20 Financial information concerning assets, financial position and financial performance

20.1. Consolidated financial statements for the year ended December 31, 2016

20.1.2. CONSOLIDATED STATEMENT OF INCOME

(in millions of euros)	**Note**	**2016**	**2015 ***
REVENUE	4	**10**	**33**
Other income from operations		1	-
Cost of sales		(419)	(950)
Gross margin		**(408)**	**(917)**
Research and development expenses		(13)	(13)
Marketing and sales expenses		(9)	(3)
General and administrative expenses	7	(126)	(88)
Other operating expenses	7	(80)	(274)
Other operating income	7	195	8
OPERATING INCOME		**(442)**	**(1,287)**
Share in net income of joint ventures and associates	14	(14)	(26)
Operating income after share in net income of joint ventures and associates		**(456)**	**(1,314)**
Income from cash and cash equivalents		38	87
Gross borrowing costs		(111)	(68)
Net borrowing costs		**(73)**	**19**
Other financial expenses		(33)	(77)
Other financial income		38	12
Other financial income and expenses		**5**	**(65)**
NET FINANCIAL INCOME	**8**	**(68)**	**(46)**
Income tax	**9**	**118**	**93**
NET INCOME FROM CONTINUING OPERATIONS		**(405)**	**(1,267)**
Net income from operations sold, discontinued or held for sale	3	(365)	(770)
NET INCOME FOR THE PERIOD		**(770)**	**(2,036)**
Including:			
Group:			
Net income from continuing operations		(405)	(1,267)
Net income from operations sold, discontinued or held for sale		(260)	(771)
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT		**(665)**	**(2,038)**
Minority interests:			
Net income from continuing operations		0	0
Net income from operations sold, discontinued or held for sale		(105)	2
NET INCOME ATTRIBUTABLE TO MINORITY INTERESTS		**(105)**	**2**
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		956,422	908,871
Average number of shares outstanding, excluding treasury shares		382,248,430	382,295,981
Earnings per share from continuing operations		(1.06)	(3.31)
Basic earnings per share		(1.74)	(5.33)
Net income attributable to owners of the parent per diluted share (1)		(1.74)	(5.33)

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

* *In application of IFRS 5, the 2015 financial statements were restated in relation to the data reported for the previous year. The impacts of these restatements are detailed in note 37.*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of euros)	**2016**	**2015 ***
Net income	**(770)**	**(2,036)**
Items not recyclable to the income statement	**(127)**	**292**
Actuarial gains and losses on the employee benefits of consolidated companies	3	-
Income tax related to non-recyclable items	(0)	-
Share in non-recyclable items from joint ventures and associates, net of tax	-	-
Non-recyclable items related to operations sold, discontinued or held for sale, net of tax	(129)	292
Items recyclable to the income statement	**88**	**(160)**
Currency translation adjustments on consolidated companies and other	-	-
Change in value of available-for-sale financial assets	-	-
Change in value of cash flow hedges	-	4
Income tax related to recyclable items	-	-
Share in recyclable items from joint ventures and associates, net of tax	-	-
Recyclable items related to operations sold, discontinued or held for sale, net of tax	88	(164)
Total other items of comprehensive income (net of income tax)	**(39)**	**132**
COMPREHENSIVE INCOME	**(809)**	**(1,905)**
• Attributable to equity owners of the parent	(753)	(1,825)
• Minority interests	(56)	(80)

* *In application of IFRS 5, the 2015 financial statements were restated in relation to the data reported for the previous year. The impacts of these restatements are detailed in note 37.*

20.1.3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

(in millions of euros)	**Note**	**December 31, 2016**	**December 31, 2015**
NON-CURRENT ASSETS		**312**	**17,747**
Goodwill on consolidated companies	10	0	1,272
Intangible assets	11	42	1,648
Property, plant and equipment	12	25	7,642
End-of-lifecycle assets (third party share)	13	-	178
Assets earmarked for end-of-lifecycle operations	13	-	6,122
Investments in joint ventures and associates	14	10	100
Other non-current assets	15	234	573
Deferred tax assets	9	1	212
CURRENT ASSETS		**28,417**	**11,240**
Inventories and work-in-process	16	2	1,216
Trade accounts receivable and related accounts	17	154	941
Other operating receivables	18	252	865
Current tax assets	9	7	51
Other non-operating receivables		142	81
Cash and cash equivalents	19	686	804
Other current financial assets	20	143	207
Assets of operations held for sale	3	27,032	7,076
TOTAL ASSETS		**28,729**	**28,987**

LIABILITIES AND EQUITY

(in millions of euros)	**Note**	**December 31, 2016**	**December 31, 2015**
EQUITY AND MINORITY INTERESTS (1)		**(3,427)**	**(2,281)**
Capital	21	1,456	1,456
Consolidated premiums and reserves		(4,611)	(3,797)
Actuarial gains and losses on employee benefits		(420)	(293)
Deferred unrealized gains and losses on financial instruments		93	166
Currency translation reserves		64	(48)
Equity attributable to owners of the parent		**(3,417)**	**(2,516)**
Minority interests	22	(10)	235
NON-CURRENT LIABILITIES		**1,354**	**14,676**
Employee benefits	23	4	1,455
Provisions for end-of-lifecycle operations	13	-	6,921
Other non-current provisions	24	-	238
Share in negative net equity of joint ventures and associates	14	-	59
Long-term borrowings	25	1,351	5,905
Deferred tax liabilities	9	0	100
CURRENT LIABILITIES		**30,802**	**16,592**
Current provisions	24	2,060	3,990
Short-term borrowings	25	831	1,440
Advances and prepayments received	26	30	2,895
Trade accounts payable and related accounts		265	941
Other operating liabilities	27	222	1,904
Current tax liabilities	9	1	39
Other non-operating liabilities	27	3	64
Liabilities of operations held for sale	3	27,391	5,320
TOTAL LIABILITIES AND EQUITY		**28,729**	**28,987**

(1) Including other items of total comprehensive income related to operations held for sale not recyclable to the statement of income in the amount of (376) million euros and recyclable to the statement of income in the amount of 135 million euros at December 31, 2016.

20.1.4. CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of euros)	**Note**	**Financial Year 2016**	**Financial year 2015***
Net income for the period		**(770)**	**(2,036)**
Less: income from operations sold, discontinued or held for sale		365	770
Net income from continuing operations		**(405)**	**(1,267)**
(Profit) / loss of joint ventures and associates		14	26
Net amortization, depreciation and impairment of PP&E and intangible assets and marketable securities maturing in more than 3 months		6	40
Goodwill impairment		0	26
Net increase in (reversal of) provisions		(278)	648
Net effect of unwinding of assets and provisions		0	0
Income tax expense (current and deferred)		(118)	(93)
Net interest included in borrowing costs		82	(26)
Loss (gain) on disposals of fixed assets and marketable securities maturing in more than 3 months; change in fair value		9	(8)
Other non-cash items		(2)	9
Dividends from joint ventures and associates		0	0
Cash flow from operations before interest and taxes		**(693)**	**(643)**
Net interest received (paid)		(73)	40
Income tax paid		71	49
Cash flow from operations after interest and tax		**(695)**	**(554)**
Change in working capital requirement	28	100	111
NET CASH FLOW FROM OPERATING ACTIVITIES		**(595)**	**(442)**
Investment in PP&E and intangible assets		(7)	(13)
Loans granted and acquisitions of non-current financial assets		(7)	(77)
Acquisitions of shares of consolidated companies, net of acquired cash		0	0
Disposals of PP&E and intangible assets		0	1
Loan repayments and disposals of non-current financial assets		39	26
Disposals of shares of consolidated companies, net of disposed cash		0	0
NET CASH FLOW FROM INVESTING ACTIVITIES		**25**	**(64)**
Share issues in the parent company and share issues subscribed by minority shareholders in consolidated subsidiaries		0	0
Treasury shares sold/(acquired)		0	0
Transactions with minority interests		0	0
Dividends paid to minority shareholders of consolidated companies		0	0
Increase in borrowings		2,776	12
Decrease in borrowings		(1,451)	(889)
Change in other borrowings		(119)	119
NET CASH FLOW FROM FINANCING ACTIVITIES		**1,207**	**(758)**
(Increase) decrease in securities recognized at fair value through profit and loss		0	35
Impact of foreign exchange movements		2	(1)
NET CASH FROM OPERATIONS SOLD, DISCONTINUED OR HELD FOR SALE	3	**(597)**	**419**
INCREASE (DECREASE) IN NET CASH		**41**	**(811)**
NET CASH AT THE BEGINNING OF THE YEAR		**745**	**1 556**
Cash at the end of the year	19	686	804
Less: short-term bank facilities and non-trade current accounts (credit balances)	25	(6)	(91)
Net cash from operations held for sale		107	32
NET CASH AT THE END OF THE YEAR		**786**	**745**

* *In application of IFRS 5, the 2015 financial statements were restated in relation to the data reported for the previous year. The impacts of these restatements are detailed in note 37.*

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

- Cash and cash equivalents (see note 19), which includes:
  - cash balances and non-trade current accounts, and
  - risk-free investments initially maturing in less than three months, and money market funds;
- after deduction of bank facilities and non-trade current accounts included in short-term borrowings (see note 25);
- net cash from operations held for sale (see note 3).

20.1.5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in millions of euros)	**Number of shares outstanding**	**Capital**	**Consolidated premiums and reserves**	**Actuarial gains and losses on employee benefits**	**Deferred unrealized gains and losses on financial instruments**	**Currency translation reserves**	**Equity attributable to owners of the parent**	**Minority interests**	**Total equity and minority interests**
JANUARY 1, 2015	**382,324,869**	**1,456**	**(1,756)**	**(583)**	**204**	**(12)**	**(691)**	**447**	**(244)**
Net income for 2015			(2,038)				**(2,038)**	2	**(2,036)**
Other items of comprehensive income				289	(39)	(37)	**213**	(81)	**132**
Comprehensive income			**(2,038)**	**289**	**(39)**	**(37)**	**(1,825)**	**(80)**	**(1,905)**
Dividends paid**							0	(133)	**(133)**
Treasury shares sold/(acquired)	(53,615)		(0)				(0)		**(0)**
Other transactions with shareholders			(2)	1	2	1	**(1)**	0	**1**
DECEMBER 31, 2015	**382,271,254**	**1,456**	**(3,797)**	**(293)**	**166**	**(48)**	**(2,516)**	**235**	**(2,281)**
Net income for 2016			(665)				**(665)**	(105)	**(770)**
Other items of comprehensive income (see note 21)				(127)	(73)	113	**(88)**	49	**(39)**
Comprehensive income			**(665)**	**(127)**	**(73)**	**113**	**(753)**	**(56)**	**(809)**
Dividends paid**							**0**	(112)	**(112)**
Treasury shares sold/(acquired)	(36,918)		(0)				(0)		**(0)**
Other transactions with shareholders			(148)	0	(0)	0	**(148)**	(77)	**(225)**
DECEMBER 31, 2016	**382,234,336**	**1,456**	**(4,611)**	**(420)**	**93**	**64**	**(3,417)**	**(10)**	**(3,427)**

*** Dividend paid per share (in euros)*			-						
• in 2015 from 2014 net income			-						
• in 2016 from 2015 net income			-						

20.1.6. OPERATING SEGMENTS

For all reporting periods, income items from operations sold, discontinued or held for sale are presented on a separate line of the statement of income, “Net income from operations sold, discontinued for held for sale”. Balance sheet items of operations and assets held for sale are presented on a separate line of the statement of financial position under “Assets from operations held for sale” on the assets side and under “Liabilities of operations held for sale” on the liabilities side.

Continuing operations do not constitute operating segments and are principally located in France. Consequently, AREVA does not report operating segment information for the financial years ended December 31, 2015 and December 31, 2016.

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

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

INTRODUCTION

AREVA's consolidated financial statements for the period January 1 to December 31, 2016 were approved by the Board of Directors on February 28, 2017. The financial statements will be presented to the Annual General Meeting of Shareholders for approval on May 18, 2017.

The AREVA group is fully consolidated by the Commissariat à l'énergie atomique et aux énergies alternatives (see note 21).

Information for 2014 reported in the 2015 Reference Document filed with the Autorité des marchés financiers (AMF) on April 12, 2016, is incorporated for reference.

"AREVA" designates AREVA SA and all of the subsidiaries and interests held directly or indirectly.
"AREVA NP" designates AREVA NP SA and all of the subsidiaries and interests held directly or indirectly.
"New NP" designates the target consolidation scope, as defined in the share purchase agreement signed with EDF.
"NewCo" designates the target consolidation scope of the nuclear fuel cycle operations.

NOTE 1. HIGHLIGHTS OF THE PERIOD, ESTIMATES AND JUDGMENTS, AND ACCOUNTING PRINCIPLES

1.1. HIGHLIGHTS OF THE PERIOD

To restore its competitiveness and reestablish its financial position, the group designed and has started to implement the Restructuring Plan, consistent with the 2016-2020 roadmap presented to the market on June 15, 2016.

The Restructuring Plan includes the following three main sections:

- conversion of the nuclear fuel cycle operations (including the Mining, Front End and Back End operations) into subsidiaries within the NewCo entity, a wholly owned subsidiary of AREVA;
- capital increases of AREVA and NewCo in the total amount of 5 billion euros; and
- asset sales in order to withdraw from certain operations and refocus on the nuclear fuel cycle operations.

At the end of the implementation of the Restructuring Plan, and subject to its execution, AREVA's main mission will be to complete the Olkiluoto 3 EPR reactor project ("OL3") in Finland with the necessary resources, in compliance with its contractual obligations. Another objective of AREVA will be to close out the remaining renewable energy projects; it will keep the responsibility associated with outstanding component contracts and potentially with non-outstanding component contracts for which serious anomalies might be identified and unresolved by the completion of the sale of New NP (see below, "Quality action plan concerning AREVA NP"). Lastly, AREVA will assume responsibility for the repayment of bank borrowings which remain on its balance sheet (bilateral lines of credit and RCF) in 2017 and 2018.

Subsidiarization of the nuclear fuel cycle operations in NewCo

The creation of subsidiaries involved contributing the nuclear fuel cycle operations (including the Mining, Front End and Back End operations) to the NewCo entity, within which strategic investors are authorized to invest alongside the French State.

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

On November 3, 2016, AREVA's shareholders, assembled in an Extraordinary General Meeting, also approved the Contribution, the draft partial asset contribution agreement between AREVA and NewCo, and the valuation of and payment for the Contribution, and delegated authority to the Board of Directors to effect the Contribution. Furthermore, the Contribution and correlative capital increase of NewCo were approved by the NewCo shareholders on November 3, 2016.

The Contribution was effected on November 10, 2016, giving rise to a capital increase for NewCo in the amount of 45 million euros.

Other insignificant assets and liabilities attached to the nuclear fuel cycle operations will also be transferred to finalize the planned consolidation scope between now and the execution of the capital increase.

European Commission consent for the Restructuring Plan

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

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

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

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

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

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

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

Commitments from strategic investors to participate in the NewCo capital increase

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

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

Capital increase of AREVA SA

Within the framework of the group's Restructuring Plan, AREVA plans to carry out a capital increase reserved for the French State with cancellation of the shareholders' preemptive subscription right (the "Reserved Capital Increase"). In its meeting of December 15, 2016, AREVA's Board of Directors approved the principle of the Reserved Capital Increase and convened a General Meeting of Shareholders on February 3, 2017 for the purpose of authorizing the Reserved Capital Increase. AREVA's Board of Directors met again on January 11, 2017 to set the main terms and conditions of the Reserved Capital Increase, including the subscription price.

The Reserved Capital Increase was approved by the Combined General Meeting of Shareholders held on February 3, 2017, with a view to carrying it out upon the fulfillment of the conditions accompanying the European Commission's authorization, in conformance with European regulations relative to State aid.

The total amount of the Reserved Capital Increase, including the share premium, will be 2 billion euros, corresponding to the sum of the 444,444,444 new shares issued multiplied by the subscription price per new share of 4.50 euros.

The purpose of the Reserved Capital Increase, as a supplement to the income from asset sales in progress, is to enable AREVA to meet its cash requirements and in particular to undertake the successful completion of the OL3 project.

Subject to the completion of the Reserved Capital Increase, the admission of the shares thus issued to trading on the Euronext Paris regulated market will be the subject of a prospectus which will be submitted to the AMF for approval.

The French State confirmed its commitments to participating in the Reserved Capital Increase at the level of 2 billion euros.

Capital increase of NewCo

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

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

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

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

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

Public buyout offer for AREVA's shares

Considering the loss of control of NewCo resulting from its capital increase, and in accordance with the provisions of article 236-6 of the AMF's general regulations, the French State announced its intention of filing a public buyout offer, followed as applicable by a mandatory squeeze-out. The price of this public offer would be identical to the issue price of the Reserved Capital Increase, i.e. 4.50 euros per share, on the condition that no significant event occurs which might lead to a change of price, upwards or downwards, between now and the launch of the public buyout offer.

The proposed public buyout offer remains subject to AMF's Conformity Decision.

Sale of New NP

Following the memorandum of understanding signed on July 28, 2016, AREVA, AREVA NP and EDF signed a share purchase agreement on November 15, 2016 which sets the terms and conditions for the sale of an interest giving EDF exclusive control of an entity tentatively called "New NP", a wholly owned subsidiary of AREVA NP, which will combine the industrial operations of the design and supply of nuclear reactors and equipment, fuel assemblies and services to the installed base of the group.
The selling price for 100% of the capital of New NP was set at 2.5 billion euros, excluding any price adjustments and/or supplements (see note 3).

Sale of Canberra

On July 1, 2016, AREVA announced the completion of the sales of its subsidiaries Canberra Industries Inc. and Canberra France S.A.S., which specialize in radioactivity detection and measurement instrumentation, to the industrial group Mirion Technologies Inc. (see note 3).

Sale of the interest in Adwen

Consistent with its objective of refocusing on the nuclear fuel cycle operations, AREVA announced that at the conclusion of a three-month competitive process designed to solicit and assess proposals from potential third-party investors, the company's Board of Directors had given authority to management to exercise the option to sell its 50% interest in Adwen's capital, signed on June 17, 2016 with Gamesa.

This option to sell was exercised on September 14, 2016, and the sale closed on January 5, 2017. Adwen was classified as an asset held for sale at December 31, 2016 (see note 3).

Sale of AREVA TA

The Company announced on December 17, 2015 and confirmed on January 27, 2016 the plan to sell AREVA TA, a company specialized in the design, construction, commissioning and operational readiness of compact nuclear reactors for marine propulsion and nuclear research facilities.
On December 15, 2016, the company signed a share purchase agreement for all of its shares in AREVA TA with a consortium of buyers composed of the Agence des participations de l'État (APE, 50.32% of the capital), the Commissariat à l'énergie atomique et aux énergies renouvelables (CEA, 20.32%), and DCNS (20.32%). EDF will keep its 9.03% interest in the capital.
The sale, for which the plan has already been the subject of consultation with employee representative bodies and which has been approved by AREVA's governance, is scheduled to close in March or April 2017, subject in particular to the publication of the ministerial orders related to the sale and the absence of any unfavorable significant event with an impact of more than 55 million euros on the value of the company's equity. On the date of completion of the sale, the French State will control AREVA TA (see note 3).

Liquidity position and continuity of operations

In 2016, the group's liquidity was ensured by draws on available lines of credit in the amount of approximately 2 billion euros on January 4 and 5.

At December 31, 2016, the short-term borrowings of AREVA's continuing operations amounted to 831 million euros, consisting mainly of bilateral lines of credit maturing over the course of 2017. In addition, AREVA guarantees NewCo's borrowings (bond debt and financing of the Georges Besse II industrial asset in the total amount of 5.5 billion euros) until the execution of the NewCo capital increase planned in 2017.

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

- rescue aid in the form of two advances from the shareholder current account of the French State, one for AREVA in the amount of 2 billion euros and the other for NewCo in the amount of 1.3 billion euros, was authorized by the European Commission on January 10, 2017. These advances from the shareholder current account, to be credited to the capital increases planned in 2017, fill in the gap with the latter.

- The purpose of said capital increases and the income expected from asset sales in 2017 (AREVA TA, Adwen and New NP) is to strengthen the financial structure of AREVA and NewCo and enable them to meet their liquidity requirements with regard to their obligations in 2017 and beyond, subject to, as concerns AREVA and 2017, the sale of New NP no later than the fourth quarter.

- If the sale of New NP were to occur late in the year, AREVA SA has secured and accepted a commitment from its banking partners for "senior secured" interim financing of 300 million euros, expected to be signed in the near future and with a maturity date of January 8, 2018. Draws on this financing is conditioned on the French State's subscription to the AREVA and NewCo capital increases. With regard to the milestones already met and the work remaining to be accomplished in connection with the process of selling New NP, AREVA has not identified items likely to compromise the completion of the New NP sale before the end of 2017. Moreover, AREVA is maintaining tight control of the sales process and of the fulfillment of the conditions precedent stipulated in the share purchase agreement.

