018). No impairment was recognized at December 31, 2018.

Impairment in the amount of 7 million euros was recorded on the carrying amount of intangible assets and property, plant and equipment of the Trekkopje mine as of December 31, 2018, with additional immaterial impairment recorded as of June 30, 2019, based on their fair value, determined from a multiple of uranium resources in the ground. After recognition of impairment of the mining assets, the carrying amount of the Trekkopje mining assets was 47 million euros at June 30, 2019 (48 million euros as of December 31, 2018).

INDUSTRIAL ASSETS OF THE CONVERSION CGU

The Conversion CGU, including industrial assets (Comurhex I, Comurhex II Malvesi and Philippe Coste), is subject to an impairment test at each closing date, given the weakened conditions in the uranium market.

The value in use of property, plant and equipment was estimated as of June 30, 2019, using a discount rate of 6.70% (identical to December 31, 2018), a euro-US dollar exchange rate of 1.14 in line with the rate as of June 30, 2019 (1.15 as of December 31, 2018) and selling price assumptions for the conversion units resulting from Orano's analysis of expected medium- and long-term supply and demand trends. Impairment testing performed as of June 30, 2019 did not result in the recognition of any impairment in the first half of 2019.

Moreover, the test result is sensitive to the discount rate, the exchange rate and long-term conversion price expectations. The value in use of the industrial assets of the Conversion CGU would fall by the following amounts if any of the following assumptions were used:

- a discount rate of 50 basis points higher (i.e. 7.2% instead of 6.7%): (28) million euros;
- a euro/US dollar exchange rate of 5 eurocents higher (i.e. 1.19 instead of 1.14): (97) million euros;
- selling price assumptions per kilogram of converted uranium US$1 dollar below Orano's projected price curves: (79) million euros.

Any variation in these assumptions would imply additional loss of value.

INDUSTRIAL ASSETS OF THE ENRICHMENT CGU

Impairment testing of the Enrichment CGU, which also carried goodwill, did not result in the recognition of any impairment (see Note 8).

NOTE 10 - LEASES

RIGHT OF USE – LEASES

(in millions of euros)	JANUARY [1], 2019	New leases	Reduction/withdrawal from leases	Net increase in depreciation / impairment	Other changes	Currency translation adjustments	June 30, 2019
Property assets	34	21		(6)		0	49
Other assets	16	3	(0)	(3)		(0)	16
Total	**50**	**24**	**(0)**	**(9)**		**0**	**65**

New property asset contracts concern the right of use relating to the group's new head office. No impairment was recognized when IFRS 16 was first applied or in the first half of 2019.

NOTE 11 - END-OF-LIFECYCLE OPERATIONS

PROVISIONS FOR END-OF-LIFECYCLE OPERATIONS

(in millions of euros)	**Amounts as of December 31, 2018**	**Reversal (when risk has materialized)**	**Accretion**	**Change in assumptions, revised budgets, etc.**	**Amounts as of June 30, 2019**
Provisions for dismantling	5,051	(56)	99	13	5,106
Provisions for waste retrieval and packaging	1,156	(30)	22	0	1,149
Provisions for long-term waste management and site monitoring	1,367	(8)	29	21	1,409
Provisions for end-of-lifecycle operations (regulated*)	**7,575**	**(94)**	**150**	**33**	**7,664**
Provisions for end-of-lifecycle operations (non-regulated*)	306	(3)	6	2	311
Total provisions for end-of-lifecycle operations	**7,881**	**(97)**	**156**	**35**	**7,975**

(*) Scope of application of the Act of June 28, 2006

As of June 30, 2019, used provisions in the amount of (97) million euros reflect the expenses relating to end-of-lifecycle operations incurred by the group in the first half of the year.

Changes in assumptions, revisions of estimates and other variations in the positive amount of 35 million include:

- the impact of the change in the discount and inflation rates (positive 40 million euros, of which positive 39 million on the scope of the Act) allocated in the amounts of 31 million to end-of-lifecycle assets and 9 million euros to net financial income;
- changes in estimates in the positive amount of 6 million, resulting mainly from the updating of assumptions of the volumes of packages increasing transport and storage loads;
- expenditure on works carried out on facilities financed by third parties in the amount of (10) million euros.