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

Beyond 2017, the last significant maturity of AREVA's debt consists of the reimbursement of the syndicated line of credit of 1.25 billion euros in January 2018. Although it is not presently expected that the sale of New NP in 2018 will be delayed, alternative solutions are being examined in addition to the internal optimization measures already identified (monetization of receivables, factoring, etc.) with a view to being able to ensure AREVA's financing until the receipt of the income from the sale of New NP, if it were to be delayed in 2018.

Voluntary Departure Plan and adaptation of the group's workforce

On March 4, 2015, when the group's 2014 results were reported, AREVA announced the deployment of a performance plan to achieve 1 billion euros in operational gains in 2018 compared with 2014. The plan rests on four pillars: control of payroll and compensation, productivity improvement, selectivity in purchasing, and marketing and sales strategy.

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

In France, voluntary departure plans were launched for AREVA Mines, AREVA NC, AREVA NP, AREVA Business Support, SET and Eurodif Production, with the goal of 3,400 job cuts over the 2016-2017 period. The voluntary period of these departure plans ended in late November 2016.

At the end of 2016 (i.e. after the end of the voluntary departure periods), a total of 3,042 departures had been recorded (including those to come) within the scope of the above-mentioned six companies, 2,046 of which were within the framework of the voluntary departure plans and 996 of which were outside those plans (non-VDP retirement, dismissals, resignations, etc.).

The performance plan also contains an international component. In Niger (at the mining sites), in Germany (closure of the Offenbach site) and in the United States, the job cuts concerned close to 2,000 employees as of the end of 2016.

At December 31, 2016, the AREVA group (consolidation scope) had a global workforce of 36,241 employees, compared with 41,847 employees at December 31, 2014, for a reduction of approximately 13.5% representing 5,632 employees (including 927 employees of the Canberra subsidiary, sold on July 1, and 85 employees of Elta, sold in December 2016).

The group's global workforce at December 31, 2016 was distributed as follows:

- continuing operations: 46 employees
- New NP consolidation scope: 16,410 employees
- NewCo consolidation scope: 18,125 employees

Other operations in the process of being sold (particularly AREVA TA and renewable energies): 1,660 employees.

OL3 contract maintained in consolidation scope of continuing operations

Discussions were entered into with TVO in early 2016 with the main objective of getting TVO's consent for the transfer of the contract for the project to construct the Olkiluoto 3 EPR power plant ("OL3") to AREVA SA and for the signature of a comprehensive settlement ending the arbitration between TVO and the AREVA-Siemens consortium. These negotiations did not lead to an agreement and were suspended during the first half of 2016.

In the absence of an agreement with TVO, the OL3 contract (currently held by AREVA NP) was not transferred to AREVA, and it was thus kept within AREVA NP.

Following the sale of its operations to EDF (previously transferred to New NP), AREVA NP will be kept within the AREVA consolidation scope and will keep all of the resources needed to complete the OL3 project, in compliance with its contractual obligations.

Test program for the bottom and closure heads of the FA3 reactor vessel

In 2016, AREVA carried out the test program concerning the problem of carbon segregation in the bottom head and closure head of the Flamanville 3 reactor vessel, in accordance with the framework of the nuclear safety authority ASN's requirements, as defined in its letter of December 12, 2015 and supplemented by that of September 26, 2016.

Throughout the conduct of this program, it was subject to surveillance by the Notified Organization designated by the nuclear safety authority ASN. EDF was associated with those tests.

As a reminder, this program involves carrying out mechanical tests to characterize the properties of the materials and verify their conformity. Three sacrificial parts were used.

The final report was sent to the nuclear safety authority ASN on December 16, 2016. It is under review by the latter together with the IRSN. The review will end with an opinion from the ESPN Standing Group, expected in June 2017.

Based on that opinion, ASN will issue a technical evaluation of the vessel's conformity and will refer the matter to the Higher Council for the Prevention of Technological Risks (CSPRT). In addition, the Chinese safety authority conditioned the commissioning of the Taishan 1 power plant under construction on the acceptance of the Flamanville vessel demonstration report by the French safety authority.

AREVA considers the results included in the report sent to the safety authority to be satisfactory. A favorable decision by the CSPRT was assumed in the financial statements for the period ended December 31, 2016.

Carbon segregation of steam generator channel heads

The discovery of high concentrations of carbon on the channel heads of steam generators in EDF's fleet gave rise in 2016 to a large program of inspections, tests and analyses to demonstrate the suitability for service of those components and to recommend strengthened manufacturing processes to ASN to guarantee that these phenomena are under control. The channel heads concerned are mainly subcontracted parts and are not forged at le Creusot. The analyses provided in 2016 enabled the restart of the reactors in the EDF fleet.

Some channel heads manufactured at le Creusot for steam generators in the process of being manufactured will be replaced by new channel heads. All of the corresponding work was evaluated and factored into the costs at completion of the projects concerned.

Quality action plan concerning AREVA NP

The quality audit of the Creusot plant launched at the end of 2015 continued in 2016. In connection with the audit, all of the quality processes were reviewed, and improvement measures are being implemented.

Concerning the Creusot plant, this quality audit was supplemented by exhaustive analysis of one category of manufacturing files of forged parts (marked files), with the objective of identifying potential anomalies. Files presenting practices that are not in compliance with Creusot's quality assurance rules were identified. The anomalies found were the subject of a technical characterization which was submitted to a technical committee. This work was carried out with the operators and customers concerned. The objective of this work is to validate the characterization performed and to deal with the anomalies by providing customers and the safety authorities appropriate technical justification in terms of the contractual and regulatory requirements ensuring the operability of the parts. An information and discussion process has been implemented in which the nuclear safety authority ASN in particular is involved. All of the customers concerned by the anomalies identified have been informed by AREVA.

To date, the analyses have found that no reported anomaly compromises the mechanical integrity of the parts concerned. Additional tests and analyses are in progress, in particular on an equipment item delivered to the Fessenheim 2 power plant, in order to respond to requests from the nuclear safety authority ASN following the suspension of the test certificate of one of the steam generators.

A more extensive analysis of the manufacturing files (unmarked files) is in progress and concerns more than 6,000 files. Additional identified anomalies are being dealt with in the same way. In this regard, an anomaly on a steam generator delivered to the Flamanville 3 site was the subject of characterization for purposes of responding to requests from the safety authority.

In addition, since May 2016, the audit has been extended to the St-Marcel and Jeumont sites. No similar anomalies have been identified at those two sites as of the date of these financial statements.

See note 24 for more detail.

Tensile tests performed at the Creusot laboratory

Following the deficiencies found in April 2015 concerning tensile test protocols at the Creusot laboratory, systematic verification was undertaken to justify the parts concerned through analyses or retesting on test specimens. Deviations for the identified anomalies are being dealt with in coordination with the customers (see note 24).

Result of the Creusot site inspection performed by the NRC

At ASN's invitation, the safety authorities of several countries carried out an inspection of the Creusot site at the end of 2016 following the inspection protocol of the Multinational Design Evaluation Program (MDEP). Following that inspection, the U.S. Nuclear Regulatory Commission (NRC) published its report on February 22, 2017. In the report's conclusion, the NRC estimates in particular that AREVA NP continues to meet the applicable requirements of the Code of the American Society of Mechanical Engineers (ASME).

However, the NRC presented its site visit report to ASME. The Committee on Nuclear Certification (CNC) of ASME could decide to conduct an audit at le Creusot in order to identify potential deficiencies with regard to ASME's requirements and launch a procedure for the suspension or withdrawal of the certificate(s). CNC's concerns focus more particularly on the equipment delivered under ASME certificates other than the forgings installed in the United States, which the NRC report did not call into question.

A decision to suspend or withdraw could concern all of the designs and components delivered or to be delivered by the Creusot and/or St Marcel sites. A suspension decision would prevent AREVA NP from claiming ASME certification as from the date of the suspension decision and would affect ANP's ability to meet its contractual obligations when it has committed to delivering certified parts. However, the scope of this restriction should be put into perspective in view of the low level of backlog in progress. A decision to withdraw certification would be effective only as from its date of delivery, i.e. August 2015.

Based on our information, the CNC apparently has decided to contact the ASN for an update on the situation. It is probable that the Chalon site will be inspected by ASME in connection with this line of questioning about the current certificate.

Concerning the quality subjects mentioned previously

For all of the quality subjects, AREVA has not constituted a specific provision associated with potential liability-related actions. In fact, as of this date, AREVA is not aware of customer or third-party claims for any of the quality subjects mentioned above.

However, the group cannot exclude the possibility of claims from third parties. In early February 2017, EDF notified AREVA in particular that the company reserves the right to ask for redress and to take any legal action as the result of AREVA NP breaches of its contractual, legal or regulatory obligations or related to the industrial code. Independently of these potential claims, AREVA continues discussions with customers, the safety authorities and the certifying bodies in order to deal with these subjects as quickly as possible for the benefit of the safety of the facilities.

For more information on disputes, see note 34.

1.2. ESTIMATES AND JUDGMENTS

To prepare its financial statements, AREVA must make estimates, assumptions and judgments impacting the carrying amount of certain assets and liabilities, income and expense items, or information provided in some notes to the financial statements. AREVA 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:

- the highly probable nature of the loss of control of assets and operations classified in the “held for sale” category, in accordance with IFRS 5 (see notes 1.3.1.1 and 3), and estimates relative to the net income from sales of assets and operations classified as “held for sale” (see note 3).
- operating margins on contracts recognized according to the percentage of completion method (see notes 1.3.7 and 24), which are estimated by the project teams and reviewed by management following the group’s procedures;
- cash flow forecasts and the discount and growth rates used for impairment tests for goodwill and other plant, property and equipment and intangible assets (see notes 1.3.9, 10, 11 and 12);
- all assumptions used to assess the value of pension commitments and other employee benefits, including future payroll escalation and discount rates, retirement age and employee turnover (see notes 1.3.15 and 23);
- all assumptions used to assess the value of provisions for end-of-lifecycle operations and the assets corresponding to the third-party share, in particular:
  - the estimated costs of those operations;
  - the inflation and discount rates;
  - the schedule of future disbursements;
  - the operating period of the facilities (see notes 1.3.17 and 13);
  - the scenario chosen with regard to knowledge of the initial condition of the facilities, of the target final condition, and of the waste treatment and removal methods;
  - the procedures for final shut-down;
- the assumptions used to assess provisions for contract completion, in particular for waste treatment methods that do not presently exist: the estimated costs of those operations, the schedule of future disbursements, and the inflation and discount rates;
- the assumptions used to value provisions for restructuring and provisions for voluntary departure plans (see notes 1.3.16 and 24);
- estimates and judgments regarding the outcome of disputes in progress and, more generally, estimates regarding all of the provisions and contingent liabilities of the AREVA group (see notes 1.3.16, 24 and 34);
- estimates and judgments relative to the recoverability of accounts receivable from the group’s customers and other accounts receivable (see notes 1.3.11 and 1.3.12.3);
- estimates and judgments regarding the material or durable nature of the impairment of available-for-sale financial assets (see notes 1.3.12, 13 and 15);
- estimates of future taxable income used to recognize deferred tax assets (see notes 1.3.22 and 9);
- the share in equity and net income of joint ventures and associates that had not yet reported their year-end financial statements at the date of year-end closing of AREVA’s financial statements.

1.3. ACCOUNTING PRINCIPLES

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

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

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

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

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

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

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

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

New standards and interpretations not yet adopted by the European Union

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

1.3.1. PRESENTATION OF THE FINANCIAL STATEMENTS

1.3.1.1. Operations sold, discontinued and held for sale

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

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

The planned restructuring operations described in note 1.1 will have the effect of a loss of control of New NP, NewCo and other operations held for sale (in particular AREVA TA and renewable energies). The group believed that the conditions for classification as operations held for sale had been met, which had the following consequences, pursuant to the provisions of IFRS 5:

Valuation

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

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

Presentation

- The assets and liabilities of operations held for sale are presented in their total amount under specific headings of the statement of financial position. The payables and debt of these operations towards the group’s other entities continue to be eliminated on consolidation. The comparative statement of financial position is not restated.
- Net income from operations sold, discontinued and held for sale is presented under a specific heading of the statement of income, which includes the net income after tax of those operations until the date of their termination or disposal and the net gain after tax on the disposal itself. The statement of income from the previous year is presented for purposes of comparison and restated in identical fashion. This heading also includes the impact on the statement of income of post-disposal price adjustments and warranties granted to the buyer. The elimination of the income and expenses of these operations with respect to the group's other entities aims to present the revenue earned with companies outside the group and reflects the manner in which the transactions will be continued.
- Net cash flows from operations sold, discontinued and held for sale are also presented under a specific heading of the statement of cash flows, which includes cash flows generated by those operations until the date of their termination or disposal and the net cash flow after tax generated on the disposal itself. The statement of cash flows of the previous year, presented for comparison, is restated in identical fashion. This heading also includes the impact of post-disposal price adjustments on the statement of cash flows and warranties granted to the buyer. The cash flow from these operations with respect to the group’s other entities continue to be eliminated in consolidation.

Appended information

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

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

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

1.3.1.2 Presentation of the statement

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

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

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

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

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

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

1.3.1.3. Presentation of the statement of income

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

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

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

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

- Net financial income comprises:
  - gross borrowing costs;
  - income from cash and cash equivalents;
  - other financial expenses, including in particular:
    - lasting impairment and gains or losses on disposals of available-for-sale securities;
    - negative changes in value of securities held for trading;
    - unwinding of provisions for end-of-lifecycle operations and employee benefits;
  - other financial income, including in particular:

- dividends received and other income from financial assets other than cash and cash equivalents;
- gains on disposals of available-for-sale securities;
- positive changes in value of securities held for trading;
- unwinding of end-of-lifecycle assets (third-party share);
- returns on retirement plan assets and other employee benefits.

1.3.1.4. Presentation of the statement of comprehensive income

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

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

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

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

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

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

1.3.1.5. Presentation of the statement of cash flows

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

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

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

1.3.2 CONSOLIDATION AND EQUITY METHODS

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

Joint ventures (companies in which AREVA exercises joint control with one or more other investors and which do not meet the definition of a joint business operation) and associates (companies in which AREVA exercises a notable influence on financial policy and management) are consolidated using the equity method. Under the equity method:
- the share of the equity of these companies, corresponding to the percentage of interest held by AREVA plus any goodwill generated during the acquisition of the interest, is recognized as an asset on the consolidated statement of financial position;
- the share of the net income of these companies, corresponding to the percentage of interest held by AREVA less any impairment of goodwill, is recognized on the consolidated statement of income.

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

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

Intercompany transactions are eliminated.

1.3.3. TRANSLATION OF FINANCIAL STATEMENTS OF FOREIGN COMPANIES

The AREVA group's financial statements are presented in euros.

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

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

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

1.3.4. OPERATING SEGMENTS

For all reporting periods, income items from operations sold, discontinued or held for sale are presented in the statement of income on a separate line, "net income from operations sold, discontinued for held for sale". Balance sheet items from operations and assets held for sale are presented on a separate line of the statement of financial position under "Assets from operations held for sale" on the assets side and under "Liabilities of operations held for sell" on the liabilities side.

Inasmuch as the continuing operations do not constitute operating segments and are located principally in France, AREVA does not report operating segment information for the periods ended December 31, 2015 and December 31, 2016.

1.3.5. BUSINESS COMBINATIONS – GOODWILL

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

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

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

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

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

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

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

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

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

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

Impairment allocated to goodwill cannot be reversed.

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

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

1.3.6. RECOGNITION OF REVENUE

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

It includes:

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

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

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

1.3.7. REVENUE RECOGNIZED ACCORDING TO THE PERCENTAGE OF COMPLETION METHOD

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

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

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

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

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

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

When the gain or loss at completion cannot be estimated reliably, the costs are recorded as expenses for the period in which they are incurred and the revenue recognized may not exceed the costs incurred and recoverable. In cases of losses at completion, this approach does not exclude the recognition of all expected losses in expenses. At December 31, 2014 and December 31, 2015, this provision applied in particular to the EPR reactor construction project in Finland (see note 24).

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

1.3.8.1. Initial recognition

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

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

1.3.8.2. Inclusion of borrowing costs

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

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

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

1.3.8.3. Intangible assets

Research and development expenses

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

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

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

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

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

Mineral exploration and pre-mining development

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

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

Greenhouse gas emissions allowances

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

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

Other intangible assets

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

Intangible assets are recorded at their acquisition or production cost.

Goodwill and trademarks produced internally are not capitalized.

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

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

1.3.8.4. Property, plant and equipment

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

The cost of nuclear facilities includes the AREVA group's share of provisions for end-of-lifecycle operations, estimated at the date they are placed in service, termed "end-of-lifecycle assets – group share" (see note 1.3.17). In accordance with IFRIC 1, changes in provisions for end-of-lifecycle operations coming from changes in estimates or calculation assumptions and relating to nuclear facilities in operation are offset by a change in the same amount of the assets to which these provisions relate.

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

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

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

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

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

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

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

Goodwill and intangible assets with an indefinite useful life

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

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

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

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

Other property, plant and equipment and intangible assets

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

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

1.3.10. INVENTORIES AND WORK-IN-PROCESS

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

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

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

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

1.3.11. TRADE ACCOUNTS RECEIVABLE

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

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

1.3.12. FINANCIAL ASSETS

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

They are valued in accordance with IAS 39.

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

1.3.12.1. Assets earmarked for end-of-lifecycle operations

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

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

- AREVA does not consolidate its earmarked investment fund assets on a line-by-line basis insofar as the company does not control them according to IFRS 10 criteria:
  - AREVA is not involved in the management of the dedicated investment funds, which are managed by independent and reputable asset management firms. These investment funds are benchmarked to the MSCI index of large European capitalizations, with strict limits on risk. Furthermore, the funds are regulated by the French stock market authority AMF (Autorité des marches financiers) and therefore subject to regulations governing investment and concentration of risk.
  - AREVA does not control the investment fund management firms.
  - AREVA does not hold voting rights in the investment funds.
  - The investment funds do not trade directly or indirectly in financial instruments issued by AREVA.
  - None of the financial investments made by the funds are strategic to AREVA.
  - AREVA receives no benefit and bears no risk other than that normally associated with investments in investment funds and in proportion to its holding.

- AREVA may terminate the management agreements only in specific cases (gross negligence, fraud, etc.). Consequently, AREVA cannot replace a fund management company at will.

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

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

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

1.3.12.2. Other available-for-sale securities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.3.12.4. Loans, advances and deposits

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

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

1.3.12.5. Securities held for trading

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

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

1.3.12.6. Put/call options on securities

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

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

1.3.12.7. Cash and cash equivalents

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

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

1.3.13. TREASURY SHARES

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

1.3.14. ASSETS OF OPERATIONS HELD FOR SALE

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

1.3.15. EMPLOYEE BENEFITS

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

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

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

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

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

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

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

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

1.3.16. PROVISIONS

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

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

1.3.17. PROVISIONS FOR END-OF-LIFECYCLE OPERATIONS

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

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

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

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

Treatment of income and expenses from discounting reversals

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

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

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

Treatment of amortization

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

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

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

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

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

The discount rate is set:

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

The rate thus results from implementation of the following approach:

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

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

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

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

Treatment of changes in assumptions

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

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

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

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

1.3.18. BORROWINGS

Borrowings include:

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

1.3.18.1. Obligations under finance leases

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

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

1.3.18.2. Other interest-bearing debt

This heading includes:

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

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

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

1.3.19. ADVANCES AND PREPAYMENTS RECEIVED

There are three types of advances and prepayments from customers:

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

Only advances and prepayments effectively collected are recognized.

1.3.20. TRANSLATION OF FOREIGN CURRENCY DENOMINATED TRANSACTIONS

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

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

1.3.21. DERIVATIVES AND HEDGE ACCOUNTING

1.3.21.1. Risks hedged and financial instruments

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

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

1.3.21.2. Recognition of derivatives

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

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

Fair value hedges

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

Cash flow hedges

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

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

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

Hedges of net investments in foreign operations

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

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

Derivatives not qualifying as hedges

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

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

Presentation in the statement of financial position

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

Presentation in the statement of income

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

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

1.3.22. INCOME TAX

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

Temporary taxable differences generate a deferred tax liability.

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

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

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

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

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

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

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

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

DEFERRED TAX ASSETS

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

Regarding the outlook for future income, the probability of future taxable profits to offset losses carried forward is assessed based on forecasts generated as part of the budget process validated by management. The income outlook is determined for a 10-year period for each entity and/or consolidated area, based on the initial budget and income forecasts for the first 3 years; beyond that time, a standard year derived from third-year data is used. The 10-year forecasting horizon selected is consistent with the volume in group’s backlog, the operating period of the assets, and the existence of certain framework agreements.

NOTE 2. SCOPE OF CONSOLIDATION

2.1. CONSOLIDATED COMPANIES AND ASSOCIATES

(number of companies)	2016		2015	
Consolidation method	**Foreign**	**French**	**Foreign**	**French**
Full consolidation	74	40	84	43
Equity method	18	8	17	8
Sub-total	**92**	**48**	**101**	**51**
TOTAL	**140**		**152**	

Note 36 provides a list of the main consolidated companies and associates.

2.2. 2016 TRANSACTIONS

Sale of Canberra Inc., Canberra France and their subsidiaries

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

Sale of Elta

On November 30, 2016, AREVA TA and AREVA SA sold their interests in Elta to ECA Group, a subsidiary of the Gorgé group. Elta is specialized in the development, marketing and operational readiness of electronic equipment and systems for the aerospace industry. This sale was done in connection with the implementation of AREVA TA's strategic plan aimed at refocusing its operations on the nuclear field.

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

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

Buy-back of interests in Eurodif

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

Buy-back of interests in AREVA Solar Inc.

In December 2016, AREVA bought back all of the minority interests in AREVA Solar from Agave.

AREVA TA capital increase

On December 7, 2016, during the Extraordinary General Meeting of AREVA TA Shareholders, a capital increase accompanied by the cancellation of the preemptive subscription right of minority interests for the benefit of AREVA SA was decided. The percentage of the group's interest thus went from 83.6% to 85.1%.

Note 3 describes transactions that were ongoing at year-end 2016 and are expected to be finalized in 2017.

2.3. 2015 TRANSACTIONS

Creation of the Adwen joint venture

On March 9, 2015, AREVA and Gamesa signed final agreements to create Adwen, a joint venture in the field of offshore wind. Held in equal shares by the two companies, Adwen is taking over AREVA's wind energy operations. The joint venture will design, manufacture, install, commission and maintain offshore wind turbines.

NOTE 3. ITEMS RELATED TO OPERATIONS SOLD, DISCONTINUED OR HELD FOR SALE

The following operations meet the criteria of IFRS 5 for classification as "operations sold, discontinued or held for sale" at December 31, 2016.

Wind Energy

The Adwen joint venture was created on March 9, 2015 in partnership with Gamesa, the Spanish onshore wind energy specialist. It is held in equal shares by AREVA and Gamesa.

Consistent with its objective of refocusing on the nuclear fuel cycle operations, AREVA announced that at the conclusion of a three-month competitive process designed to solicit and assess proposals from potential third-party investors, the company's Board of Directors had given authority to management to exercise the option to sell its 50% interest in Adwen's capital signed on June 17, 2016 with Gamesa.

This sale's option was exercised on September 14, 2016, and the sale was completed on January 5, 2017. Adwen was classified as an asset held for sale at December 31, 2016.

Nuclear Measurements

On July 1, 2016, AREVA announced the completion of the sales of its subsidiaries Canberra Industries Inc. and Canberra France S.A.S., which specialize in radioactivity detection and measurement instrumentation, to the industrial group Mirion Technologies Inc.
The capital gain from this sale came to 132 million euros.

Solar Energy

At December 31, 2015, the solar energy operating segment of AREVA was substantially shut down due to the fact that the last project under execution – the Reliance Project involving a 125-MWe solar field in Dhursar, India – was then in the process of being suspended and that discussions with a potential buyer begun in 2015 had been unsuccessful. The operations were thus classified as discontinued operations. On January 16, 2016, AREVA and its customer Reliance effectively ended their reciprocal obligations concerning this project (construction of the power plant and maintenance). At December 31, 2016, there were no projects in progress or under contractual guarantee in the scope of the Solar operations. The only remaining entities in this scope are non-operating legal entities held for sale or to be liquidated as soon as regulatory requirements, particularly tax-related requirements, permit. The Solar operations are thus kept in "discontinued operations".

New NP

Following the memorandum of understanding signed on July 28, 2016, AREVA, AREVA NP and EDF signed a share purchase agreement on November 15, 2016 which sets the terms and conditions for the sale of an interest giving EDF exclusive control of an entity tentatively called "New NP", a wholly owned subsidiary of AREVA NP, which will combine the industrial operations of the design and supply of nuclear reactors and equipment, fuel assemblies and services to the installed base of the group.

The sales price for 100% of the capital of New NP was set at 2.5 billion euros, excluding any price adjustments and/or supplements.

The contracts related to the OL3 project and the means needed to complete the project, along with the responsibility attached to outstanding contracts related to parts forged at the Creusot plant and possibly to contracts not outstanding but for which serious anomalies might be identified and not yet resolved by the closing of the New NP sale, will be kept within AREVA NP and will thus remain within the group's consolidation scope.

The contractual obligations which would be chargeable to New NP in the event of the discovery of anomalies resulting from a failure in the quality control of equipment manufacturing at the Creusot plant and, possibly, at the Saint-Marcel and Jeumont plants will continue to be guaranteed by AREVA.

The transaction is expected to close by the end of 2017, subject in particular to the receipt of favorable findings from the French nuclear safety authority ASN on the subject of the results of tests concerning the primary cooling system of the Flamanville 3 reactor; the completion and satisfactory conclusion of quality audits at the Creusot, Saint-Marcel and Jeumont plants; and the approval of the competent authorities which regulate business mergers and nuclear safety. In addition, the completion of the transaction is conditioned on the transfer of AREVA NP's operations, excluding the OL3 contract and certain component contracts (see note 1.1), to the New NP entity.

With AREVA's support, EDF has engaged in discussions with strategic investors expressing an interest in acquiring a stake in New NP's capital. The interest acquired by EDF, which could be as much as 75% of the capital under the terms of the share purchase agreement signed on November 15, 2016, would thus be reduced to a target interest of at least 51% of the capital, giving it exclusive control. At the end of the restructuring, AREVA and NewCo will no longer hold any interest in New NP.

NewCo

As explained in note 1, the proposed capital increase of NewCo was approved by NewCo's shareholders on February 3, 2017. The completion of this capital increase is subject to fulfillment of the conditions accompanying the European Commission's authorization, in conformance with European regulations on State aid.

The French State's acquisition of NewCo capital will lead to the dilution and loss of control of AREVA SA.

Since the General Meeting of AREVA SA Shareholders convened on December 15, 2016, AREVA believed that the conditions for application of IFRS 5 "Non-current assets held for sale and discontinued operations" had been fulfilled: the loss of AREVA SA's control of NewCo is considered to be highly probable at December 31, 2016.

AREVA TA

As part of its refocusing on the nuclear fuel cycle operations, the company announced on December 17, 2015 and confirmed on January 27, 2016 the plan to sell AREVA TA, a company specialized in the design, construction, commissioning and operational readiness of compact nuclear reactors for marine propulsion and nuclear research facilities.

On December 15, 2016, the company signed a share purchase agreement for all of its shares in AREVA TA with a consortium of buyers composed of the Agence des participations de l'État (APE, 50.32% of the capital), the Commissariat à l'énergie atomique et aux énergies renouvelables (CEA, 20.32%), and DCNS (20.32%). EDF will keep its 9.03% interest in the capital.

The sale, for which the plan has already been the subject of consultation with employee representative bodies and which has been approved by AREVA's governance, is scheduled to close in March or April 2017, subject in particular to the publication of the ministerial orders related to the sale and the absence of any unfavorable significant event with an impact of more than 55 million euros on the value of the company's equity. On the date of completion of the sale, the French State will control AREVA TA.

In addition, AREVA TA sold its subsidiary Elta (see note 2). The capital loss on the sale amounts to 10 million euros and is included in the "Net income from operations held for sale" line hereunder.

NET INCOME AND NET CASH FROM OPERATIONS SOLD, DISCONTINUED OR HELD FOR SALE

(in millions of euros)	**2016**	**2015**
Net income from operations sold	(65)	(240)
Net income after tax from disposals	131	59
Net income from discontinued operations	(16)	(115)
Net income from operations held for sale	(415)	(474)
Net income from operations sold, discontinued or held for sale	**(365)**	**(770)**
Net cash from operations sold	240	(127)
Net cash from discontinued operations	(189)	0
Net cash from operations held for sale	(647)	546
Net cash from operations sold, discontinued or held for sale	**(597)**	**419**

Financial Year 2016

(in millions of euros)	Operations sold	Discontinued operation	Operations held for sale			**TOTAL**
		Solar Energy	New NP	NewCo	AREVA TA	
Revenue	72	-	3,101	4,012	353	**7,538**
Operating income after share in net income of joint ventures and associates	88	(18)	73	450	46	**640**
Net financial income	1	2	(54)	(537)	13	**(575)**
Income tax	(23)	0	(41)	(337)	(28)	**(429)**
Net income for the period	**66**	**(16)**	**(21)**	**(425)**	**31**	**(365)**

Operations sold include guarantees granted by AREVA to Adwen and the Nuclear Measurements operations.

Operating income from the solar operations includes (18) million euros of currency translation reserves recycled through profit and loss.

Transactions of continuing operations with operations sold, discontinued or held for sale were as follows at December 31, 2016:

- Operating income from continuing operations includes transactions with operations sold, discontinued or held for sale in the amount of 161 million euros.
- Net financial income from continuing operations includes transactions with operations sold, discontinued or held for sale in the amount of 22 million euros.

(in millions of euros)	Operations sold	Discontinued operation	Operations held for sale			TOTAL
		Solar Energy	New NP	NewCo	AREVA TA	
Net cash flow from operating activities	(55)	(95)	35	720	30	**635**
Net cash flow from investing activities	306	1	(142)	(543)	(10)	**(390)**
Net cash flow from financing activities	(10)	(84)	(115)	(729)	61	**(878)**
Other changes	(1)	(11)	70	(22)	0	**36**
Increase (decrease) in net cash	**240**	**(189)**	**(152)**	**(575)**	**80**	**(597)**

The transactions of the continuing operations with operations sold, discontinued or held for sale were as follows at December 31, 2016:

- Cash flow from operating activities of the continuing operations with operations sold, discontinued or held for sale amounted to +249 million euros.
- Cash flow from investing activities of the continuing operations with operations sold, discontinued or held for sale was insignificant.
- Cash flow from financing activities of the continuing operations with operations sold, discontinued or held for sale amounted to +523 million euros.

Financial Year 2015

(in millions of euros)	Operation sold	Discontinued operation	Operations held for sale			TOTAL
	Wind Energy	Solar Energy	New NP	NewCo	Other	
Revenue	**3**	**(80)**	**3,566**	**4,166**	**449**	**8,103**
Operating income after share in net income of joint ventures and associates	**(79)**	**(109)**	**21**	**(94)**	**83**	**(177)**
Net financial income	(86)	(6)	(121)	(267)	39	**(442)**
Income tax	(17)	0	80	(217)	3	**(151)**
Net income for the period	**(181)**	**(115)**	**(20)**	**(579)**	**126**	**(770)**

The other operations held for sale include AREVA TA and Nuclear Measurements.

The transactions of the continuing operations with operations sold, discontinued or held for sale were as follows at December 31, 2015:

- Operating income from the continuing operations includes transactions with operations sold, discontinued or held for sale in the amount of 122 million euros.
- Net financial income from the continuing operations includes transactions with the operations sold, discontinued or held for sale in the amount of 18 million euros.

(in millions of euros)	Operation sold	Discontinued operation	Operations held for sale			**TOTAL**
	Wind Energy	Solar Energy	New NP	NewCo	Other	
Net cash flow from operating activities	(77)	(38)	32	805	177	**899**
Net cash flow from investing activities	(163)	6	(112)	(645)	(2)	**(916)**
Net cash flow from financing activities	114	42	396	(67)	(22)	**463**
Other changes	0	(10)	(13)	(5)	2	**(26)**
Increase (decrease) in net cash	**(127)**	**0**	**303**	**88**	**155**	**419**

The transactions of the continuing operations with operations sold, discontinued or held for sale were as follows at December 31, 2015:

- Cash flow from operating activities of the continuing operations with operations sold, discontinued or held for sale amounted to (52) million euros.
- Cash flow from investing activities of the continuing operations with operations sold, discontinued or held for sale was insignificant.
- Cash flow from financing activities of the continuing operations with operations sold, discontinued or held for sale amounted to (493) million euros.

ASSETS AND LIABILITIES OF OPERATIONS HELD FOR SALE

The balance sheet amounts related to operations held for sale at the end of 2015 and 2016 are given in each note to the consolidated financial statements.

In addition, the following operations had already been classified in “operations held for sale” at December 31, 2015:

- New NP (excluding the OL3 project)
- AREVA TA
- Nuclear Measurements

The amounts at December 31, 2016 include assets and liabilities of New NP, AREVA TA, NewCo and Adwen.

The assets and liabilities of the Solar Energy operations are reclassified in each item of the balance sheet as provided in IFRS 5 for operations that have ceased to be classified as “operations held for sale”.

(in millions of euros)	**Note**	**2016**	**2015**
Non-current assets		**21,631**	**4,645**
Goodwill on consolidated companies	10	3,669	2,468
Intangible assets	11	2,084	475
Property, plant and equipment	12	8,706	1,006
End-of-lifecycle assets (third party share)	13	127	
Assets earmarked for end-of-lifecycle operations	13	6,192	105
Investments in joint ventures and associates	14	172	103
Other non-current assets	15	201	59
Deferred tax assets	9	480	430
Current assets		**5,401**	**2,431**
Inventories and work-in-process	16	1,968	696
Accounts receivable	17	1,563	861
Other operating receivables	18	1,533	824
Current tax assets		91	9
Other non-operating receivables		77	6
Cash and cash equivalents	19	162	32
Other current financial assets	20	6	3
TOTAL ASSETS OF OPERATIONS HELD FOR SALE		**27,032**	**7,076**

(in millions of euros)	Note	2016	2015
Non-current liabilities		**14,896**	**864**
Employee benefits	23	1,904	456
Provisions for end-of-lifecycle operations	13	7,682	318
Other non-current provisions	24	256	2
Share in negative net equity of joint ventures and associates	14	63	30
Long-term borrowings	25	4,852	1
Deferred tax liabilities	9	140	57
Current liabilities		**12,495**	**4,457**
Current provisions	24	2,538	751
Short-term borrowings	25	1,027	156
Advances and prepayments received	26	4,545	1,692
Trade accounts payable		1,432	818
Other operating liabilities	27	2,798	1,002
Current tax liabilities		82	11
Other non-operating liabilities	27	74	26
TOTAL LIABILITIES OF OPERATIONS HELD FOR SALE		**27,391**	**5,320**

In 2015, the entities held for sale sold trade receivables maturing after year-end closing in the amount of 178 million euros to credit institutions. At the end of 2016, no trade receivable maturing after year-end closing was sold.

NOTE 4. REVENUE BY REGION

Revenue (restated for operations held for sale) amounted to 33 million euros in 2015 and 10 million euros in 2016. It corresponds mainly to sales of services.

The group elected to present its statement of income based on the destination of income and expense items. Additional information is provided in notes 5 and 6 below.

NOTE 5. ADDITIONAL INFORMATION BY TYPE OF EXPENSE

(in millions of euros, except workforce)	2016	2015 *
Payroll expenses	(40)	(32)
Operating leases	(51)	(56)
Employees under contract at year end	46	229

- *In application of IFRS 5, the 2015 data were restated in relation to the data reported the previous year.*

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

Payroll expenses are not directly comparable to the employees under contract at year-end closing.

The data above do not include employees and payroll expenses allocated to the OL3 contract, which are nevertheless part of the scope of continuing operations.

NOTE 6. RECONCILIATION BETWEEN OPERATING INCOME AND EBITDA

(in millions of euros)	**2016**	**2015**
Operating income	**(442)**	**(1,287)**
Goodwill impairment	0	26
Net increase in depreciation and impairment of intangible assets, net of reversals	18	27
Net increase in depreciation and impairment of property, plant and equipment, net of reversals	12	13
Impairment of current assets, net of reversals	5	(57)
Provisions, net of reversals (*)	(278)	648
Investment subsidies recognized through profit and loss	0	0
Costs of end-of-lifecycle operations performed	0	0
EBITDA	**(684)**	**(630)**

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

NOTE 7. GENERAL AND ADMINISTRATIVE EXPENSES AND OTHER OPERATING INCOME AND EXPENSES

GENERAL AND ADMINISTRATIVE EXPENSES

In 2016, general and administrative expenses included 121 million euros in costs kept within AREVA SA and not rebilled to the subsidiaries under agreements in effect. Those costs are not representative of the costs AREVA SA will have to bear once the restructuring operations have been completed. They are destined to be borne by NewCo and New NP once the restructuring has been completed (NewCo capital increase and sale of New NP) and the corresponding agreements have been set up.

OTHER OPERATING EXPENSES

(in millions of euros)	**2016**	**2015**
Restructuring and early retirement plan costs*	(13)	(23)
Goodwill impairment	-	(26)
Impairment of property, plant and equipment and intangible assets, net of reversals	-	(9)
Income on disposals of assets other than financial assets	(5)	(2)
Other operating expenses	(62)	(213)
TOTAL OTHER OPERATING EXPENSES	**(80)**	**(274)**

* Net of reversals of provisions for employee benefits

OTHER OPERATING INCOME

(in millions of euros)	**2016**	**2015**
Income on disposals of assets other than financial assets	-	-
Other operating income	195	8
TOTAL OTHER OPERATING INCOME	**195**	**8**

Restructuring costs are recognized for the 2015 and 2016 financial years and are described in notes 1 and 24.

Impairment of goodwill, intangible assets and property, plant and equipment in 2015 and 2016 is described in notes 10, 11 and 12 respectively.

The other operating expenses and other operating income mainly include a provision of 180 million euros set up in 2015 for the anticipated costs of legal and financial restructuring and reversed in 2016 due to the fact that the initial plan had not been implemented but was rather replaced by a plan to contribute AREVA NP operations to a new entity, New NP.

NOTE 8. NET FINANCIAL INCOME

(in millions of euros)	**2016**	**2015**
Net borrowing costs	**(73)**	**19**
Income from cash and cash equivalents	38	87
Gross borrowing costs	(111)	(68)
Other financial income and expenses	**5**	**(65)**
of which share related to end-of-lifecycle operations	***-***	***-***
of which share not related to end-of-lifecycle operations	***5***	***(65)***
Foreign exchange gain (loss)	13	2
Income from disposals of securities and change in value of securities held for trading	(2)	10
Income from disposals of investments in joint ventures and associates	(2)	
Dividends received		
Net depreciation of financial assets	25	(1)
Interest on contract prepayments	-	-
Financial income from pensions and other employee benefits	0	0
Other financial expenses	(29)	(78)
Other financial income	-	1
NET FINANCIAL INCOME	**(68)**	**(46)**

At December 31, 2016, other financial expenses included in particular debt forgiveness granted to an operation held for sale in the amount of 14 million euros (compared with 66 million euros at December 31, 2015).

NOTE 9. INCOME TAX

ANALYSIS OF INCOME TAX EXPENSE

Continuing operations

(in millions of euros)	**2016**	**2015**
Current taxes (France)	128	77
Current taxes (other countries)	0	0
Total current taxes	**128**	**77**
Deferred taxes	(10)	16
TOTAL TAX INCOME	**118**	**93**

RECONCILIATION OF INCOME TAX EXPENSE AND INCOME BEFORE TAXES

Continuing operations

(in millions of euros)	**2016**	**2015**
Net income attributable to equity owners of the parent	(665)	(2,038)
Less income from operations sold, discontinued or held for sale	365	770
Minority interests	(105)	2
Share in net income of joint ventures and associates	14	26
Tax expense (income)	(118)	(93)
Income before tax	(510)	(1,333)
Theoretical tax income (expense)	**175**	**459**
Reconciliation		
Operations taxed at a rate other than the full statutory rate	(2)	0
Unrecognized deferred taxes	(29)	(407)
Impairment of deferred tax assets recognized in previous years*		
Other permanent differences	(25)	41
EFFECTIVE TAX INCOME (EXPENSE)	**118**	**93**

** in the tax consolidation area including AREVA SA (France) and AREVA GmbH (Germany)*

The revised outlook for the group's operations and profitability, consistent with the assumptions used for the impairment tests, led the group to not recognize deferred tax assets for 2015 and 2016.