Discount rate

As of June 30, 2019, Orano applied a long-term inflation assumption of 1.45% and a discount rate of 3.75% (1.60% and 3.95% respectively as of December 31, 2018).

The revision of the discount rate is accordingly a function of market rates and structural changes in the economy resulting in sustainable medium- and long-term changes.

As of June 30, 2019, the use of a discount rate 25 basis points higher or lower than that used (3.75%) would have the effect of changing the closing balance of provisions for end-of-lifecycle operations by (387) million euros or a positive 425 million euros.

END-OF-LIFECYCLE ASSETS

End-of-lifecycle assets include two items:

- The group's share of end-of-lifecycle assets is classified under property, plant and equipment in the statement of financial position (see Note 9);
- Third-party dismantling assets are described in this Note.

(in millions of euros)	**Net carrying amount at December 31, 2018**	**Decrease from period expense**	**Acc-retion**	**Change in assumptions, revised budgets, etc.**	**Net carrying amount as of June 30, 2019**
End-of-lifecycle assets – third party share (regulated*)	135	(10)	2	0	126
End-of-lifecycle assets – third party share (non-regulated*)	4	-	1	-	5
Total third-party share of assets	**139**	**(10)**	**3**	**0**	**131**

(*) Scope of application of the Act of June 28, 2006

The share of third parties remaining in the end-of-lifecycle assets corresponds to the funding expected from third parties contributing to the dismantling of certain facilities.

FINANCIAL ASSETS EARMARKED FOR END-OF-LIFECYCLE OPERATIONS

(in millions of euros)	**June 30, 2019**		**December 31, 2018**	
	Net carrying amount	Market value	Net carrying amount	Market value
Portfolio of earmarked securities	6,902	7,057	6,457	6,561
Receivables related to end-of-lifecycle operations	238	238	236	236
TOTAL FINANCIAL ASSETS EARMARKED FOR END-OF-LIFECYCLE OPERATIONS	**7,140**	**7,295**	**6,693**	**6,797**
Of which earmarked assets (regulated*)	7,077	7,232	6,630	6,734
Of which earmarked assets (non-regulated*)	63	63	63	63

(*) Scope of application of the Act of June 28, 2006

Receivables related to end-of-lifecycle operations mainly reflect claims on the CEA resulting from the December 2004 agreement (amended in 2015 and 2018) bearing on the assumption by the CEA of a share of the cost of dismantling facilities in the La Hague plant and a share of waste retrieval and packaging costs at the UP2 400 plant.

The earmarked asset account also includes two claims, one on the CEA and the other on EDF, resulting from Orano's over-financing of ANDRA between 1983 and 1999 (payments by Orano of contributions split between nuclear operators in excess of its share).

As of June 30, 2019, for the end-of-lifecycle obligations falling within the scope of Articles L. 594-1 *et seq*. of the French Environmental Code, the legal entities comprising Orano had earmarked assets representing 96% of end-of-lifecycle liabilities (91% at December 31, 2018). This coverage ratio is determined as follows:

(in millions of euros)	**June 30, 2019**	**December 31, 2018**
Provisions for end-of-lifecycle operations (regulated*)	**7,664**	**7,575**
Third party assets (regulated*)	126	135
Earmarked assets at market value (regulated*)	7,232	6,734
Earmarked for end-of-lifecycle operations (regulated*)	**7,358**	**6,869**
(Deficit)/Surplus of earmarked assets (regulated*)	(306)	(706)
Coverage ratio (regulated*)	**96%**	**91%**

(*) Scope of application of the Act of June 28, 2006

NOTE 12 - INFORMATION ON JOINT VENTURES AND ASSOCIATES

SHARE IN NET INCOME OF JOINT VENTURES AND ASSOCIATES

(in millions of euros)	**H1 2019**	**H1 2018**
Cominak	(2)	(5)
ETC	8	3
SI-nerGIE	(0)	(1)
ANADEC	(0)	(0)
Interim Storage Partners	-	-
Total	**7**	**(4)**

INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

(in millions of euros)	**June 30, 2019**	**December 31, 2018**
Cominak	-	-
ETC	-	-
SI-nerGIE	0	0
ANADEC	0	0
Interim Storage Partners	2	1
Total	**2**	**1**