TAX RATES USED IN FRANCE

(percentage)	**2016**	**2015**
Tax rate	34.43	34.43

OTHER PERMANENT DIFFERENCES

Continuing operations

(in millions of euros)	**2016**	**2015**
Parent / subsidiary tax treatment and inter-company dividends	0	0
Impact of permanent differences for tax purposes	(3)	(24)
Differences between the French tax rate and tax rates applicable abroad	(10)	(27)
CVAE business tax	0	7
Other permanent differences	(13)	84
TOTAL PERMANENT DIFFERENCES	**(25)**	**41**

EFFECTIVE TAX RATE

(in millions of euros)	**2016**	**2015**
Operating income	(442)	(1,287)
Net financial income	(68)	(46)
TOTAL INCOME SUBJECT TO TAX	**(510)**	**(1,333)**
Tax expense	118	93
Effective tax rate	**NA**	**NA**

DEFERRED TAX ASSETS AND LIABILITIES

Continuing operations

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
Deferred tax assets	1	212
Deferred tax liabilities		100
NET DEFERRED TAX ASSETS AND LIABILITIES	**1**	**113**

Operations held for sale

(in millions of euros)	**December 31, 2016**			
	New NP	NewCo	Other	TOTAL
Deferred tax assets	231	168	58	**456**
Deferred tax liabilities	3	113	-	**116**
NET DEFERRED TAX ASSETS AND LIABILITIES	**228**	**55**	**58**	**340**

In the United States, deferred tax assets were valued for two separate tax consolidation groups, AREVA Inc. and AREVA Nuclear Materials LLC, pursuant to IAS 12. The deferred tax assets were valued based on future income prospects. These future taxable profits, less deferred losses resulting from causes identified as non-recurring, were assessed as regards budget forecasts validated by management. The valuation of AREVA Inc.'s deferred tax assets is conditioned on the effective implementation of a legal structuring plan drawn up in connection with the sale of New NP to EDF.

For 2016, the value of deferred tax assets amounted to 213 million euros for the consolidated AREVA Inc. group, including 9 million euros for AREVA Solar, and to 124 million euros for the consolidated AREVA Nuclear Materials LLC group.

MAIN CATEGORIES OF DEFERRED TAX ASSETS AND LIABILITIES

Continuing operations

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
Tax impact of temporary differences related to:		
Property, plant and equipment, intangible assets and non-current financial assets	0	(106)
Working capital assets	0	(173)
Employee benefits	1	170
Provisions for restructuring		0
Tax-driven provisions		(124)
Provisions for end-of-lifecycle operations		30
Impact of loss carry-forwards and deferred taxes	0	93
Other temporary differences	0	222
NET DEFERRED TAX ASSETS AND LIABILITIES	**1**	**113**

Operations held for sale

(in millions of euros)	December 31, 2016			
	New NP	NewCo	Other	TOTAL
Tax impact of temporary differences related to:				
Property, plant and equipment, intangible assets and non-current financial assets	4	(111)	6	(101)
Working capital assets	7	23	0	31
Employee benefits	50	107	12	169
Provisions for restructuring	1	2	0	3
Tax-driven provisions	(6)	(129)	0	(135)
Provisions for end-of-lifecycle operations	26	32	0	57
Impact of loss carry-forwards and deferred taxes	59	91	6	155
Other temporary differences	88	41	34	163
NET DEFERRED TAX ASSETS AND LIABILITIES	**228**	**55**	**58**	**340**

DEFERRED TAX ASSET AND LIABILITY REVERSAL SCHEDULE

Continuing operations

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
Reversal in more than 12 months	1	80
Reversal in 12 months or less		33

Operations held for sale

(in millions of euros)	December 31, 2016			
	New NP	NewCo	Other	TOTAL
Reversal in more than 12 months	162	(99)	45	108
Reversal in 12 months or less	66	154	12	232

CHANGE IN CONSOLIDATED DEFERRED TAX ASSETS AND LIABILITIES

(in millions of euros)	**2016**	**2015**
AT JANUARY 1	**113**	**370**
Tax on continuing operations, recognized in profit or loss	(10)	24
Tax recognized in operations held for sale	(101)	(274)
Tax recognized directly in “other items of comprehensive income”	0	(45)
Change in scope of consolidation	0	16
Currency translation adjustments	0	21
AT DECEMBER 31	**1**	**113**

DEFERRED TAX INCOME AND EXPENSES BY CATEGORY OF TEMPORARY DIFFERENCE

(in millions of euros)	**2016**	**2015**
Tax impact of temporary differences related to:		
Property, plant and equipment, intangible assets and non-current financial assets	(9)	18
Working capital assets	(1)	(14)
Employee benefits	(1)	0
Provisions for restructuring	(11)	0
Tax-driven provisions		
Provisions for end-of-lifecycle operations	0	0
Net loss carry-forwards and deferred taxes	(112)	267
Impairment of deferred taxes	112	(245)
Other temporary differences	13	(9)
NET DEFERRED TAX INCOME (EXPENSES)	**(10)**	**16**

DEFERRED TAX RECOGNIZED IN “OTHER ITEMS OF COMPREHENSIVE INCOME”

(in millions of euros)	**2016**	**2015**
IAS 32-39 impacts (change in value of assets available for sale, cash flow hedges and net investment)	0	(26)
Other	0	(19)
DEFERRED TAX RECOGNIZED DIRECTLY IN “OTHER ITEMS OF COMPREHENSIVE INCOME”		**(45)**

UNRECOGNIZED DEFERRED TAX ASSETS

Continuing operations

(in millions of euros)	**2016**	**2015**
Tax credits		
Tax losses	1,800	1,170
Other temporary differences	339	1,268
TOTAL UNRECOGNIZED DEFERRED TAX ASSETS	**2,139**	**2,439**

The majority of unrecognized deferred tax assets corresponds to tax losses which had no limit in time.

Operations held for sale

(in millions of euros)		**2016**		
	New NP	NewCo	Other	TOTAL
Tax credits			1	1
Tax losses	38	406	69	514
Other temporary differences	102	1,190	3	1,294
TOTAL UNRECOGNIZED DEFERRED TAX ASSETS	**140**	**1,596**	**73**	**1,809**

NOTE 10. GOODWILL

CONTINUING OPERATIONS

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

OPERATIONS HELD FOR SALE

(in millions of euros)	December 31, 2016	December 31, 2015
Operations held for sale in 2015		
New NP	2,337	2,337
AREVA TA	29	31
Nuclear Measurements	-	100
Sub-total	**2,366**	**2,468**
Operations held for sale in 2016		
NewCo	1,303	
TOTAL (*)	**3,669**	**2,468**

* see note 3

GOODWILL IMPAIRMENT TESTS

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

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

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

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

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

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

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

Mining

The recoverable amount of the Mining CGU is determined based on the value in use. The value in use of mining operations is calculated based on forecast data for the entire period, up to the planned end of mining operations at existing mines and marketing of the corresponding products (i.e. until 2077), rather than on a base year. The value in use is determined by discounting estimated future cash flows per mine at rates between 7.50% and 12% (9.50% at December 31, 2015) and using a euro/US dollar exchange rate of 1.05 at December 31, 2016 (1.09 at December 31, 2015).

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

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

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

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

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

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

Front End and Back End

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

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

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

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

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

Bioenergy

At December 31, 2015, the goodwill of the Bioenergy CGU was written down in full in the amount of 26 million euros, as were intangible assets in the amount of 8 million euros.

NOTE 11. INTANGIBLE ASSETS

CONTINUING OPERATIONS

(in millions of euros)	**Pre-mining expenses**	**R&D expenses**	**Mineral rights**	**Concessions and patents (excluding mines)**	**Software**	**Intangible assets in progress**	**Other**	**Total**
Gross amount at December 31, 2015	**1,825**	**50**	**1,271**	**459**	**479**	**313**	**239**	**4,636**
Internally generated assets	1	9	-	-	-	3	-	14
Acquired assets	23	0	0	0	0	24	0	47
Disposals	(0)	(1)	-	(1)	(8)	(8)	(5)	(23)
Assets and operations held for sale	(1,960)	(58)	(1,310)	(409)	(364)	(324)	(192)	(4,617)
Currency translation adjustments	92	1	40	1	0	12	4	150
Change in consolidated group	-	-	-	-	0	(0)	(4)	(3)
Other changes	18	-	-	4	6	(17)	(0)	12
Gross amount at December 31, 2016	**0**	**2**	**0**	**54**	**114**	**4**	**42**	**216**
Depreciation and provisions at December 31, 2015	**(842)**	**(3)**	**(1,271)**	**(92)**	**(417)**	**(259)**	**(104)**	**(2,989)**
Net increase in depreciation / impairment (1)	(65)	(1)	(0)	(19)	3	(0)	(17)	(100)
Disposals	-	-	-	1	8	7	5	21
Assets and operations held for sale	954	3	1,310	78	330	260	75	3,010
Currency translation adjustments	(45)	(0)	(40)	(1)	(0)	(8)	(3)	(96)
Change in consolidated group	-	-	-	(0)	(0)	-	-	(0)
Other changes	(2)	-	-	-	(20)	-	2	(20)
Depreciation and provisions at December 31, 2016	**0**	**(2)**	**0**	**(33)**	**(97)**	**(0)**	**(42)**	**(174)**
Net carrying amount at December 31, 2015	**983**	**47**	**-**	**367**	**62**	**54**	**134**	**1,648**
NET CARRYING AMOUNT AT DECEMBER 31, 2016	**0**	**0**	**0**	**22**	**17**	**4**	**0**	**42**

(1) – million euros of impairment of intangible assets recognized at December 31, 2016.

OPERATIONS HELD FOR SALE

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
Operations held for sale in 2015		
New NP	467	441
AREVA TA	9	12
Nuclear Measurements	-	21
Sub-total	**477**	**475**
Operations held for sale in 2016		
NewCo	1,607	
TOTAL (*)	**2,084**	**475**

* see note 3

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

In 2016, investments in intangible assets primarily concern pre-mining expenses in Canada and Niger.
The net value of intangible assets corresponding to capitalized development expenses for the entire range of generation III nuclear reactors (generic EPR, development specific to the EPR for the British and Finnish markets, and EPR NM) amounted to 228 million euros at December 31 2016 and 2015.

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

CONTINUING OPERATIONS

(in millions of euros)	**Land**	**Buildings**	**Plant, equipment and tooling**	**End-of-lifecycle assets – AREVA share**	**Other**	**In progress**	**Total**
Gross amount at December 31, 2015	**162**	**1,803**	**19,374**	**1,297**	**1,567**	**1,916**	**26,119**
CAPEX	-	6	28	-	3	465	502
Disposals	(0)	(6)	(59)	-	(75)	(26)	(165)
Assets and operations held for sale	(156)	(1,898)	(19,710)	(1,528)	(1,481)	(1,966)	(26,739)
Currency translation adjustments	2	19	50	0	29	14	114
Change in consolidated group	(0)	(15)	222	-	(9)	(0)	196
Other changes	2	100	101	230	41	(399)	76
Gross amount at December 31, 2016	**10**	**9**	**5**	**0**	**74**	**4**	**102**
Depreciation and provisions at December 31, 2015	**(83)**	**(846)**	**(14,554)**	**(976)**	**(1,261)**	**(757)**	**(18,477)**
Net increase in depreciation / impairment (1)	(1)	(67)	(298)	(33)	(49)	(322)	(771)
Disposals	0	5	53	-	61	0	120
Assets and operations held for sale	80	947	15,077	1,020	1,201	826	19,150
Currency translation adjustments	(0)	(7)	(14)	(0)	(23)	(1)	(45)
Change in consolidated group	0	10	1	-	8	-	19
Other changes	(4)	(47)	(269)	(11)	3	254	(74)
Depreciation and provisions at December 31, 2016	**(9)**	**(4)**	**(4)**	**0**	**(60)**	**(1)**	**(78)**
Net carrying amount at December 31, 2015	**79**	**957**	**4,819**	**322**	**306**	**1,158**	**7,642**
NET CARRYING AMOUNT FOR THE YEAR ENDED DECEMBER 31, 2016	**1**	**5**	**1**	**0**	**14**	**3**	**25**

(1) *Impairment of PPE in the amount of 344 million euros was recognized at December 31, 2016.*

At December 31, 2016, the net carrying amount of capitalized finance lease contracts was 1 million euros (4 million euros at December 31, 2015).

OPERATIONS HELD FOR SALE

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
Operations held for sale in 2015		
New NP	1,093	964
AREVA TA	24	24
Nuclear Measurements	-	18
Sub-total	**1,117**	**1,006**
Operations held for sale in 2016		
NewCo	7,589	
TOTAL (*)	**8,706**	**1,006**

* see note 3

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

MINING ASSETS IN NIGER - IMOURAREN

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

The site has been in “care and maintenance” status since 2015. The project will restart when uranium market conditions permit. In accordance with the Strategic Partnership Agreement signed in 2014, the State of Niger and AREVA will discuss the project schedule during the first quarter of 2017.

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

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

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

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

The impairment translates into a debit balance of 285 million euros for minority interests.

MINING ASSETS IN NAMIBIA - TREKKOPJE

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

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

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

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

COMURHEX II PLANT

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

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

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

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

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

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

GEORGES BESSE II PLANT

In view of the downturn in market indicators, an impairment test was performed on property, plant and equipment related to the Georges Besse II plant prior to NewCo's classification in operations held for sale. This test was carried out using a discount rate of 6.70% (compared with 6.50% at December 31, 2015), a euro / US dollar exchange rate of 1.05 corresponding to the rate at December 31, 2016, and SWU sales price assumptions resulting from AREVA's mid- and long-term forecasts for supply and demand. On that basis, no impairment was recognized at December 31, 2016.

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

NOTE 13. END-OF-LIFECYCLE OPERATIONS

The table below summarizes the AREVA group accounts affected by the treatment of end-of-lifecycle operations and their funding.

Assets *(in millions of euros)*	**December 31, 2016**	**December 31, 2015**	**Shareholders' equity and liabilities** *(in millions of euros)*	**December 31, 2016**	**December 31, 2015**
End-of-lifecycle assets – AREVA share [1]	-	322		-	
Assets earmarked for end-of-lifecycle operations	-	6,300	Provisions for end-of-lifecycle operations	-	6,921
• End-of-lifecycle assets – third party share [2]	-	178	• funded by third parties [2]	-	178
• Assets earmarked for end-of-life cycle operations [3]	-	6,122	• funded by AREVA	-	6,743

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

END-OF-LIFECYCLE ASSETS

Continuing operations

(in millions of euros)	**Net carrying amount at December 31, 2015**	**Increase**	**Decrease**	**Net increase in depreciation, amortization and provisions**	**Unwinding**	**Other changes**	**Operations held for sale**	**Net carrying amount at December 31, 2016**
AREVA share	322	196	(11)	(23)	-	24	(509)	-
Third party share	178	-	(57)	-	4	2	(127)	-
TOTAL	**500**	**196**	**(68)**	**(23)**	**4**	**26**	**(635)**	**-**

Operations held for sale

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

In addition to the value of its property, plant and equipment, the group recognizes the future share of the costs of end-of-lifecycle operations (nuclear facility dismantling, legacy waste retrieval and packaging, waste shipping and waste disposal) for which it has financial responsibility; the group's share is amortized according to the same schedule as the underlying property, plant and equipment. It also recognizes a third party share of assets for dismantling and waste retrieval and packaging operations to be funded by certain customers. Conversely, a provision is recorded to cover the total estimated cost of end-of-lifecycle operations as soon as a facility starts up, including any share funded by third parties.

The third-party share remaining in the end-of-lifecycle assets mainly corresponds to the funding expected from CEA for its share of funding for the Pierrelatte site. In 2016, this item decreased due to work performance and the transfer of certain contracts to dismantling receivables.

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

PROVISIONS FOR END-OF-LIFECYCLE OPERATIONS

Continuing operations

(in millions of euros)	Net carrying amount at December 31, 2015	Reversals (when risk has materializ ed): expenses for the year	Unwinding	Change in assumptions, revised budgets, etc.	Operations held for sale	Net carrying amount at December 31, 2016
Provision for nuclear facility dismantling	4,939	(140)	156	326	(5,281)	-
Provision for waste retrieval and packaging	1,982	(87)	65	102	(2,061)	-
PROVISIONS FOR END-OF-LIFECYCLE OPERATIONS	**6,921**	**(227)**	**221**	**428**	**(7,342)**	**-**

Operations held for sale

(in millions of euros)	December 31, 2016	December 31, 2015
Operations held for sale in 2015		
New NP	339	318
AREVA TA	-	-
Nuclear Measurements	-	-
Sub-total	**339**	**318**
Operations held for sale in 2016		
NewCo	7,342	
TOTAL (*)	**7,682**	**318**

* see note 3

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

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

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

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

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
	NewCo	NewCo
Dismantling of regulated nuclear facilities, excluding long-term radioactive waste management	4,645	4,310
Dismantling of used fuel, excluding long-term radioactive waste management	-	-
Retrieval and packaging of legacy waste, excluding long-term radioactive waste management	1,217	1,204
Long-term radioactive waste management	1,186	1,148
Post-closure disposal center monitoring costs	52	44
Total provisions for end-of-lifecycle operations of facilities covered by the French law of June 28, 2006	**7,100**	**6,706**
Provisions for end-of-lifecycle operations of facilities not covered by the French law of June 28, 2006	242	215
TOTAL PROVISIONS FOR END-OF-LIFECYCLE OPERATIONS	**7,342**	**6,921**

Nature of the commitments

As operators of regulated nuclear facilities (INB), the legal entities that make up the group have the legal obligation to secure and dismantle these facilities when they are shut down permanently in whole or in part. They must also retrieve and package, in accordance with applicable standards, the waste generated by operating activities which could not be processed during treatment. These facilities concern the front end of the cycle, in particular the Tricastin site, and the back end of the cycle as regards the la Hague recycling plant and the MOX fuel fabrication plant of MELOX.

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

Determination of provisions for end-of-lifecycle operations

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

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

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

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

Assumptions

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

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

Uncertainties and opportunities

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

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

Consideration of identified risks and unforeseen events

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

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

Discount rate

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

The discount rate is set:

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

The rate thus results from implementation of the following approach:

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

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

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

For facilities in France, AREVA adopted an inflation rate of 1.65% and a discount rate of 4.10% at December 31, 2016 (down 0.40% compared with December 31, 2015).

At December 31, 2016, the use of a discount rate of 25 bp higher or 25 bp lower than the rate used (4.10%) would have had the effect of changing the value of end-of-lifecycle provisions falling within the scope of the French law of June 26, 2006 by (360) million euros with a discount rate by +25 bp and +394 million euros with a discount rate by -25 bp .

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

Final waste removal and disposal

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

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

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

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

Tentative schedule of provision disbursements

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

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

ASSETS EARMARKED FOR END-OF-LIFECYCLE OPERATIONS

Continuing operations

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
Receivables related to end-of-lifecycle operations	-	739
Earmarked assets	-	5,383
TOTAL	**-**	**6,122**

Operations held for sale

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
Operations held for sale in 2015		
New NP	106	105
AREVA TA	-	-
Nuclear Measurements	-	-
Sub-total	**106**	**105**
Operations held for sale in 2016		
NewCo	6,086	
TOTAL (*)	**6,192**	**105**

* see note 3

Purpose of earmarked portfolio

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

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

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

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

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

- an equity management agreement, and
- earmarked investment funds.

The Rate segment (bonds and money market) is invested via:

- open-ended mutual funds,
- earmarked investment funds, and
- directly held bonds.

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

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
	NewCo	NewCo
In market value or liquidation value		
Publicly traded shares	1,098	1,325
Equity investment funds	1,191	1,095
Bond and money market mutual funds	2,344	2,258
Unlisted mutual funds	112	96
At amortized cost		
Bonds and bond mutual funds held to maturity	561	610
Portfolio of securities earmarked for end-of-lifecycle operations	**5,307**	**5,383**
Receivables related to end-of-lifecycle operations	779	739
TOTAL FINANCIAL ASSETS EARMARKED FOR END-OF-LIFECYCLE OPERATIONS	**6,086**	**6,122**

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
	NewCo	NewCo
By region		
Eurozone	5,532	5,510
Non-euro Europe	471	537
Other	82	75
TOTAL	**6,086**	**6,122**

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

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

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

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

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

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

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

Risk description and assessment

Equity investments in the portfolio of earmarked securities include mainly:

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

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

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

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

Valuation

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

Derivatives

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

Risk assessment and management of the earmarked portfolio

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

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

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

NOTE 14. INFORMATION ON JOINT VENTURES AND ASSOCIATES

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

CONTINUING OPERATIONS

Investments in joint ventures and associates

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
Adwen	-	74
Other joint ventures	6	23
Total joint ventures	**6**	**97**
Other associates	4	3
Total associates	**4**	**3**
Total	**10**	**100**

Share in negative net equity of joint ventures and associates

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
ETC	-	59
Total joint ventures	**-**	**59**

Amounts related to ETC and Adwen were reclassified under “assets and operations held for sale” at December 31, 2016.

Share in net income of joint ventures and associates

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
Adwen	(14)	(26)
Other joint ventures	(1)	(1)
Total joint ventures	**(15)**	**(27)**
Total associates	**1**	**1**
Total	**(14)**	**(26)**

OPERATIONS HELD FOR SALE

Investments in joint ventures and associates

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
Operations held for sale in 2015		
AREVA NP	94	103
AREVA TA	-	-
Nuclear Measurements	-	-
Sub-total	**94**	**103**
Operations held for sale in 2016		
NewCo	17	
Adwen	61	
Sub-total	**78**	
TOTAL (*)	**172**	**103**

* see note 3

Share in negative net equity of joint ventures and associates

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
Operations held for sale in 2015		
New NP	-	30
AREVA TA	-	-
Nuclear Measurements	-	-
Sub-total	**-**	**30**
Operations held for sale in 2016		
NewCo	63	
TOTAL (*)	**63**	**30**

* see note 3

Enrichment Technology Company (ETC) is a joint venture held in equal shares by AREVA and Urenco. Its main activity is to build, assemble and install centrifuges and associated piping systems enabling its customers to enrich uranium. ETC is also involved in the design of ultracentrifugation enrichment plants to meet its customers' needs and in project management for the construction of these facilities.