SHARE IN NEGATIVE NET EQUITY OF JOINT VENTURES AND ASSOCIATES

(in millions of euros)	**June 30, 2019**	**December 31, 2018**
Cominak	14	13
ETC	27	32
SI-nerGIE	-	-
ANADEC	-	-
Interim Storage Partners	-	-
Total	**42**	**45**

NOTE 13 - OTHER CURRENT AND NON-CURRENT ASSETS

Other non-current assets

(in millions of euros)	June 30, 2019	December 31, 2018
Derivatives on financing activities	39	37
Other	83	81
Total	**122**	**118**

Other non-current assets include inventories of uranium capitalized to finance future expenditure for the redevelopment of mining sites internationally, and deposits, in the amount of 47 million euros as of June 30, 2019 (45 million euros as of December 31, 2018).

Other current financial assets

(in millions of euros)	June 30, 2019	December 31, 2018
Derivatives on financing activities	18	46
Cash management financial assets	760	-
Other	14	20
Total	**792**	**66**

The increase in cash management financial assets is attributable to the reclassification of funds classified as cash equivalents as of December 31, 2018 in the amount of 460 million euros (see Note 14) and the investment, in the amount of 300 million euros, of part of the amounts relating to the new bond and the partial redemption of the 2024 bond.

NOTE 14 - CASH AND CASH EQUIVALENTS

(in millions of euros)	June 30, 2019	December 31, 2018
Cash and cash equivalents	945	963
Cash equivalents	681	1,064
Net amount	**1,626**	**2,027**

At June 30, 2019, cash and cash equivalents included cash and cash equivalents not immediately available to the group amounted to 173 million euros (132 million euros at December 31, 2018), chiefly reflecting regulatory restrictions in the amount of 52 million euros and legal restrictions in international markets in the amount of 121 million euros.

Following the entry into force on January 21, 2019 of EU Regulation 2017/1131, funds classified as cash equivalents as of 31 December 2018 have been reclassified as cash management financial assets in the amount of 460 million euros (see Note 13 and the statement of cash flows).

NOTE 15 - EQUITY

Capital

At December 31, 2018, Orano's share capital broke down as follows:

	June 30, 2019	December 31, 2018
French State	50% + 1 share	50% + 1 share
AREVA SA	20%	20%
Natixis (*)	10%	10%
Caisse des Dépôts (*)	10%	10%
CEA	1 share	1 share
MHI	5%	5%
JNFL	5%	5%
Total	**100%**	**100%**

(*) Under a trust agreement and as security on behalf of certain AREVA SA lenders, AREVA SA transferred 10% of the capital of Orano SA to Caisse des Dépôts and 10% of the capital of Orano SA to Natixis. Pursuant to the shareholders' agreement, it was nevertheless agreed that the voting rights held by Caisse des Dépôts and Natixis will be exercised exclusively in accordance with the instructions given by AREVA SA, pursuant to the provisions of the agreement.

Other transactions with shareholders in the first half of 2018

On February 26, 2018, the Board of Directors of Orano SA announced the completion of the capital increase reserved for Japan Nuclear Fuel Limited (JNFL) and Mitsubishi Heavy Industries, Ltd. (MHI) in a total amount of 500 million euros.

NOTE 16 - EMPLOYEE BENEFITS

The discount rate used to value commitments as of June 30, 2019 was 1.0% for the euro zone (1.6% as of December 31, 2018) and 3.5% for the US zone (compared with 4.0% as of December 31, 2018).

NET AMOUNT RECOGNIZED

As of June 30, 2019 *(in millions of euros)*	**Medical expenses and accident/dis ability insurance**	**Retirement benefits**	**Job-related awards**	**Early retirement benefits**	**Supplemental retirement benefits**	**Total**
Defined benefit obligation	99	336	7	760	48	**1,250**
Fair value of plan assets	-	1	-	73	45	119
Total defined benefit obligation	**99**	**335**	**7**	**687**	**3**	**1,131**