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 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.

NOTE 15. OTHER NON-CURRENT ASSETS

CONTINUING OPERATIONS

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
Available-for-sale securities	-	41
Loans to associates	229	370
Derivatives on financing activities	-	123
Other non-current financial assets	4	24
Other non-current non-financial assets	-	15
TOTAL	**234**	**573**

Loans to affiliates correspond to a shareholder loan to Adwen in the amount of 229 million euros.

OPERATIONS HELD FOR SALE

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
Operations held for sale in 2015		
New NP	63	58
AREVA TA	-	0
Nuclear Measurements	-	0
Sub-total	**63**	**59**
Operations held for sale in 2016		
NewCo	138	
Adwen	(0)	
Sub-total	**137**	
TOTAL (*)	**201**	**59**

* see note 3

At December 31, 2016, operations held for sale included:

- investments in privately held companies, mainly the 13% interest in the capital of Euronimba (iron mine in Guinea). At December 31, 2016, the carrying amount of the securities is justified by the potential resale value of the deposit's reserves and resources, based on a valuation per pound of iron in the ground;
- uranium inventories capitalized to fund future mining site rehabilitation expenses abroad.

NOTE 16. INVENTORIES AND WORK-IN-PROCESS

CONTINUING OPERATIONS

	December 31, 2016			December 31, 2015		
(in millions of euros)	**Gross amount**	**Impairment**	**Net amount**	**Gross amount**	**Impairment**	**Net amount**
Raw materials and other supplies	-	-	-	327	(104)	223
Goods in process	2	-	2	13	(0)	13
Services in process	-	-	-	854	(239)	615
Intermediate and finished products	-	-	-	416	(51)	365
TOTAL	**2**	**-**	**2**	**1,611**	**(395)**	**1,216**
Inventories and work-in-process						
• at cost			2			744
• at fair value net of disposal expenses			-			472

Change in write-downs of inventories and work-in-process

JANUARY 1, 2016	**(395)**
Charges	(77)
Reversal (when risk has materialized)	30
Reversal (when risk has not materialized)	5
Change in consolidated group	-
Other	(1)
Operations held for sale	438
DECEMBER 31, 2016	**-**

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

OPERATIONS HELD FOR SALE

Net carrying amount of inventories and work-in-process

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
Operations held for sale in 2015		
New NP	699	644
AREVA TA	10	15
Nuclear Measurements	-	37
Sub-total	**709**	**696**
Operations held for sale in 2016		
NewCo	1,259	
TOTAL (*)	**1,968**	**696**

* see note 3

NOTE 17. TRADE ACCOUNTS RECEIVABLE AND RELATED ACCOUNTS

CONTINUING OPERATIONS

(in millions of euros)	December 31, 2016	December 31, 2015
Gross amount	159	978
Impairment	(5)	(37)
NET CARRYING AMOUNT	**154**	**941**

The gross amount of trade accounts receivable and related accounts does not include receivables maturing in more than one year.

At December 31, 2016, trade accounts receivable and related accounts include receivables in the amount of 137 million euros on contracts recognized according to the percentage of completion method (compared with 274 million euros at December 31, 2015).

In 2015 and 2016, AREVA did not sell trade receivables maturing after year-end closing.

Trade accounts receivable and related accounts (gross) *

(in millions of euros)				Including not impaired and past due					
Trade accounts receivable and related accounts	**Gross**	**Maturing in the future**	**Impaired and past due**	**Less than 1 month**	**1 to 2 months**	**2 to 3 months**	**3 to 6 months**	**6 months to 1 year**	**More than one year**
At December 31, 2016	21	5	2	0	0	0	0	1	13
At December 31, 2015	704	575	29	35	2	1	5	11	46

* *: Excluding accounts receivable recognized according to the percentage of completion method.*

OPERATIONS HELD FOR SALE

(in millions of euros)	December 31, 2016	December 31, 2015
Operations held for sale in 2015		
New NP	745	729
AREVA TA	74	82
Nuclear Measurements	-	49
Sub-total	**819**	**861**
Operations held for sale in 2016		
NewCo	745	
TOTAL (*)	**1,563**	**861**

* see note 3

NOTE 18. OTHER OPERATING RECEIVABLES

CONTINUING OPERATIONS

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
French State	106	326
Advances and down payments to suppliers	106	142
Miscellaneous accounts receivable	29	347
Financial instruments	10	41
Other	0	9
TOTAL	**252**	**865**

During the 2015 and 2016 financial years, AREVA disposed of tax receivables without recourse to financial institutions in the amounts of 122 million euros and 70 million euros respectively. AREVA retained no significant ongoing involvement in respect of these receivables.

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

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

At December 31, 2016, other operating receivables had a maturity of less than one year.

OPERATIONS HELD FOR SALE

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
Operations held for sale in 2015		
New NP	942	792
AREVA TA	23	29
Nuclear Measurements	-	4
Sub-total	**965**	**824**
Operations held for sale in 2016		
NewCo	568	
TOTAL (*)	**1,533**	**824**

* see note 3

NOTE 19. CASH AND CASH EQUIVALENTS

CONTINUING OPERATIONS

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
Cash and current accounts	483	336
Cash equivalents	202	468
TOTAL	**686**	**804**

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

At December 31, 2016, continuing operations did not have unavailable cash and cash equivalents (compared with 78 million euros at December 31, 2015).

OPERATIONS HELD FOR SALE

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
Operations held for sale in 2015		
New NP	26	28
AREVA TA	0	0
Nuclear Measurements	-	3
Sub-total	**26**	**32**
Operations held for sale in 2016		
NewCo	136	
TOTAL (*)	**162**	**32**

* see note 3

At December 31, 2016, the amount of cash and cash equivalents not available to the group amounted to 67 million euros (compared with 78 million euros at December 31, 2015, classified in continuing operations):

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

NOTE 20. OTHER CURRENT FINANCIAL ASSETS

CONTINUING OPERATIONS

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
Securities held for trading	-	-
Other current financial assets and derivatives on financing activities	143	207
TOTAL	**143**	**207**

OPERATIONS HELD FOR SALE

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
Operations held for sale in 2015		
New NP	4	3
AREVA TA	0	0
Nuclear Measurements	-	0
Sub-total	**5**	**3**
Operations held for sale in 2016		
NewCo	2	
TOTAL (*)	**6**	**3**

* see note 3

NOTE 21. EQUITY

The AREVA share is traded on compartment A of the NYSE Euronext stock exchange in Paris under ISIN FR0011027143.

At December 31, 2016, AREVA's capital was held as follows:

CAPITAL

At December 31	2016	2015
CEA	54.4%	54.4%
French State	28.8%	28.8%
Kuwait Investment Authority	4.8%	4.8%
CDC/BPI France Participations	3.3%	3.3%
Total	0.9%	0.9%
Employees	1.2%	1.2%
EDF	2.2%	2.2%
Treasury shares	0.2%	0.2%
Public	4.0%	4.0%
TOTAL	**100.0%**	**100.0%**

The par value of the AREVA SA share was reduced from 3.80 euros to 0.25 euros during the Combined General Meeting of Shareholders February 3, 2017 (see note 35).

CURRENCY TRANSLATION RESERVES

The group's currency translation reserves were 64 million euros in 2016, compared with (48) million euros in 2015.

DILUTIVE INSTRUMENTS

The group does not have a stock option plan and has not issued any instrument convertible into equity.

EARNINGS PER SHARE

An average of 382,248,430 shares was used to calculate earnings per share for 2016.

TAX IMPACT OF OTHER ITEMS OF COMPREHENSIVE INCOME

	2016			2015		
(in millions of euros)	**Before tax**	**Income tax**	**After tax**	**Before tax**	**Income tax**	**After tax**
Actuarial gains and losses on employee benefits	3	(0)	2	-	-	1
Currency translation adjustments on consolidated companies and other	-	-	-	-	-	-
Change in value of available-for-sale financial assets	-	-	-	-	-	-
Change in value of cash flow hedges	-	-	-	4	-	4
Share in comprehensive income of joint ventures, net of tax	-	-	-	-	-	-
Items of comprehensive income related to operations sold, discontinued or held for sale, net of tax	(51)	10	(42)	173	(45)	127
TOTAL OTHER ITEMS OF COMPREHENSIVE INCOME (NET OF INCOME TAX)	**(49)**	**9**	**(39)**	**177**	**(45)**	**132**

NOTE 22. MINORITY INTERESTS

The largest minority interests were as follows:

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
Katco	109	126
SET and SET Holding	82	184
Somaïr	68	65
Imouraren (*)	(285)	(129)
AREVA TA	18	11
Sofidif	18	18
Other	(20)	(41)
TOTAL	**(10)**	**235**

(*) Imouraren is held by ANC Expansion, itself held by CFMM (see note 36).

The percentages of the principal minority interests are mentioned in note 36.

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

NOTE 23. EMPLOYEE BENEFITS

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

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

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

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

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

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

The group's key benefits

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

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

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

PROVISIONS RECOGNIZED ON THE BALANCE SHEET

Continuing operations

(in millions of euros)	December 31, 2016	December 31, 2015
TOTAL PROVISIONS FOR PENSION OBLIGATIONS AND OTHER EMPLOYEE BENEFITS	**1,908**	**1,909**
Plus total for plans valued locally	0	2
Less total for operations held for sale	1,904	456
Less pension plan assets		-
TOTAL PLANS REVIEWED BY THE GROUP'S ACTUARIES	**4**	**1,455**
Medical expenses and accident/disability insurance	0	315
Retirement benefits	1	351
Job-related awards	0	7
Early retirement benefits	3	774
Supplemental retirement benefits	0	8

Operations held for sale

(in millions of euros)	December 31, 2016	December 31, 2015
Operations held for sale in 2015		
New NP	405	416
AREVA TA	40	38
Nuclear Measurements	-	2
Sub-total	**445**	**456**
Operations held for sale in 2016		
NewCo	1,459	
TOTAL (*)	**1,904**	**456**

* see note 3

By region

	Eurozone	Other	Total
Medical expenses and accident/disability insurance	357	6	**363**
Retirement benefits	466	-	**466**
Job-related awards	22	-	**22**
Early retirement benefits	775	-	**775**
Supplemental retirement benefits	179	100	**279**
TOTAL	**1,797**	**106**	**1,904**

ACTUARIAL ASSUMPTIONS

The following information concerns the plans valued by the group's actuaries for the continuing operations and operations held for sale.

	2016	2015
Long-term inflation		
• Eurozone	1.5%	1.6%
Discount rate		
• Eurozone	1.5%	2.15%
• Dollar zone	4.0%	4.0%
Pension benefit increases		
• Eurozone	1.5%	1.6%
• Dollar zone	NA	NA
Social security ceiling increase (net of inflation)	+0.5%	+0.5%

- Mortality tables

	2016	2015
France		
• Annuity	Mortality tables	Mortality tables
• Lump sum payment	INSEE 2000-2002 Men/Women	INSEE 2000-2002 Men/Women
Germany	RT2005G	RT2005G
United States	adjRP2014RN & MP2016	adjRP2014RN & MP2015

- Retirement age in France

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

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

	Management personnel		Non-management personnel	
	2016	2015	2016	2015
France	[1.6% - 0%]	[1.6% - 0%]	[0.7% - 0%]	[0.7% - 0%]
Germany	[7% - 0%]	[7% - 0%]	[7% - 0%]	[7% - 0%]
United States	6%	6%	6%	6%

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

	Management personnel		Non-management personnel	
	2016	2015	2016	2015
France	[2.6%; -1.1%]	[2.6%; -1.1%]	[2.6%; -1.1%]	[2.6%; -1.1%]
Germany	3%	3%	3%	3%
United States	3.75%	3.75%	3.75%	3.75%

FINANCIAL ASSETS

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

Continuing operations

There are no financial assets for continuing operations.

Operations held for sale

Europe

	NewCo		New NP	
Type of asset	**2016**	**2015**	**2016**	**2015**
Cash	12%	10%	1%	0%
Bonds	88%	90%	67%	78%
Shares	0%	0%	31%	20%
Real estate	0%	0%	1%	1%

United States

	NewCo		New NP	
Type of asset	**2016**	**2015**	**2016**	**2015**
Cash	na	na	3%	2%
Bonds	na	na	46%	36%
Shares	na	na	51%	62%
Real estate	na	na	0%	0%

	NewCo		New NP	
Effective yield of retirement assets	**2016**	**2015**	**2016**	**2015**
Europe	2%	0.6%	5.4%	0.0%
United States	na	na	na	na

NET CARRYING AMOUNT OF DEFINED BENEFIT OBLIGATIONS

Continuing operations

December 31, 2016	Medical expenses and accident/disability insurance	Retirement benefits	Job-related awards	Early retirement benefits	Supplemental retirement benefits	Group total
Defined benefit obligation	0	0	0	0	4	4
Fair value of plan assets	0	0	0	0	0	0
TOTAL DEFINED BENEFIT OBLIGATION	**0**	**0**	**0**	**0**	**4**	**4**

Sensitivity of the actuarial value to changes in discount rate

An across-the-board decrease in the discount rate of 0.5% would increase the defined benefit obligation by 4.9%.

Operations held for sale

For NewCo

December 31, 2016	Medical expenses and accident/disability insurance	Retirement benefits	Job-related awards	Early retirement benefits	Supplemental retirement benefits	Total
Defined benefit obligation	349	340	8	858	50	1,605
Fair value of plan assets	0	2		97	47	146
TOTAL DEFINED BENEFIT OBLIGATION	**349**	**338**	**8**	**761**	**3**	**1,459**

For New NP

December 31, 2016	Medical expenses and accident/disability insurance	Retirement benefits	Job-related awards	Early retirement benefits	Supplemental retirement benefits	Total
Defined benefit obligation	12	105	17	7	905	**1,046**
Fair value of plan assets	0	7	4	0	630	**641**
TOTAL DEFINED BENEFIT OBLIGATION	**12**	**97**	**13**	**7**	**275**	**404**

CHANGE IN THE DEFINED BENEFIT OBLIGATION

Continuing operations

December 31, 2016 *(in millions of euros)*	Medical expenses and accident/ disability insurance	Retirement benefits	Job-related awards	Early retirement benefits	Supplemental retirement benefits	Total
Defined benefit obligation at December 31, 2015	315	351	8	896	54	**1,626**
Current service cost	7	14	0	16	0	**37**
Past service costs (including plan changes and reductions)	(8)	(12)	(0)	(6)	(0)	**(26)**
Plan transfer	0	0	0	0	0	**0**
Disposals / Liquidation / Plan reductions	0	0	0	0	0	**0**
Cost escalation	7	7	0	19	1	**33**
Mergers, acquisitions, transfers	0	(5)	(0)	0	0	**(5)**
Change in consolidation scope	0	0	0	0	0	**0**
Employee contributions	0	0	0	0	0	**0**
Benefits paid during the year	(7)	(26)	(0)	(100)	(3)	**(136)**
Actuarial gains and losses	36	11	0	33	1	**81**
Currency translation adjustments	0	0	0	0	0	**0**
Defined benefit obligation of operations held for sale	(349)	(340)	(8)	(858)	(50)	**(1,605)**
DEFINED BENEFIT OBLIGATION AT DECEMBER 31, 2016	**0**	**0**	**0**	**0**	**4**	**4**

Operations held for sale

For NewCo

December 31, 2016 *(in millions of euros)*	Medical expenses and accident/disability insurance	Retirement benefits	Job-related awards	Early retirement benefits	Supplemental retirement benefits	Total
Defined benefit obligation at December 31, 2015						
Current service cost						
Past service costs (including plan changes and reductions)						
Plan transfer						
Disposals / Liquidation / Plan reductions						
Cost escalation						
Mergers, acquisitions, transfers						
Change in consolidation scope						
Employee contributions						
Benefits paid during the year						
Actuarial gains and losses						
Currency translation adjustments						
Defined benefit obligation of operations held for sale	349	340	8	858	50	**1,605**
DEFINED BENEFIT OBLIGATION AT DECEMBER 31, 2016	**349**	**340**	**8**	**858**	**50**	**1,605**

For New NP

December 31, 2016 *(in millions of euros)*	Medical expenses and accident/disability insurance	Retirement benefits	Job-related awards	Early retirement benefits	Supplemental retirement benefits	Total
Defined benefit obligation at December 31, 2015	14	110	18	23	921	**1,086**
Current service cost	0	6	1	2	19	**27**
Past service costs (including plan changes and reductions)	0	0	6	(2)	0	**4**
Plan transfer	0	0	0	0	0	**0**
Disposals / Liquidation / Plan reductions	0	0	0	0	0	**0**
Cost escalation	0	2	0	0	25	**28**
Mergers, acquisitions, transfers	0	(10)	(1)	(16)	(14)	**(41)**
Change in consolidation scope	0	0	0	0	0	**0**
Employee contributions	0	0	0	0	3	**3**
Benefits paid during the year	(1)	(16)	(2)	(1)	(52)	**(72)**
Actuarial gains and losses	0	7	0	(1)	8	**14**
Currency translation adjustments	0	0	0	0	(4)	**(4)**
Defined benefit obligation of operations held for sale						
DEFINED BENEFIT OBLIGATION AT DECEMBER 31, 2016	**14**	**99**	**23**	**6**	**905**	**1,046**

CHANGES IN PLAN ASSETS

Continuing operations

(in millions of euros)	
Value of assets at December 31, 2015	**171**
Interest income on assets	3
Actuarial differences	0
Contributions / Benefits paid by the employer	0
Employee contributions	0
Benefits paid and not reimbursed	0
Benefits paid by earmarked assets	(28)
Administrative expenses funded by assets	0
Effect of mergers / acquisitions / transfers between entities	0
Effect of mergers / acquisitions / transfers between entities	0
Change in consolidation scope	0
Currency translation adjustments	0
Assets of operations held for sale	(146)
Value recognized at December 31, 2016	**0**

Operations held for sale

(in millions of euros)	**NewCo**	**New NP**
Value of assets at December 31, 2015	**-**	**651**
Interest income on assets		18
Actuarial differences		12
Contributions / Benefits paid by the employer		7
Employee contributions		3
Benefits paid and not reimbursed		0
Benefits paid by earmarked assets		(28)
Administrative expenses funded by assets		(2)
Effect of mergers / acquisitions / transfers between entities		(13)
Effect of mergers / acquisitions / transfers between entities		0
Change in consolidation scope		0
Currency translation adjustments		(6)
Assets of operations held for sale	146	
Value recognized at December 31, 2016	**146**	**641**

CHANGE IN PROVISION ESTIMATED BY THE GROUP'S ACTUARIES

Continuing operations

(in millions of euros)	**2016**
Balance at December 31, 2015	**1,455**
Change in consolidated group	(5)
Currency translation adjustment	0
Total charge (continuing operations)	(2)
Total charge (operations held for sale)	124
Contributions collected/benefits paid	(108)
Assets of operations held for sale	(1,459)
NET CARRYING AMOUNT AT DECEMBER 31, 2016	**4**

Operations held for sale

(in millions of euros)	2016			
	NewCo	**New NP**	**Other**	**TOTAL**
Balance at December 31, 2015		**435**	**38**	**473**
Change in consolidated group		(28)	(1)	(29)
Currency translation adjustment		2		2
Reclassification of provisions/assets				
Total expense		46	5	51
Contributions collected/benefits paid		(51)	(1)	(52)
Assets of operations held for sale	1,459	-		1,459
NET CARRYING AMOUNT AT DECEMBER 31, 2016	**1,459**	**404**	**40**	**1,904**

TOTAL EXPENSE FOR THE YEAR

Continuing operations

Financial Year 2016 *(in millions of euros)*	**Medical expenses and accident/disability insurance**	**Retirement benefits**	**Job-related awards**	**Early retirement benefits**	**Supplemental retirement benefits**	**Total**
Current service cost	0	0	0	0	0	0
Interest cost	0	0	0	0	0	0
Past service costs (including plan changes and reductions)	0	0	0	0	0	0
Interest income on assets	0	0	0	0	0	0
Recognition of actuarial gains and losses generated during the year on other long-term plans (long service medals, CATS, etc.)	0	0	0	0	0	0
Liquidation	0	0	0	0	0	0
TOTAL expense with income statement impact	**0**	**0**	**0**	**0**	**0**	**0**
Actuarial gains and losses on earmarked assets	0	0	0	0	0	0
Experience differences	(0)	(3)	0	0	(0)	(3)
Demographic assumption differences	0	0	0	0	0	0
Financial assumption differences	0	0	0	0	0	0
TOTAL expense with impact on other items of comprehensive income	**(0)**	**(3)**	**0**	**0**	**(0)**	**(3)**
Total expense for the year	**(0)**	**(2)**	**(0)**	**0**	**0**	**(2)**

NOTE 24. OTHER PROVISIONS

CONTINUING OPERATIONS

(in millions of euros)	**January 1, 2016**	**Charges**	**Reversal (when risk has materialized)**	**Reversal (when risk has not materialized)**	**Operations held for sale**	**Other changes (*)**	**December 31, 2016**
Restoration of mining sites and mill decommissioning	238	11	(9)	(0)	(254)	15	0
Other non-current provisions	**238**	**11**	**(9)**	**(0)**	**(254)**	**15**	**0**
Restructuring and layoff plans	243	44	(106)	(8)	(185)	14	2
Provisions for ongoing cleanup	29	0	(0)	0	(17)	(12)	0
Provisions for losses at completion	1,810	171	(437)	(6)	(106)	1	1,432
Accrued costs	1,030	141	(60)	(11)	(1,168)	68	0
Other	878	387	(41)	(303)	(275)	(20)	625
Current provisions	**3,990**	**742**	**(644)**	**(327)**	**(1,751)**	**51**	**2,060**
TOTAL PROVISIONS	**4,228**	**753**	**(653)**	**(328)**	**(2,006)**	**65**	**2,060**

(*) Including unwinding of 77 million euros at December 31, 2016.

Provisions for losses at completion

Contract for the construction of the Olkiluoto 3 EPR power plant

Construction of the Olkiluoto 3 EPR power plant ("the project") progressed over the course of 2016, meeting critical path milestones, although delays were recorded on subcritical tasks. The key milestones met were:

- submittal of the Operating License Application (OLA) file on April 13, 2016;
- completion of functional tests of the cabinets of the production part (TXP);
- tests on the full-scale simulator, which ended with the acceptance of TVO and STUK on October 14, 2016;
- nuclear circuit cleaning, which took place from October 17 to November 3, 2016;
- open-vessel functional tests, which started on November 19 and ended on January 13, 2017, according to plan;

The key short-term milestones until fuel loading are as follows:

- preparation for cold functional tests to begin in January 2017
- start of cold functional tests, to begin in June 2017;
- start of hot functional test sequences in the second half of 2017;
- Operating License Granting (OLG) at the end of 2017;
- Fuel Loading in April 2018.

The project is entering the integrated testing phase leading to fuel loading in the reactor and requires strong operational commitment by TVO. Its involvement in maintaining the schedule until connection to the grid has never been more necessary.

Uncertainties remain as to the end of the project. On the one hand, from a contractual standpoint, TVO continues to limit itself to a strict interpretation of the contract. TVO thus rejects any gradual handover of responsibility which future operational constraints could require, particularly those related to nuclear commissioning, which starts with fuel loading.

In addition, the principal stumbling block concerns methods of finalizing the project in connection with the restructuring deployed by AREVA, concerning in particular the operational and financial resources allocated to the project. In the absence of agreement and as expressly requested by TVO, the project must remain unchanged in its contractual form.

On the other hand, on the legal level, the pre-trial investigation phase of the legal proceeding begun in 2008 between the AREVA-Siemens consortium and TVO continues. The AREVA-Siemens consortium continues to exercise its rights in connection with the arbitration proceedings.

The consortium's claim for compensation for damages concerns a total amount of 3.5 billion euros. TVO's claim against the consortium amounts to approximately 2.3 billion euros. The consortium and its counsel still believe that the allegations of intentional gross negligence set out by TVO in its claim against the consortium remain unfounded.

In accordance with the schedule of the arbitration proceeding, a partial decision was rendered by the court on November 7, 2016. While that decision allows some of TVO's claims, it does not constitute a decision on the financial outcome of the dispute between the parties. Other intermediate decisions are expected before the final decision, not expected before the end of 2017 or early 2018.

On the accounting level and in this context, AREVA considers that it does not have the ability to assess the cost of the program at completion with sufficient reliability, and in particular the start-up test phases of the reactor, especially those that begin with fuel loading in the reactor, since TVO is officially the nuclear operator of the Olkiluoto 3 nuclear reactor as from that date. The valuation of the cost of these test phases, which will last until the completion of the project, remain highly dependent on the degree of the customer's cooperation and compliance with its operational obligations. This cost category is termed "undiscernible".

However, except for the costs identified above, AREVA is still able to assess the amount of the costs to be incurred to complete the reactor's construction. These types of costs are called "reliable".

In this context, and in accordance with the provisions of paragraph 32 of IAS 11, AREVA stopped recognizing contract revenue and costs based on the percentage of completion method. It now uses the following recognition methods:

- Revenue recognized for the contract is frozen at the level of the amount reached at June 30, 2013.
- Contract costs are recorded in expenses as they are incurred; only costs in the "reliable" categories that effectively contribute to the physical progress of the reactor's construction are charged against the provision for losses at completion pertaining to the contract. They totaled 384 million euros for 2016. "Undiscernible" costs recorded directly in expenses or which did not contribute to the project's progress amounted to 41 million euros.
- For the full year of 2016, operating costs at completion rose 122 million euros in connection with the net excess costs incurred over the period.
- In view of the difficulty of accurately estimating the reactor commissioning test phases (and in particular the phase involving fuel loading in the reactor, which is highly dependent on TVO's actions), a return to recognizing revenue from the project based on the percentage of completion method will not be considered before the second half of 2017.
- If the existing uncertainties as to the end of the project are dispelled, AREVA will then resume recognition of the OL3 contract in accordance with the percentage of completion method, which will lead to an adjustment of revenue as a function of the project's percentage of completion.

Other provisions

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

- provisions for disputes,
- provisions for tax risks,
- provisions for fines and penalties,
- provisions for expenses related to work preparatory to the shutdown of certain nuclear facilities,
- provisions for guarantees given to third parties.

In particular, this item includes the risks associated with the following items:

Bioenergy operations

In February 2016, the group made the decision to withdraw from bioenergy operations in view of AREVA's non-optimum position in that field and the difficulties of that operating segment in several projects in which AREVA was present.

The graduation cessation of these operations is in progress but will be fully effective only after AREVA has fulfilled its remaining contractual commitments. These concern the Green Innovation Project (GIFT) in the Philippines and the Commentry Bio Energy Project (BEC) in France. Following the announcement of this cessation of operations, various claims were lodged against the Brazilian entity. The provisions set aside for commercial disputes and litigation in progress were reassessed, and adjustments were made at December 31, 2016.

Adwen

Since Adwen could find itself exposed to the consequences of projects that have been or are being executed, AREVA agreed to provide it with certain guarantees in this regard in the agreement creating the Adwen joint venture signed in March 2015.

AREVA and Gamesa, the two shareholders of Adwen, wished to further develop their relationship by signing an amendment to the shareholders' agreement of the Adwen joint venture on June 17, 2016. At the end of a three-month competitive bidding process designed to solicit and assess offers from potential third-party investors, on September 14, 2016 AREVA exercised its option to sell its 50% interest in the Adwen joint venture to Gamesa. This sale was completed on January 5, 2017, and Gamesa holds 100% of the shares of Adwen since that date.

However, at December 31, 2016, AREVA's obligations had not yet changed and continued to be governed by the joint venture agreements:

- These are first and foremost guarantees related to the past: deterioration of profit margins as from the creation of the joint venture on projects in progress to supply turbines to Global Tech I and Borkum West II. This guarantee is not capped.
- Other guarantees concern disputes, legal actions and claims related to operations prior to closing but with no connection to projects in progress. That guarantee is capped.
- For future transactions or transactions in progress at the closing date, AREVA will compensate the joint venture for potential losses linked to the maintenance contracts for the Alpha Ventus, Global Tech I and Borkum West II wind farms as well as for the Wikinger project. Those guarantees are capped.

A dispute with Global Tech I began on June 1, 2016 at the latter's initiative. It is asking for 157 million euros in late charges and repayments of excess costs concerning the commissioning of the turbines in 2014-2015. The dispute was lodged with a Dispute

Adjudication Board (DAB). The DAB's decision was published on October 22, 2016; it orders Adwen to pay 80 million euros (excluding interest) to its customer. Neither party wished to contest this decision by initiating an arbitration proceeding.

In addition, the final acceptance of 43 of the 80 turbines of Global Tech I was pronounced in 2016. While the discussions with the customer continue for the remaining 37 turbines, the latter drew on the 37 performance bonds related to those turbines in the amount of 38 million euros, wanting to temporarily mobilize that amount until a solution is found between the parties for the acceptance of the corresponding turbines and in anticipation of the payment of the DAB's decision.

All of the GTI and BWII turbines are covered by machine guarantees and are the subject of maintenance contracts.

OPERATIONS HELD FOR SALE

(in millions of euros)	**December 31, 2015**	**Charges**	**Reversal (when risk has materialized)**	**Reversal (when risk has not materialized)**	**Operations held for sale**	**Other changes (*)**	**December 31, 2016**
Operations held for sale in 2015							
New NP	594	192	(152)	(3)	-	28	658
AREVA TA	154	0	(20)	(1)	-	(2)	130
Nuclear Measurements	6	4	(2)	(0)	-	(8)	-
Sub-total	**753**	**196**	**(174)**	**(4)**	**-**	**18**	**788**
Operations held for sale in 2016							
NewCo	-	-	-	-	2,006	-	2,006
TOTAL (**)	**753**	**196**	**(174)**	**(4)**	**2,006**	**18**	**2,794**

(*) Including unwinding of 3 million euros at December 31, 2016.

(**) see note 3

Provisions for cleanup

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

Provisions for restructuring and redundancy plans

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

For the plans undertaken in France, 2,046 departures were recorded with regard to support measures under the Voluntary Departure Plans (VDP) in addition to 996 departures by natural attrition or in connection with contractual plans for which provisions had already been set aside. The employee departures will be spread out until the end of 2019.

Provisions for losses at completion

Purchase contract for separative work units (SWU) (NewCo)

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

Koeberg contract (New NP)

A loss at completion in the total amount of 41 million euros was recognized at December 31, 2015 for an export contract in the Reactors and Services field.

At December 31, 2016, this loss at completion was recognized in the total amount of 67 million euros, including 46 million euros as a provision for loss at completion. The change in the loss at completion reflects the delay in the project's completion date due in particular to quality problems; to the decision to subcontract the manufacturing of parts; and to the expectation of the completion of negotiations with the customer for redefinition of the contractual calendar.

EDF contracts (New NP)

The discovery of high carbon concentrations on the channel heads manufactured at le Creusot for RP3 steam generators and the obligation for compliance resulting from the treatment of anomalies detected during review of the RP2 manufacturing file ("unmarked files" of le Creusot) showing non-compliant mechanical strength characteristics on the upper shell of the GV385, have led to plans to replace those channels and parts with new compliant components.

All of the corresponding work was assessed and included in the costs at completion of the projects involved, and led to the recognition of a provision for losses at completion of 19 million euros at December 31, 2016.

Contracts for the design and construction of an experimental reactor (AREVA TA)

The year of 2016 was impacted by the reindustrialization and recontractualization of two important projects following the amicable withdrawal of one of the CEA's contractors. A new delay in the program steering schedule, which was sudden and left no room to maneuver, had to be granted, delaying reactor startup to September 2021 at the earliest. Application of the provisions of the tripartite memorandum of understanding signed in July 2015 and the signature of an amendment to the project management contract with the customer ensured that the funding of the excess costs associated with this schedule day were shared, with no additional negative impact for AREVA.

Provisions for contract completion (NewCo)

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

Other provisions

Industrial equipment supply contract (NewCo)

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

Creusot quality initiative (New NP)

Quality action plan concerning AREVA NP

The quality audit of the Creusot plant launched at the end of 2015 continued in 2016. In connection with the audit, all of the quality processes were reviewed and improvement measures are being implemented.

Concerning the Creusot plant, the quality audit was supplemented by exhaustive analysis of one category of manufacturing files of forged parts (marked files), with the objective of identifying potential anomalies. Files presenting practices which are not in compliance with Creusot's quality assurance rules were identified. The anomalies found were the subject of a technical characterization submitted to a technical committee. This work was carried out with the operators and customers concerned. The objective of this work is to validate the characterization performed and to deal with the anomalies by providing customers and the safety authorities appropriate technical justification in terms of the contractual and regulatory requirements ensuring the operability of the parts. An information and discussion process has been implemented in which the nuclear safety authorities in particular are involved. All of the customers concerned by the anomalies identified have been informed by AREVA.

To date, the analyses have found that no reported anomaly compromises the mechanical integrity of the parts concerned. Additional tests and analyses are in progress, in particular on an equipment item delivered to the Fessenheim 2 power plant, in order to respond to requests from the nuclear safety authority ASN following the suspension of the test certificate of one of the steam generators.

A more extensive analysis of the manufacturing files (unmarked files) is in progress and concerns more than 6,000 files. Additional identified anomalies are being dealt with in the same way. In this regard, an anomaly on a steam generator delivered to the Flamanville 3 site was the subject of characterization for purposes of responding to requests from the safety authority.

The financial statements for the period ended December 31, 2016 were closed:

- taking into account the obligation to deal with all of the marked and unmarked manufacturing files. In this regard, a provision was set up for the estimated external costs of all actions needed to deal with the identified anomalies, including the review of unmarked files.
- It is believed that the results of these actions will lead to a positive conclusion of the discussions with customers and their safety authorities.

In addition, since May 2016, the analysis has been extended to the St-Marcel and Jeumont sites. No similar anomalies have been identified at those two sites as of the date of these financial statements.

Tensile tests performed at the Creusot laboratory

Following the deficiencies found in April 2015 concerning tensile test protocols at the Creusot laboratory, systematic verification was undertaken to justify the parts concerned through analyses or by retesting on test specimens. The identified anomalies are being dealt with in coordination with the customers.

The costs of retesting were assessed and a provision was set up for them (6,000 tests). More specifically, an anomaly was identified on an equipment item in the manufacturing process which AREVA NP is required to bring into compliance. The corresponding estimated costs were factored into the project's costs at completion.

The financial statements at December 31, 2016 assume that the analyses and/or retesting will lead to a positive result with the customers and their safety authorities.

NOTE 25. BORROWINGS

CONTINUING OPERATIONS

(in millions of euros)	**Long-term borrowings**	**Short-term borrowings**	**December 31, 2016**	**December 31, 2015**
Interest-bearing advances from customers	-	-	-	96
Borrowings from lending institutions and commercial paper	1,250	815	2,065	894
Bond issues	-	-	-	5,974
Short-term bank facilities and non-trade current accounts (credit balances)	-	6	6	91
Financial derivatives	99	9	108	235
Miscellaneous debt*	2	1	2	55
TOTAL BORROWINGS	**1,351**	**831**	**2,182**	**7,344**
** Including finance lease obligations*	*-*	*1*	*1*	*4*

At December 31, 2016, borrowings from lending institutions included:

- bilateral lines of credit, all of them drawn, in the total outstanding amount of 795 million euros, repayable in 2017;
- the draw on the syndicated line of credit in the amount of 1.250 billion euros maturing in January 2018.

Borrowings by maturity, currency and type of interest rate:

(in millions of euros)	**December 31, 2016**
Maturing in one year or less	831
Maturing in 1-2 years	1,252
Maturing in 2-3 years	-
Maturing in 3-4 years	-
Maturing in 4-5 years	99
Maturing in more than 5 years	-
TOTAL	**2,182**

(in millions of euros)	December 31, 2016
Euro	2,178
US dollar	4
Yen	-
Other	-
TOTAL	**2,182**

(in millions of euros)	December 31, 2016
Fixed rate borrowings	2
Floating rate borrowings	2,052
TOTAL	**2,054**
Other non-interest-bearing debt	20
Financial derivatives	108
TOTAL	**2,182**

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

Payment schedule at December 31, 2016

(in millions of euros)	Balance sheet value	Total payment flows	Less than one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Borrowings from lending institutions and commercial paper	2,065	2,065	815	1,250				
Short-term bank facilities and non-trade current accounts (credit balances)	6	6	6					
Miscellaneous debt	2	2	1	1				
Future interest on financial liabilities		59	45	14				
Total borrowings (excluding derivatives)	**2,074**	**2,133**	**868**	**1,266**				
Derivatives – assets	(1)	(1)						
Derivatives – liabilities	108	108						
Total net derivatives	**107**	**107**	8				99	
TOTAL	**2,181**	**2,240**	**876**	**1,266**			**99**	

Payment schedule at December 31, 2015

(in millions of euros)	Balance sheet value	Total payment flows	Less than one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Interest-bearing advances	96	96						96
Borrowings from lending institutions and commercial paper	894	894	301	87	61	45	81	319
Bond issues	5,974	5,974	1,032	795	61	773	532	2,780
Short-term bank facilities and non-trade current accounts (credit balances)	91	91	91					
Miscellaneous debt	55	55	2					53
Future interest on financial liabilities	-	1,309	297	211	154	149	116	384
Total borrowings (excluding derivatives)	**7,109**	**8,419**	**1,722**	**1,092**	**277**	**967**	**728**	**3,632**
Derivatives – assets	(161)							
Derivatives – liabilities	235							
Total net derivatives	**73**	**73**	(29)	(3)	2	(40)	(32)	175
TOTAL	**7,183**	**8,492**	1,694	1,089	278	927	696	3,808

Guarantees and covenants

As security, AREVA SA has committed to guaranteeing the redemption of all bond issues contributed to New AREVA Holding and to guaranteeing the derivatives of New AREVA Holding with banking counterparties, for New AREVA Holding's benefit. At December 31, 2016, the carrying amount of New AREVA Holding's bond debt was 4.945 billion euros.

Those guarantees will end once the capital increase of New AREVA Holding has been carried out in the amount of at least 3 billion euros or, for the guarantee concerning the bond issues, once they have been redeemed.

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

Banking covenants

In early February 2017, AREVA SA secured and accepted a commitment from its banking partners for "senior secured" interim financing of 300 million euros, expected to be signed in the near future and maturing on January 8, 2018. Draws on this financing will be conditioned on the French State's subscription to the AREVA SA and New AREVA Holding capital increases. In addition to the standard default and early repayment clauses in the event of the occurrence of predefined events, a default clause is provided in the event that certain contractual risks associated with AREVA SA's operations were to materialize above a certain threshold.
Furthermore, AREVA SA secured the necessary consent from the lenders of the syndicated credit of 1.250 billion euros, maturing on January 16, 2018, to proceed with the NewCo capital increase and authorize de facto the loss of control. In return for this consent, the lenders of that facility receive better terms, including an additional security and early repayment clauses, in particular as regards the income from the sale of AREVA NP.

OPERATIONS HELD FOR SALE

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
Operations held for sale in 2015		
New NP	5	157
AREVA TA	1	0
Nuclear Measurements	-	0
Sub-total	**6**	**157**
Operations held for sale in 2016		
NewCo	5,873	
TOTAL (*)	**5,879**	**157**

* see note 3

At December 31, 2016, NewCo's borrowings included in particular:

- bond debt outstanding in the carrying amount of 4.945 billion euros;
- a redeemable syndicated loan from 10 banks maturing in 2024 in the amount of 555 million euros (initial amount of 650 million euros at December 31, 2016).

Bond issues after hedging

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

The fair value of these bond issues was 4.867 billion euros at December 31, 2016.

Banking covenants

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

NOTE 26. ADVANCES AND PREPAYMENTS RECEIVED

CONTINUING OPERATIONS

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
Advances and prepayments on orders	30	1,868
Customer advances and prepayments invested in non-current assets	-	1,026
TOTAL	**30**	**2,895**

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

- less than 1 year: .... 18 million euros
- 1-5 years:.. 12 million euros
- more than 5 years:..- million euros

OPERATIONS HELD FOR SALE

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
Operations held for sale in 2015		
New NP	1,391	1,417
AREVA TA	280	265
Nuclear Measurements	-	10
Sub-total	**1,672**	**1,692**
Operations held for sale in 2016		
NewCo	2,874	
TOTAL (*)	**4,545**	**1,692**

* see note 3

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

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

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

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

NOTE 27. OTHER LIABILITIES

CONTINUING OPERATIONS

Other operating liabilities

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
Tax and social security liabilities, excluding corporate income tax	30	876
Financial instruments	22	299
Other operating liabilities	170	728
TOTAL	**222**	**1,904**

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

At December 31, 2016, other operating liabilities had a maturity of less than one year.

Other non-operating liabilities

Non-operating liabilities amounted to 3 million euros at December 31, 2016 (compared with 64 million euros at December 31, 2015).