CHANGE IN THE DEFINED BENEFIT OBLIGATION

(in millions of euros)	**Medical expenses and accident/ disability insurance**	**Retirement benefits**	**Job- related awards**	**Early retirement benefits**	**Supplemental retirement benefits**	**Total**
Defined benefit obligation as of December 31, 2018	**88**	**317**	**7**	**747**	**47**	**1,205**
Current service cost	1	8	-	8	-	**17**
Past service costs (including plan changes and reductions)	-	-	-	-	-	**-**
Disposals/Liquidation/Plan reductions	-	-	-	-	-	**-**
Discount cost	1	2	-	6	-	**9**
Benefits paid during the year	(1)	(9)	-	(33)	(1)	**(44)**
Employee contributions	-	-	-	-	-	**-**
Mergers, acquisitions, transfers	-	-	-	-	-	**-**
Plan transfer	-	-	-	-	-	**-**
Actuarial difference	10	18	-	33	2	**64**
Currency translation adjustments	-	-	-	-	-	**-**
Defined benefit obligation as of June 30, 2019	**99**	**336**	**7**	**760**	**48**	**1,250**

NOTE 17 - OTHER PROVISIONS

(in millions of euros)	**December 31, 2018**	Charges	Reversal (when risk has materialized)	Reversal (when risk has not materialized)	Other changes*	**June 30, 2019**
Mining site redevelopment	279	8	(4)	-	11	**294**
Other non-current provisions	**279**	**8**	**(4)**	**-**	**11**	**294**
Restructuring and layoff plans	63	-	(22)	-	-	**41**
Provisions for onerous contracts	161	6	(10)	(20)	(0)	**137**
Accrued costs	1,381	31	(20)	(1)	61	**1,453**
Other provisions	328	28	(5)	(3)	14	**362**
Current provisions	**1,933**	**65**	**(57)**	**(24)**	**76**	**1,993**
Total provisions	**2,212**	**73**	**(61)**	**(24)**	**87**	**2,287**

** Including 69 million euros in accretion*

PROVISIONS FOR ONEROUS CONTRACTS

For the conversion business, the backlog schedule over the first half of the year and the increase in spot price projections resulted in reversals of provisions for onerous contracts in the amount of 20 million euros.

OTHER CURRENT PROVISIONS

As of June 30, 2019, other current provisions include:

- provisions for disputes;
- provisions for customer guarantees;
- provisions for ongoing cleanup;
- provisions for contingencies;
- provisions for charges.

NOTE 18 - BORROWINGS

(in millions of euros)	Non-current liabilities	Short-term borrowings	June 30, 2019	December 31, 2018
Bond issues (*)	3,756	788	**4,544**	4,073
Bank borrowings	5	-	**5**	4
Interest-bearing advances	150	-	**150**	143
Short-term bank facilities and current accounts in credit	-	63	**63**	74
Financial derivatives	8	59	**67**	52
Miscellaneous debt	44	33	**78**	70
Total	**3,963**	**943**	**4,906**	**4,415**

(*) after management of the interest rate risk

As of June 30, 2019, borrowings include:

- outstanding bonds with a carrying amount of 4,471 million euros and accrued interest not yet due of 74 million euros;
- a financial current account credit balance for the ETC joint venture in the amount of 50 million euros.

CHANGE IN BORROWINGS

(in millions of euros)	
Value as of December 31, 2018	**4,415**
Cash flows	404
Non-cash flows:	
accrued interest not yet due on borrowings	57
Currency translation adjustments	27
Other changes	4
Value as of June 30, 2019	**4,906**

Reconciliation of cash flows on borrowings between the note on borrowings and cash flows from financing activities:

(in millions of euros)	
Cash flows on borrowings	**404**
Interest paid	42
Financial instruments – Assets	(29)
Short-term bank facilities and current accounts in credit	10
Cash flows of borrowings included in net cash flows from financing activities	**427**

BOND DEBT

Issue date	**Balance sheet value** *(in millions of euros)*	Currency	Nominal amount *(in currency millions)*	Nominal rate	Term
sept-23-09	771	EUR	750	4.875%	September 2024
Nov-06-09	715	EUR	750	4.375%	November 2019
Sept-22-10	758	EUR	750	3.50%	March 2021
Apr-04-12	199	EUR	200	TEC10 + 2.125%	March 2022
Sept-04-13	510	EUR	500	3.25%	September 2020
Mar-20-14	777	EUR	750	3.125%	March 2023
Apr-23-19	740	EUR	750	3.375%	April 2026
Total	**4,471**				

The fair value of these bond issues was 4,664 million euros as of June 30, 2019.