OPERATIONS HELD FOR SALE

Other operating liabilities

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
Operations held for sale in 2015		
New NP	891	805
AREVA TA	100	146
Nuclear Measurements	-	51
Sub-total	**991**	**1,002**
Operations held for sale in 2016		
NewCo	1,806	
TOTAL (*)	**2,798**	**1,002**

* see note 3

Other non-operating liabilities

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
Operations held for sale in 2015		
New NP	1	25
AREVA TA	1	1
Nuclear Measurements	-	0
Sub-total	**2**	**26**
Operations held for sale in 2016		
NewCo	72	
TOTAL (*)	**74**	**26**

* see note 3

Other non-operating liabilities include mainly dividends payable to minority shareholders of certain subsidiaries.

NOTE 28. CASH FROM OPERATING ACTIVITIES

CHANGE IN WORKING CAPITAL REQUIREMENT

(in millions of euros)	**2016**	**2015**
Change in inventories and work-in-process	0	0
Change in accounts receivable and other receivables	49	54
Change in accounts payable and other liabilities	4	73
Change in trade advances and prepayments received	22	(7)
Change in advances and prepayments made	19	(7)
Change in Forex hedge of WCR	6	(1)
Change in other non-current non-financial assets	0	0
TOTAL	**100**	**112**

NOTE 29. RELATED PARTY TRANSACTIONS

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

TRANSACTIONS BETWEEN THE GROUP AND THE CEA

	CEA	
(in millions of euros)	**December 31, 2016**	**December 31, 2015**
Sales	555	582
Purchases	68	92
Loans to/receivables from related parties	985	962
Borrowings from related parties	233	185

TRANSACTIONS BETWEEN THE CONTINUING OPERATIONS AND THE CEA

	CEA	
(in millions of euros)	**December 31, 2016**	**December 31, 2015**
Sales	-	-
Purchases	0	2
Loans to/receivables from related parties	-	877
Borrowings from related parties	18	153

TRANSACTIONS BETWEEN THE GROUP AND ADWEN

These transactions are described in note 3.

	Adwen	
(in millions of euros)	**December 31, 2016**	**December 31, 2015**
Sales	4	5
Purchases	-	9
Loans to/receivables from related parties	241	373
Borrowings from related parties	-	-

TRANSACTIONS BETWEEN THE GROUP AND ETC

These transactions are described in note 14.

AREVA buys centrifuges from ETC for its new Georges Besse II enrichment plant and supplies related maintenance services. AREVA's purchases of assets from ETC totaled 18 million euros in 2016 (compared with 81 million euros at December 31, 2015).

RELATIONS WITH GOVERNMENT-OWNED COMPANIES

The group has business relationships with government-owned companies, in particular EDF and the CEA (Commissariat à l'énergie atomique et aux énergies alternatives).

Transactions with EDF concern the front end of the nuclear fuel cycle (uranium sales and conversion, enrichment and fuel fabrication services), the back end of the cycle (used fuel transportation, storage, treatment and recycling services), power plant maintenance and equipment sales.

Transactions with the CEA concern dismantling of the CEA's nuclear facilities; engineering services for the design and construction and of the CEA's research reactors and related operating support; and the provision of studies and research work. In addition, AREVA pays fees to the CEA for the use of its used nuclear fuel reprocessing processes.

The group also provides services to the CEA concerning engineering services and research, cleanup and dismantling services, and has two contracts for the design and construction of certain components of an experimental reactor. Execution of these two contracts has met with difficulties which have resulted in the recognition of provisions (see note 24).

COMPENSATION PAID TO KEY EXECUTIVES

(in millions of euros)	**2016**	**2015**
Short-term benefits	6.1	4.5
Termination benefits	3.5	1.7
Post-employment benefits	1.2	0.1
Other long-term benefits	0	-
TOTAL	**10.8**	**6.3**

Key executives are:

- for 2015 data: from January 1 to 8, 2015, the members of the Executive Board and of the Supervisory Board and, as from January 9, 2015, the members of the Board of Directors and of the Executive Committee.
- for 2016 data: from January 1 to June 30, 2016, the members of the Board of Directors and of the Executive Committee of AREVA SA and, from July 1 to December 31, 2016, the members of the Board of Directors of AREVA SA, the members of the Executive Committees of NewCo and of AREVA NP, and the members of the Management Committee of AREVA SA.

Short-term benefits and termination benefits include compensation paid during the year by the group and by the CEA.

NOTE 30. GREENHOUSE GAS EMISSIONS ALLOWANCES

(in thousands of metric tons of CO_2)	**2016**	**2015**
Allowances received by AREVA	69	73
Actual emissions	64	73
Excess of allowances over emissions	6	0
Allowances sold on the Powernext market	0	**0**

NOTE 31. MANAGEMENT OF MARKET RISKS

GENERAL OBJECTIVES

The group has a dedicated organization which draws on financial risk management policies approved by the Executive Committee, enabling centralized management of the group’s exposure to foreign exchange, commodity, rate and liquidity risks for the continuing operations, to which AREVA NP, which is covered by AREVA SA, is exposed. Similarly, New AREVA Holding centralizes the management of these risks for NewCo.

In the Finance department, the department of Financial Operations and Treasury Management (DOFT) makes transactions on financial markets and acts as a central desk that provides services and manages the group’s financial exposure. The organization of this department ensures the separation of functions and the necessary human, technical, and information system resources. Transactions handled by DOFT cover foreign exchange and commodities trading, interest rates, centralized cash management, internal and external financing, borrowings and investments, and asset management.

To report on the financial risks and related position limits and on the counterparty risk, DOFT produces a monthly report on all positions and their market values for the group’s Chief Financial Officer.

FOREIGN EXCHANGE RISK

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

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

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

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

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

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

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

As provided by group policies, each operating entity responsible for identifying foreign exchange risk must hedge exposure to currencies other than its own accounting currency by initiating a transaction exclusively with the group's trading desk, except as otherwise required by specific circumstances or regulations. The Financial Operations and Treasury Management Department centralizes the exposure of all entities and hedges the net position directly with banking counterparties. A system of strict limits, particularly concerning results, marked to market, and foreign exchange positions that may be taken by the trading desk, is monitored by specialized teams that are also charged with valuation of the transactions. In addition, analyses of sensitivity to changes in exchange rates are periodically performed.

Continuing operations

At December 31, 2016, the derivatives set up by the group to hedge its exposure to foreign exchange risk and to hedge AREVA NP's foreign exchange risk were as follows:

(Notional amounts by maturity date at December 31, 2016)	2017	2018	2019	2020	2021	> 5 years	Total	Market value
Forward exchange transactions and currency swaps	659	70	28	18			**774**	**(21)**
Currency options							**0**	
Cross-currency swaps					389		**389**	**(88)**
TOTAL	**659**	**70**	**28**	**18**	**389**	**0**	**1,163**	**(109)**

Derivative financial instruments used to hedge foreign currency exposure were as follows at December 31, 2016 and December 31, 2015:

	2016		2015	
(in millions of euros)	Nominal amounts in absolute value	Market value	Nominal amounts in absolute value	Market value
Derivatives related to fair value hedging strategies (FVH)	**177**	**1**	**386**	**(12)**
Forward exchange transactions and currency swaps	177	1	386	(12)
Derivatives related to net investment hedging strategies (NIH)	**0**	**0**	**0**	**0**
Derivatives related to cash flow hedging strategies (CFH)	**120**	**(16)**	**2,212**	**(209)**
Forward exchange transactions and currency swaps	120	(16)	2,194	(208)
Currency options			18	(1)
Derivatives not eligible for hedge accounting	**866**	**(94)**	**2,833**	**(150)**
Forward exchange transactions and currency swaps	477	(7)	1,228	1
Currency options			72	(5)
Cross-currency swaps	389	(88)	1,533	(145)
TOTAL	**1,163**	**(88)**	**5,432**	**(371)**

A significant share of undocumented financial instruments in 2016 and 2015 corresponds to derivatives subscribed to hedge foreign exchange risk on monetary assets and liabilities and on financial assets and liabilities, which constitutes a natural hedge.
Based on market data at the date of closing, the impact of currency derivative instruments qualified as cash flow hedges on the group's consolidated equity at year-end 2016 would be +6 million euros in the case of a 5% instantaneous increase in exchange rates against the euro, or -6 million euros in the case of a 5% decrease in exchange rates. Using these assumptions, the impacts were +70 million euros and -77 million euros at year-end 2015.

In view of the group's policy, which is to hedge all currency exposures:

- undocumented derivatives are used to hedge assets and liabilities in currencies for identical amounts;
- unhedged assets and liabilities are immaterial.

The impact on the group's financial statements of an instant variation of +5% or -5% of exchange rates compared with the euro is relatively neutral.

Operations held for sale

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

At December 31, 2016, derivatives set up by NewCo to hedge foreign exchange risk were as follows:

(Notional amounts by maturity date at December 31, 2016)	**2017**	**2018**	**2019**	**2020**	**2021**	**> 5 years**	**Total**	**Market value**
Forward exchange transactions and currency swaps	2,237	1,194	595	202			**4,228**	**(185)**
Currency options	52						**52**	**(2)**
Cross-currency swaps	63	65	317				**445**	**6**
TOTAL	**2,352**	**1,259**	**912**	**202**	**0**	**0**	**4,725**	**(180)**

Derivative financial instruments used to hedge NewCo's foreign exchange risk were as follows at December 31, 2016 and December 31, 2015:

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

COMMODITY RISK

The group has little commodity risk and no hedge had been set up at December 31, 2016.

INTEREST RATE RISK

Rate risk management is entirely centralized in the department of Financial Operations and Treasury Management, which consolidates the subsidiaries' current or stable cash surpluses or requirements and arranges external financing as appropriate, except as otherwise required by regulations or specific circumstances.

The group uses several types of derivatives, as required by market conditions, to allocate its borrowings between fixed rates and floating rates and to manage its investment portfolio, with the goal being mainly to reduce its borrowing costs while optimizing the management of its cash surpluses.

The amount of the commitments and the sensitivity of the positions taken by the trading desk in the framework of AREVA's rate management policy are subject to limits based on the type of transaction involved.

Continuing operations

At December 31, 2016, the following financial instruments were used to hedge interest rate exposure:

		Notional amounts by maturity date at December 31, 2016						Market value
(in millions of euros)	**Total**	**2017**	**2018**	**2019**	**2020**	**2021**	**> 5 years**	
Interest rate swaps – variable lender – EUR								
USD variable borrower	**389**					389		**(11)**
GRAND TOTAL	**389**	**0**	**0**	**0**	**0**	**389**		**(11)**

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

		Market value of contracts[1]			
Rate instruments *(in millions of euros)*	**Nominal amount of contract**	**Cash flow hedges (CFH)**	**Fair value hedges (FVH)**	**Not formally documented (Trading)**	**Total**
Interest rate swaps – variable lender – EUR					
USD variable borrower	389			(11)	(11)
TOTAL	**389**	**0**	**0**	**(11)**	**(11)**

(1) Gain / (loss).

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

<u>Maturities of the group's financial assets and borrowings at December 31, 2016</u>

(in millions of euros)	**Less than one year**	**1 year to 2 years**	**2 years to 3 years**	**3 years to 4 years**	**4 years to 5 years**	**More than 5 years**	**Total**
Financial assets	**799**	**0**	**0**	**0**	**0**	**0**	**799**
including fixed rate assets	0						0
including floating rate assets	828						828
including non-interest-bearing assets	(30)						(30)
Borrowings	**(831)**	**(1,251)**	**(0)**	**0**	**(99)**	**(0)**	**(2,182)**
including fixed rate borrowings	(1)	(0)	(0)			(0)	(2)
including floating rate borrowings	(801)	(1,251)					(2,052)
including non-interest-bearing borrowings	(29)				(99)		(128)
Net exposure before hedging	**(32)**	**(1,251)**	**(0)**	**0**	**(99)**	**(0)**	**(1,383)**
share exposed to fixed rates	(1)	(0)	(0)	0	0	(0)	(2)
share exposed to floating rates	27	(1,251)	0	0	0	0	(1,224)
non-interest-bearing share	(58)	0	0	0	(99)	0	(157)
Off-balance sheet hedging							
on borrowings: fixed rate swaps							
on borrowings: floating rate swaps							
Net exposure after hedging	**(32)**	**(1,251)**	**(0)**	**0**	**(99)**	**(0)**	**(1,383)**
share exposed to fixed rates	(1)	(0)	(0)	0	0	(0)	(2)
share exposed to floating rates	27	(1,251)	0	0	0	0	(1,224)
non-interest-bearing share	(58)	0	0	0	(99)	0	(157)

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

(in millions of euros)	Less than one year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years	Total
Financial assets	**1,010**	**3**	**1**	**41**	**32**	**45**	**1,133**
including fixed rate assets	0						0
including floating rate assets	972						972
including non-interest-bearing assets	39	3	1	41	32	45	161
Borrowings	**(1,439)**	**(879)**	**(122)**	**(818)**	**(613)**	**(3,473)**	**(7,344)**
including fixed rate borrowings	(1,036)	(869)	(122)	(818)	(613)	(2,997)	(6,456)
including floating rate borrowings	(266)	(10)	0	0	0	(255)	(530)
including non-interest-bearing borrowings	(138)					(221)	(359)
Net exposure before hedging	**(429)**	**(875)**	**(122)**	**(777)**	**(581)**	**(3,427)**	**(6,211)**
share exposed to fixed rates	(1,036)	(869)	(122)	(818)	(613)	(2,997)	(6,456)
share exposed to floating rates	706	(10)	0	0	0	(255)	442
non-interest-bearing share	(99)	3	1	41	32	(175)	(197)
Off-balance sheet hedging							
on borrowings: fixed rate swaps	180		61	155	532	729	1,657
on borrowings: floating rate swaps	(180)		(61)	(155)	(532)	(729)	(1,657)
Net exposure after hedging	**(429)**	**(875)**	**(122)**	**(777)**	**(581)**	**(3,427)**	**(6,211)**
share exposed to fixed rates	(855)	(869)	(61)	(664)	(81)	(2,269)	(4,799)
share exposed to floating rates	526	(10)	(61)	(155)	(532)	(983)	(1,215)
non-interest-bearing share	(99)	3	1	41	32	(175)	(197)

Based on the group’s exposure at December 31, 2016, a 1% increase in interest rates would have an impact on borrowing costs on a full-year basis estimated at -12 million euros and, therefore, on the group’s consolidated income before tax. That impact was -12 million euros at year end 2015.

Operations held for sale

At December 31, 2016, the following financial instruments were used to hedge NewCo’s interest rate exposure:

		Notional amounts by maturity date at December 31, 2016						
(in millions of euros)	**Total**	**2017**	**2018**	**2019**	**2020**	**2021**	**> 5 years**	**Market value**
Interest rate swaps – variable lender – EUR								
Fixed borrower – EUR	**175**						175	**(6)**
Interest rate swaps – variable lender – EUR								
EUR variable borrower	**75**						75	**(1)**
CAD variable borrower	**381**	63		317				**(1)**
Interest rate swaps – fixed lender – EUR								
EUR variable borrower	**550**			50	150	150	200	**43**
Interest rate swaps – JPY fixed lender								
EUR variable borrower	**65**		65					**0**
Inflation rate swaps – variable lender – USD								
USD fixed lender	**166**				166			**(38)**
GRAND TOTAL	**1,411**	**63**	**65**	**367**	**316**	**150**	**450**	**(1)**

At December 31, 2016, the group used the following derivatives to hedge NewCo's interest rate exposure:

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

(1) Gain / (loss).

RISK FROM EQUITY INVESTMENTS

Continuing operations

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

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

Operations held for sale

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

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

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

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

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

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

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

COUNTERPARTY RISK

The group is exposed to the credit risk of counterparties linked to its use of financial derivatives to cover its risks

The group uses different types of financial instruments to manage its exposure to foreign exchange and interest rate risks, and its exposure to risks on commodities. The group primarily uses forward buy/sell currency and commodity contracts and rate derivative products such as swaps, futures or options to cover these types of risk. These transactions expose the group to counterparty risk when the contracts are concluded over the counter.

To minimize this risk, the group's cash management department deals only with diversified, top quality counterparties based on their ratings in the Standard & Poor's and Moody's rating systems, with a minimum rating of Investment Grade. A legal framework agreement is always signed with the counterparties.

The limits allowed for each counterparty are determined based on its rating and the type and maturity of the instruments traded. The allocation of limits is reviewed at least once a year and approved by the group's Chief Financial Officer, unless the counterparty's rating has been downgraded. The limits are verified in a specific report produced by the internal control team of the Treasury Management Department. During periods of significant financial instability that may involve an increased risk of bank default, which may be underestimated by ratings agencies, the group monitors advanced indicators as necessary, such as the value of the credit default swaps (CDS) of the eligible counterparties, to determine if limits should be adjusted.

When conditions warrant (rising counterparty risk, longer term transactions, etc.), market transactions are managed by margin calls that reduce the group's counterparty risk to a predetermined threshold: the Credit Support Annex for trades documented under an ISDA master agreement, or the Collateral Annex for trades documented under a French Banking Federation (FBF) master agreement.

Continuing operations

Balance sheet netting of the fair value of derivatives

December 31, 2016		**Effect of clearing agreements**		
(in millions of euros)	**Gross carrying amount**	**Financial instruments**	**Fair value of financial collateral**	**Net exposure**
Assets	8	(8)		0
Shareholders' equity and liabilities	(129)	8	25	(96)
TOTAL	**(121)**	**0**	**25**	**(96)**

Operations held for sale

Balance sheet netting of the fair value of derivatives

December 31, 2016	**Effect of clearing agreements**			
(in millions of euros)	**Gross carrying amount**	**Financial instruments**	**Fair value of financial collateral**	**Net exposure**
Assets	81	(54)		27
Shareholders' equity and liabilities	(258)	54	0	(205)
TOTAL	**(178)**	**(1)**	**0**	**(178)**

LIQUIDITY RISK

The group's liquidity in 2016 was ensured by draws on available lines of credit in the amount of approximately 2 billion euros on January 4 and 5, 2016.

At December 31, 2016, AREVA's short-term borrowings amounted to 831 million euros, consisting mainly of bilateral lines of credit maturing over the course of 2017. In addition, AREVA guarantees NewCo's borrowings (bond debt and financing of the Georges Besse II industrial asset in the total amount of 5.5 billion euros) until the execution of the NewCo capital increase planned in 2017.

Beyond 2017, the last maturity of AREVA's significant debt consists of the reimbursement of the syndicated line of credit of 1.25 billion euros in January 2018.

As mentioned previously, on January 10, 2017, the European Commission authorized rescue aid in the form of two advances from the shareholder current account of the French State, one for AREVA in the amount of 2 billion euros and the other for NewCo in the amount of 1.3 billion euros.

In addition, in early February 2017, AREVA SA secured and accepted a commitment from its banking partners for "senior secured" interim financing of 300 million euros, expected to be signed in the near future and maturing on January 8, 2018. Draws on this financing will be conditioned on the French State's subscription to the AREVA SA and New AREVA Holding capital increases.

Furthermore, AREVA SA secured the necessary consent from the lenders of the syndicated credit of 1.250 billion euros, maturing on January 16, 2018, to proceed with the NewCo capital increase and authorize de facto the loss of control. In return for this consent, the lenders of that facility receive better terms, including an additional security and early repayment clauses, in particular as regards the income from the sale of AREVA NP.

CREDIT RISK

AREVA's only exposure to credit risk is through its investments of cash surpluses in marketable securities and in mutual funds or money market funds. Investment in these marketable securities is subject to limits of exposure based on the issuer's rating (short-term rating of Investment Grade). The group's management approves these limits. As regards mutual funds and money market funds, the group invests its cash surpluses only subject to limits of exposure based on the issuer's rating (under criteria as described above) and in investment vehicles with an average duration of less than 3 months.

MARKET VALUE OF FINANCIAL INSTRUMENTS

The market value of financial instruments pertaining to currency, rate and commodity transactions are calculated based on market data as of the closing date, on discounted future cash flows, or on prices provided by financial institutions. The use of different market assumptions could have a significant impact on estimated market values.