NOTE 19 - ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS

FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

June 30, 2019

Assets

(in millions of euros)	**Balance sheet value**	**Non-financial assets**	**Assets at amortized cost**	**Assets at fair value through profit or loss**	**Fair value of financial assets**
Non-current assets	**7,262**	**33**	**751**	**6,479**	**7,385**
Financial assets earmarked for end-of-lifecycle operations	7,140		(*) 707	6,433	7,295
Other non-current assets	122	33	44	46	90
Current assets	**3,810**	**616**	**2,077**	**1,104**	**3,182**
Trade accounts receivable and related accounts	672		672		672
Other operating receivables	675	585	69	21	89
Other non-operating receivables	46	43	2		2
Other current financial assets	792		14	778	792
Cash and cash equivalents	1,626		1,320	306	1,626
Total assets	**11,073**	**662**	**2,828**	**7,583**	**10,566**

(*) of which 461 million euros in held-to-maturity investment funds with a fair value of 616 million euros.

Breakdown of assets recognized at fair value by valuation technique

(in millions of euros)	**Level 1** Listed prices, unadjusted	**Level 2** Observable inputs	**Level 3** Non-observable inputs	**Total**
Non-current assets	**6,608**	**479**	**7**	**7,094**
Financial assets earmarked for end-of-lifecycle operations	6,608	440	-	7,048
Other non-current financial assets	-	39	7	46
Current assets	**1,066**	**38**	**-**	**1,104**
Other operating receivables	-	21	-	21
Other current financial assets	760	18	-	778
Cash and cash equivalents	306	-	-	306
Total assets	**7,675**	**518**	**7**	**8,199**

Liabilities and equity

(in millions of euros)	**Balance sheet value**	**Non-financial liabilities**	**Liabilities at amortized cost**	**Liabilities at fair value through profit or loss (*)**	**Fair value of financial liabilities**
Non-current liabilities	**4,012**	**-**	**4,004**	**8**	**4,196**
Long-term borrowings	3,963	-	3,955	8	4,147
Long-term lease liabilities	49		49		49
Current liabilities	**2,658**	**269**	**2,292**	**85**	**2,386**
Short-term borrowings	943	-	887	56	952
Short-term lease liabilities	18		18		18
Trade accounts payable and related accounts	688	-	688	-	688
Other operating liabilities	999	280	691	29	719
Other non-operating liabilities	10	1	9	-	9
Total liabilities	**6,671**	**281**	**6,297**	**93**	**6,583**

(*) Level 2

December 31, 2018

Assets

(in millions of euros)	**Balance sheet value**	**Non-financial assets**	**Assets at amortized cost**	**Assets at fair value through profit or loss**	**Fair value of financial assets**
Non-current assets	**6,811**	**33**	**699**	**6,079**	**6,882**
Financial assets earmarked for end-of-lifecycle operations	6,693		658 (*)	6,035	6,797
Other non-current assets	118	33	41	44	85
Current assets	**3,424**	**625**	**2,167**	**632**	**2,799**
Trade accounts receivable and related accounts	625		625		625
Other operating receivables	657	579	56	22	78
Other non-operating receivables	48	46	2		2
Other current financial assets	66		21	46	66
Cash and cash equivalents	2,027		1,463	564	2,027
Total assets	**10,234**	**657**	**2,866**	**6,711**	**9,681**

(*) of which 372 million euros in held-to-maturity investment funds with a fair value of 476 million euros.

Breakdown of assets recognized at fair value by valuation technique

(in millions of euros)	**Level 1** Listed prices, unadjusted	**Level 2** Observable inputs	**Level 2** Non-observable inputs	**Total**
Non-current assets	**6,308**	**240**	**7**	**6,555**
Financial assets earmarked for end-of-lifecycle operations	6,308	203		6,511
Other non-current financial assets		37	7	44
Current assets	**564**	**68**		**632**
Other operating receivables		22		22
Other current financial assets		46		46
Cash and cash equivalents	564			564
Total assets	**6,872**	**309**	**7**	**7,187**

Liabilities and equity

(in millions of euros)	**Balance sheet value**	**Non-financial liabilities**	**Liabilities at amortized cost**	**Liabilities at fair value through profit or loss (*)**	**Fair value of financial liabilities**
Non-current liabilities	**3,494**		**3,489**	**5**	**3,399**
Long-term borrowings	3,494		3,489	5	3,399
Current liabilities	**2,551**	**214**	**2,251**	**87**	**2,354**
Short-term borrowings	922		883	39	938
Trade accounts payable and related accounts	652		652		652
Other operating liabilities	972	213	710	48	758
Other non-operating liabilities	6	1	6		6
Total liabilities	**6,045**	**214**	**5,740**	**91**	**5,753**

(*) Level 2

NOTE 20 - RELATED PARTY TRANSACTIONS

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

Related party transactions include:

- current transactions with non-consolidated companies, associates, joint ventures and, in particular, companies controlled by the French State;
- the gross compensation and benefits granted to directors and the members of the Executive Committee.

The nature of related party transactions has not changed significantly since December 31, 2018.

NOTE 21 - COMMITMENTS GIVEN AND RECEIVED

(in millions of euros)	**June 30, 2019**	**December 31, 2018**
COMMITMENTS GIVEN	**452**	**426**
Operating commitments given	357	330
• *Contract guarantees given*	*321*	*296*
• *Other operating guarantees*	*36*	*34*
Commitments given on financing	81	80
Other commitments given	14	16
COMMITMENTS RECEIVED	**108**	**108**
Operating commitments received	108	108
Commitments received on collateral	-	-
Other commitments received	-	-
RECIPROCAL COMMITMENTS	**1,363**	**1,338**

NOTE 22 - DISPUTES AND POTENTIAL LIABILITIES

Orano may be party to certain regulatory, judicial or arbitration proceedings in the normal course of business. The group is also the subject of certain claims, lawsuits or regulatory proceedings outside the ordinary course of business, the most significant of which are summarized below.

GADOULLET

On October 6, 2016, Jean-Marc Gadoullet sued AREVA SA and Orano Cycle SA before the Nanterre Tribunal de Grande Instance to obtain payment of compensation that he claims to be due for services he claims to have rendered to the Orano group in Niger between September 2010 and October 2013. AREVA SA and Orano Cycle SA consider Mr. Gadoullet's claims to be unfounded and, as a preliminary point, challenged the jurisdiction of the Tribunal de Grande Instance to hear this dispute. The Tribunal rejected this argument and declared itself competent in a ruling handed down on February 6, 2018. This decision was upheld on appeal. The legal proceedings therefore continued before the Tribunal de Grande Instance of Nanterre. The parties have agreed on a mediation procedure, which is currently underway.

URAMIN CASE

In June 2018, Orano SA and Orano Mining entered into the "acquisition" part of the judicial investigation in the Uramin case. AREVA SA, the former holding company of the AREVA group, filed a civil suit as part of this investigation following a "notice to victim" received from the investigating magistrate in charge of the case in 2015. The Orano group intends to defend its interests through Orano SA and Orano Mining. The judicial investigation is still in progress and no date concerning a possible judgment has been put forward to date.

COMUF

On January 30, 2019, an association of former workers assigned COMUF (Compagnie Minière d'Uranium de Franceville), a subsidiary of Orano Mining, before the Civil Court of Libreville (Gabon) alleging a breach of the safety of former workers, who were allegedly exposed to chemicals and radiation from uranium matter. However, at the status hearing on March 12, 2019, the plaintiffs withdrew from the proceeding they had introduced, for the purpose of reviewing the entire file.

INVESTIGATIONS

The company has been aware since November 28, 2017 of a preliminary investigation opened by the French National Financial Prosecutor's Office in late July 2015 concerning a uranium trading transaction performed in 2011, and since August 27, 2018 of an investigation into the circumstances surrounding the granting of mining licenses in Mongolia. No entity of the Orano group is currently implicated in these legal proceedings.

Moreover, since the group includes a great many entities located in other countries, it is regularly audited by the tax authorities. Several audits and tax-related proceedings or disputes have been initiated or are currently being conducted by those authorities or in the courts, but none are expected to give rise to or has given rise to material tax expense that could have a significant impact on the financial statements. The group considers that it has sound means of defense and that it employs the legal procedures available to it to prevent any unfavorable outcome.

NOTE 23 - BACKLOG

As of June 30, 2019, Orano's backlog amounted to 31.0 billion euros.

NOTE 24 - SUBSEQUENT EVENTS

No subsequent event is liable to have a material impact on the group financial statements.

NOTE 25 - TRANSITION OF FINANCIAL STATEMENTS AS REPORTED TO RESTATED FINANCIAL STATEMENTS

This note summarizes the main impacts of the first-time application of IFRS 16 as of January 1, 2019, as well as the change in presentation of end-of-lifecycle operations in the statement of income, with the reclassification of dismantling costs net of provisions/reversals of provisions for end-of-lifecycle operations from "gross margin" to "other operating expenses" (see Note 2).

PASSAGE FROM THE BALANCE SHEET AS REPORTED AS OF DECEMBER 31, 2018 TO THE RESTATED BALANCE SHEET AS OF JANUARY 1, 2019

ASSETS *(in millions of euros)*	**December 31, 2018 Reported**	IFRS 16 adjustments	**JANUARY 1, 2019 Restated**
NON-CURRENT ASSETS	**17,681**	**50**	**17,731**
Goodwill	1,229		1,229
Intangible assets	1,278		1,278
Property, plant and equipment	8,120		8,120
Right of use – leases	-	50	50
End-of-lifecycle assets (third party share)	139		139
Financial assets earmarked for end-of-lifecycle operations	6,693		6,693
Investments in joint ventures and associates	1		1
Other non-current assets	118		118
Deferred tax assets	104		104
CURRENT ASSETS	**4,859**		**4,859**
Inventories and work-in-process	1,301		1,301
Trade accounts receivable and related accounts	625		625
Contract assets	97		97
Other operating receivables	657		657
Other non-operating receivables	48		48
Current tax assets	37		37
Other current financial assets	66		66
Cash and cash equivalents	2,027		2,027
TOTAL ASSETS	**22,540**	**50**	**22,590**

SHAREHOLDERS' EQUITY AND LIABILITIES *(in millions of euros)*	**December 31, 2018 Reported**	IFRS 16 adjustments	**JANUARY 1, 2019 Restated**
EQUITY	**723**		**723**
NON-CURRENT LIABILITIES	**12,799**	**34**	**12,834**
Employee benefits	1,088		1,088
Provisions for end-of-lifecycle operations	7,881		7,881
Other non-current provisions	279		279
Share in negative net equity of joint ventures and associates	45		45
Long-term borrowings	3,494		3,494
Long-term lease liabilities	-	34	34
Deferred tax liabilities	13		13
CURRENT LIABILITIES	**9,017**	**16**	**9,033**
Current provisions	1,933		1,933
Short-term borrowings	922		922
Short-term lease liabilities	-	16	16
Trade accounts payable and related accounts	652		652
Contract liabilities	4,514		4,514
Other operating liabilities	972		972
Other non-operating liabilities	7		7
Current tax liabilities	19		19
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**22,540**	**50**	**22,590**

TRANSITION FROM REPORTED STATEMENT OF INCOME TO RESTATED STATEMENT OF INCOME FOR THE 6 MONTHS TO JUNE 30, 2018

(in millions of euros)	**H1 2018**	Change of organization	**H1 2018**
Revenue	**1,713**		**1,713**
Cost of sales	(1,425)	5	(1,420)
Gross margin	**288**	**5**	**293**
Research and development expenses	(44)		(44)
Marketing and sales expenses	(16)		(16)
General expenses	(35)		(35)
Other operating income	10		10
Other operating expenses	(39)	(5)	(44)
Operating income	**163**	**-**	**163**
Share in net income of joint ventures and associates	(4)		(4)
Operating income after share in net income of joint ventures and associates	**159**	**-**	**159**
Net financial income	**(342)**	**-**	**(342)**
Income tax	**(27)**	**-**	**(27)**
Net income from continuing operations	**(210)**	**-**	**(210)**
Net income for the period	**(210)**	**-**	**(210)**