NOTE 32. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS

FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

2016

Assets

		Including						
(in millions of euros)	**Balance sheet value**	**Non-financial assets and liabilities**	**Loans and receivables**	**Fair value recognized in profit or loss**	**Assets available for sale**	**Assets held to maturity**	**Derivatives**	**Fair value of financial assets**
Non-current assets	**312**	**79**	**233**					**233**
Goodwill on consolidated companies	-							
Intangible assets	42	42						
Property, plant and equipment	25	25						
End-of-lifecycle assets (third party share)								
Assets earmarked for end-of-lifecycle operations								
Investments in joint ventures and associates	10	10						
Other non-current assets	234	1	233					233
Deferred tax assets	1	1						
Current assets	**28,417**	**27,398**	**816**	**193**			**11**	**1,019**
Inventories and work-in-process	2	2						
Trade accounts receivable and related accounts	154	135	19					19
Other operating receivables	252	220	21				10	31
Current tax assets	7	7						
Other non-operating receivables	142	2	140					140
Cash and cash equivalents	686		493	193				686
Other current financial assets	143		142				1	143
Assets of operations held for sale	27,032	27,032						
TOTAL ASSETS	**28,729**	**27,477**	**1,048**	**193**			**11**	**1,252**

Financial instruments at fair value recognized in profit or loss and in “other items of comprehensive income” according to:

- 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				
Current assets	**193**	**11**		**204**
Other operating receivables		10		10
Cash and cash equivalents	193			193
Other current financial assets		1		1
TOTAL ASSETS	**193**	**11**	**-**	**204**

Analysis of assets in the level 3 category

(in millions of euros)	**Amount at December 31, 2015**	**Increase**	**Disposals**	**Operations held for sale**	**Other**	**Amount at December 31, 2016**
Other non-current assets	**12**	1	-	(16)	2	**0**

Liabilities and equity

		Including					
(in millions of euros)	**Balance sheet value**	**Non-financial assets and liabilities**	**Liabilities at amortized cost**	**Fair value recognized in profit or loss**	**Assets available for sale**	**Derivatives**	**Fair value of financial liabilities**
Equity and minority interests	**(3,427)**	**(3,427)**					
Capital	1,456	1,456					
Consolidated premiums and reserves	(4,611)	(4,611)					
Actuarial gains and losses on employee benefits	(420)	(420)					
Deferred unrealized gains and losses on financial instruments	93	93					
Currency translation reserves	64	64					
Minority interests	(10)	(10)					
Non-current liabilities	**1,354**	**4**	**1,252**			**99**	**1,351**
Employee benefits	4	4					
Provisions for end-of-lifecycle operations							
Other non-current provisions							
Share in negative net equity of joint ventures and associates							
Long-term borrowings	1,351		1,252			99	1,351
Deferred tax liabilities	-	-					
Current liabilities	**30,802**	**29,513**	**1,261**			**29**	**1,290**
Current provisions	2,060	2,060					
Short-term borrowings	831		822			9	831
Advances and prepayments received	30	30					
Trade accounts payable and related accounts	265	5	260				260
Other operating liabilities	222	26	176			20	196
Current tax liabilities	1	1					
Other non-operating liabilities	3		3				3
Liabilities of operations held for sale	27,391	27,391					
TOTAL LIABILITIES AND EQUITY	**28,729**	**26,089**	**2,513**			**128**	**2,640**

(in millions of euros)	**Level 1**	**Level 2**	**Level 3**	**Total**
Non-current liabilities		**99**		**99**
Long-term borrowings		99		99
Current liabilities		**29**		**29**
Short-term borrowings		9		9
Other operating liabilities		20		20
TOTAL LIABILITIES		**128**		**128**

2015

Assets

		Including						
(in millions of euros)	**Balance sheet value**	**Non-financial assets and liabilities**	**Loans and receivabl es**	**Fair value recognized in profit or loss**	**Assets available for sale**	**Assets held to maturity**	**Derivatives**	**Fair value of financial assets**
Non-current assets	**17,747**	**11,069**	**1,131**		**4,814**	**610**	**123**	**6,813**
Goodwill on consolidated companies	1,272	1,272						
Intangible assets	1,648	1,648						
Property, plant and equipment	7,642	7,642						
End-of-lifecycle assets (third party share)	178	178						
Assets earmarked for end-of-lifecycle operations	6,122		739		4,773	610		6,257
Investments in joint ventures and associates	100	100						
Other non-current assets	573	17	392		41		123	555
Deferred tax assets	212	212						
Current assets	**11,240**	**9,278**	**1,542**	**356**			**65**	**1,962**
Inventories and work-in-process	1,216	1,216						
Trade accounts receivable and related accounts	941	271	669					669
Other operating receivables	865	600	239				26	265
Current tax assets	51	51						
Other non-operating receivables	81	64	18					18
Cash and cash equivalents	804		449	356				805
Other current financial assets	207		168				39	207
Assets of operations held for sale	7,076	7,076						
TOTAL ASSETS	**28,987**	**20,347**	**2,673**	**356**	**4,814**	**610**	**187**	**8,775**

Financial instruments at fair value recognized in profit or loss and in “other items of comprehensive income” according to:

- 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	**5,329**	**341**	**12**	**5,682**
Assets earmarked for end-of-lifecycle operations	5,329	189	-	5,518
Other non-current assets		152	12	164
Current assets	**356**	**65**	**-**	**421**
Other operating receivables		26		26
Cash and cash equivalents	356	-	-	356
Other current financial assets	-	39	-	39
TOTAL ASSETS	**5,685**	**406**	**12**	**6,103**

Liabilities and equity

(in millions of euros)	Balance sheet value	Including: Non-financial assets and liabilities	Liabilities at amortized cost	Fair value recognized in profit or loss	Assets available for sale	Derivatives	Fair value of financial liabilities
Equity and minority interests	**(2,281)**	**(2,281)**					
Capital	1,456	1,456					
Consolidated premiums and reserves	(3,797)	(3,797)					
Actuarial gains and losses on employee benefits	(293)	(293)					
Deferred unrealized gains and losses on financial instruments	166	166					
Currency translation reserves	(48)	(48)					
Minority interests	235	235					
Non-current liabilities	**14,676**	**8,772**	**5,684**			**221**	**5,710**
Employee benefits	1,455	1,455					
Provisions for end-of-lifecycle operations	6,921	6,921					
Other non-current provisions	238	238					
Share in negative net equity of joint ventures and associates	59	59					
Long-term borrowings	5,905		5,684			221	5,710
Deferred tax liabilities	100	100					
Current liabilities	**16,592**	**13,080**	**3,261**			**251**	**3,512**
Current provisions	3,990	3,990					
Short-term borrowings	1,440		1,426			14	1,440
Advances and prepayments received	2,895	2,895					
Trade accounts payable and related accounts	941	18	923				923
Other operating liabilities	1,904	817	849			238	1,087
Current tax liabilities	39	39					
Other non-operating liabilities	64	1	63				63
Liabilities of operations held for sale	5,320	5,320					
TOTAL LIABILITIES AND EQUITY	**28,987**	**19,571**	**8,944**			**472**	**9,222**

(in millions of euros)	Level 1	Level 2	Level 3	Total
Non-current liabilities	**-**	**221**	**-**	**221**
Long-term borrowings	-	221	-	221
Current liabilities	**-**	**251**	**-**	**251**
Short-term borrowings	-	14	-	14
Other operating liabilities	-	238	-	238
TOTAL LIABILITIES	**-**	**472**	**-**	**472**

NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

Available-for-sale securities

2016			Subsequent valuation		
(in millions of euros)	**Interest income and dividends**	**Other income and expenses**	**Changes in fair value and foreign exchange impact**	**Impairment**	**Gain (loss) from disposal**
Other items of comprehensive income*			(50)		(112)
Statement of Income	0	0		(5)	(2)
TOTAL	**0**	**0**	**(50)**	**(5)**	**(114)**

* *excluding tax impact.*

At December 31, 2016, the net change in the fair value of available-for-sale securities recognized in "other items of comprehensive income" represented a total unrealized gain of 335 million euros.

2015			Subsequent valuation		
(in millions of euros)	**Interest income and dividends**	**Other income and expenses**	**Changes in fair value and foreign exchange impact**	**Impairment**	**Gain (loss) from disposal**
Other items of comprehensive income*			173		(86)
Statement of Income	0	0		0	10
TOTAL	**0**	**0**	**173**	**0**	**(76)**

* *: excluding tax impact.*

At December 31, 2015, the net change in the fair value of available-for-sale securities recognized in "other items of comprehensive income" represented a total unrealized gain of 497 million euros.

Loans and receivables

2016

(in millions of euros)	**Interest**	**Impair ment**	**Debt forgiveness**
Net income	38	51	

2015

(in millions of euros)	**Interest**	**Impair ment**	**Debt forgiveness**
Net income	86	(19)	-

Financial assets and liabilities at fair value recognized through profit or loss

Income from financial assets and liabilities recognized at fair value through profit and loss was insignificant at December 31, 2016, compared with 1 million euros at December 31, 2015.

Financial liabilities at amortized cost

2016

(in millions of euros)	**Interest expense and commissions**	**Other income and expenses**
Net income	(120)	0

2015

(in millions of euros)	**Interest expense and commissions**	**Other income and expenses**
Net income	(64)	-

Derivatives used for hedging

At December 31, 2016, the ineffective share of derivatives used for hedging recognized in profit or loss is as follows:

- Cash flow hedges: (17) million euros
- Fair value hedges: (2) million euros

CASH FLOW HEDGES

(in millions of euros)	**Value before tax at December 31, 2015**	**New transactions**	**Change in value**	**Recognition through profit and loss**	**Value before tax at December 31, 2016**
Cash flow hedging instruments	**(199)**	(4)	97	(49)	**(155)**

LASTING IMPAIRMENT OF AVAILABLE-FOR-SALE SECURITIES

(in millions of euros)	**Amount at December 31, 2015**	**Charges**	**Reversal of depreciation on disposals**	**Currency translation adjustments**	**Other changes**	**Value before tax at December 31, 2016**
Earmarked funds	(112)		7		105	-
Other available-for-sale securities	(29)				29	-
TOTAL	**(141)**		**7**		**134**	**-**

NOTE 33. COMMITMENTS GIVEN AND RECEIVED

CONTINUING OPERATIONS

(in millions of euros)	**December 31, 2016**	**Less than one year**	**1 to 5 years**	**> 5 years**	**December 31, 2015**
Commitments given	**1,058**	**384**	**357**	**317**	**966**
Operating commitments given	587	130	239	217	659
• *Contract guarantees given*	*585*	*128*	*239*	*217*	*657*
• *Other operating guarantees*	*2*	*2*	-	-	*2*
Commitments given on financing	460	250	110	100	271
Other commitments given	11	3	7	-	36
Commitments received	**344**	**190**	**60**	**94**	**335**
Operating commitments received	262	188	46	28	334
Commitments received on collateral	50	-	-	50	-
Other commitments received	32	2	14	16	1
Reciprocal commitments	**114**	**38**	**76**	**-**	**2,250**

The amounts above do not include off-balance-sheet commitments of operations sold, discontinued or held for sale; they do not include construction contracts for which the group is currently in negotiations.

Commitments given

Operating commitments represent the majority of commitments given. Most of these commitments consist of performance bonds.

The group gave a parent company commitment to its customer TVO for the execution of contractual obligations for the construction of an EPR in Finland. The group received a counter guarantee from Siemens in the amount of its share in the contract with TVO. The commitment given by the group corresponds to the amount of the contract, unless TVO succeeds in demonstrating the existence of a serious and intentional offence by the supplier. TVO has called on this commitment several times, and the group rejected these calls. No value concerning these guarantees was included in the previous table.

Reciprocal commitments

In January 2013, the group established a 1.25-billion-euro syndicated line of credit available in euros over a 5-year period. The group also had bilateral bank lines of credit available to it in the amount of 795 million euros, maturing in 2017. As of the end of December 2016, these lines were fully drawn.

Moreover, AREVA negotiated and put in place between February and April 2016 a bridge loan in the amount of 1.2 billion euros with a maturity date of January 20, 2017. This financing expired without having been used.

In early December 2016, AREVA entered into discussions with certain banking partners to set up new bank financing in the amount of approximately 300 million euros, with a maturity of January 2018. On January 23, 2017, AREVA accepted the letters of commitment received from the banking partners for this financing. The credit contract is presently being drafted.

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

(in millions of euros)

December 31, 2016	**Less than one year**	**1 to 5 years**	**> 5 years**	**December 31, 2015**
113	38	75	-	**155**

OPERATIONS HELD FOR SALE

(in millions of euros)	**December 31, 2016**	**December 31, 2015**
Commitments given		
New NP	1,480	1,697
NewCo	289	-
Other operations	29	32
Sub-total	**1,798**	**1,729**
Commitments received		
New NP	1,904	2,219
NewCo	111	-
Other operations	9	10
Sub-total	**2,023**	**2,229**
Reciprocal commitments		
New NP	409	428
NewCo	251	-
Other operations	2	1
Sub-total	**661**	**429**

NOTE 34. DISPUTES AND POTENTIAL LIABILITIES

Olkiluoto 3 EPR power plant (OL3) (dispute concerning AREVA NP)

On December 5, 2008, the AREVA-Siemens consortium initiated arbitration proceedings with the International Court of Arbitration (ICC) for delays and disruptions suffered in connection with contract performance, and the resulting additional costs incurred ("D&D Claim"). In July 2012, the court of arbitration rendered a final partial verdict enjoining TVO to release 100 million euros (plus interest) due to the AREVA-Siemens consortium and withheld in contravention of the contractual provisions. That decision was duly executed by TVO.

At December 31, 2016, after eight years of legal proceedings (exchanges of briefs by the parties and hearings with the arbitration court), the parties' respective claims amounted to approximately 3.5 billion euros for the consortium (on tranches 1 and 2 of its claim covering the start of the project to February 2014) and 2.3 billion euros for TVO.

In accordance with the schedule for the arbitral proceeding, substantive hearings on the dispute took place over the course of 2016 and gave rise in the second part of the year to expert statements through witness depositions. The arbitral court rendered a partial decision on November 7, 2016. While that decision allows some of TVO's claims, it does not constitute a decision on the financial outcome of the dispute between the parties.

Other intermediate decisions are expected before the final decision, still expected for the end of 2017 at the earliest, but more probably in early 2018.

Moreover, the consortium and its legal counsel consider that the allegations of serious/intentional offense described in TVO's claim remain unfounded.

Quality audit

Following the announcement in late April that documentary anomalies had been found in the follow-up of equipment manufacturing processes at the Creusot plant, an audit is currently being conducted on all of the manufacturing files.

As of late December 2016, the review of the "marked files" continued. For the operating reactors in particular, error reports were systematically constituted as soon as the review of these files revealed irregularities.

In October 2016, Greenpeace and other associations filed a complaint against EDF and AREVA with the public prosecutor's office of the High Court of Paris concerning these anomalies, in particular those affecting a steam generator of Fessenheim unit 2.

Furthermore, in October 2016, in accordance with article 40 of the French Code of Criminal Procedure, under which any established authority and any publicly appointed official or civil servant with knowledge of a felony or a misdemeanor within the framework of his/her functions is required to "advise the State Prosecutor without delay", the Chairman of ASN referred the matter of "irregularities" in the part manufacturing files at AREVA NP's Creusot plant to the State Prosecutor. According to a judicial source, pursuant to this referral, a preliminary investigation has been opened by the public health section of the public prosecutor's office of Paris.

This situation could result in other civil or penal implications, both in France and abroad.

Paluel 2

On March 31, 2016, a steam generator fell during handling in reactor building number 2 of the Paluel nuclear generating station.

ASN conducted an inspection concerning this event on April 7, 2016.

Moreover, following this event, a court-ordered appraisal was initiated by EDF to determine the circumstances of the event and the potential liability of the members of the consortium in charge of steam generator handling, consisting of AREVA NP and three other companies.

Bioenergy operations

In an unfavorable market environment and with no possibility for its sale, it was decided in April 2015 to terminate the Bioenergy Europe operations. Similarly, following inconclusive discussions with potential buyers in 2015, the decision was made on February 22, 2016 to terminate the Bioenergy Asia and Bioenergy Brazil operations. The Bioenergy operations are to be gradually phased out while meeting AREVA's contractual commitments, in particular upon completion of the GIFT project in the Philippines and the Commentry project in France.

Nevertheless, following the announced cessation of Bioenergy Brazil operations, various claims were made against the Bioenergy Brazil entity. Consequently, all of the litigation in progress in Brazil has been reassessed, and additional provisions were set up at June 30, 2016.

Koeberg contract

On September 6, 2014, AREVA signed a contract with the South African utility Eskom to replace the steam generators of the Koeberg nuclear power plant. This 4.3-billion-rand project (about 300 million euros) called for the design and manufacturing of six steam generators, their installation in the power plant's two reactors, and related engineering services.

On August 27, 2014, Westinghouse submitted a complaint to the South African courts challenging the call for bids process which led to the award of said contract to AREVA.

Thrown out by the lower court, Westinghouse's claims were partially admitted by the Supreme Court of Appeal which, on December 9, 2015, annulled the decision awarding the contract to AREVA but declined the request for the substitution of Westinghouse.

Eskom and AREVA appealed that decision before the Constitutional Court of South Africa in January 2016. On December 21, 2016, the Constitutional Court of South Africa rendered its decision in favor of AREVA, finding Westinghouse's request for annulment of the call for bids inadmissible.

Miscellaneous investigations

AREVA is also aware of the existence of other preliminary investigations in progress led by the French National Financial Prosecutor's Office.

Since these inquiries are being carried out in connection with legal proceedings against parties unknown, AREVA is not currently implicated.

NOTE 35. EVENTS SUBSEQUENT TO YEAR-END

On January 5, 2017, AREVA's interest in Adwen was sold. Gamesa is taking over AREVA's offshore wind energy operations (see note 3). AREVA's off-balance-sheet commitments are taken over by Gamesa. AREVA retains the obligations for indemnification according to the new terms.

On January 10, 2017, the European Commission gave its consent to the French State to participate in the capital increases of AREVA SA and of NewCo (see note 1.1).

On February 3, 2017, the Combined General Meeting of Shareholders approved the capital increase reserved for the French State in the total amount of 2 billion euros. In addition, the par value of the AREVA SA share was reduced from 3.80 euros to 0.25 euros.

On February 21, 2017, in accordance with the terms of the share purchase agreement signed on January 5, 2017, Adwen sent a notice to AREVA and Gamesa following the identification of quality problems on the fleet of wind turbines installed offshore. More in-depth, technical counter-examinations will be necessary in the coming months to determine the financial impact, the division of responsibilities, and the solutions. In the absence of such information, no additional provision was recognized at December 31, 2016. Based on Adwen's estimates, which have not been verified by AREVA at this stage, the maximum exposure would be 70 million euros and would fall within the cap of guarantees given to Adwen, provided for that purpose by the share purchase agreement (see note 24).

NOTE 36. MAIN CONSOLIDATED COMPANIES AND ASSOCIATES

		Business reg. no.	December 31, 2016		December 31, 2015	
Name of unit or controlling entity: Company name, legal form	**Country**	**(Siren no.)**	**Method**	**Percentage of interest**	**Method**	**Percentage of interest**
Nuclear						
AREVA NC SA	France	305 207 169	FC	100	FC	100
AREVA NP SAS	France	428 764 500	FC	100	FC	100
AREVA GmbH	Germany		FC	100	FC	100
AREVA Inc.	United States		FC	100	FC	100
AREVA TA SA	France	772 045 879	FC	85.08	FC	83.58
Eurodif SA	France	723 001 889	FC	70.76	FC	59.65
AREVA Resources Southern Africa	Great Britain		FC	100	FC	100
AREVA Resources Canada	Canada		FC	100	FC	100
Katco	Kazakhstan		FC	51	FC	51
SET	France	440 252 666	FC	95	FC	88
ETC	Great Britain		EM	50	EM	50
AREVA Mines	France	501 493 605	FC	100	FC	100
Somaïr	Niger		FC	63.40	FC	63.40
TN International	France	602 039 299	FC	100	FC	100
CFMM	France	300 574 894	FC	100	FC	100
ANC Expansion	France	538 613 613	FC	86.51	FC	86.51
Imouraren SA	Niger		FC	57.66	FC	57.66
Renewable Energies						
Adwen	Germany		EM	50	EM	50
Holding company and other operations – Investments						
AREVA SA	France	712 054 923	FC	100	FC	100
AREVA BS	France	421 356 593	FC	100	FC	100
NEW AREVA HOLDING	France	330 956 871	FC	100	FC	100

FC: full consolidation
EM: equity method

The percentages of voting rights held by AREVA in each company belonging to the consolidation perimeter are the same as the percentages of interests.

NOTE 37. TRANSITION OF 2015 FINANCIAL STATEMENTS AS REPORTED TO RESTATED 2015 FINANCIAL STATEMENTS

This note recapitulates the main impacts of the adoption of IFRS 5 on the financial statements for the period ended December 31, 2015.

RECONCILIATION OF STATEMENT OF INCOME AS REPORTED TO RESTATED STATEMENT OF INCOME

(in millions of euros)	**2015 reported**	IFRS 5 adjustments	**2015 restated**
REVENUE	**4,199**	(4,166)	**33**
Other income from operations	5	(4)	0
Cost of sales	(4,492)	3,542	(950)
Gross margin	**(288)**	**(629)**	**(917)**
Research and development expenses	(112)	99	(13)
Marketing and sales expenses	(52)	48	(3)
General and administrative expenses	(165)	77	(88)
Other operating expenses	(863)	589	(274)
Other operating income	91	(83)	8
OPERATING INCOME	**(1,388)**	**100**	**(1,287)**
Share in net income of joint ventures and associates	(21)	(6)	(26)
OPERATING INCOME AFTER SHARE IN NET INCOME OF JOINT VENTURES AND ASSOCIATES	**(1,409)**	**95**	**(1,314)**
Income from cash and cash equivalents	20	67	87
Gross borrowing costs	(205)	137	(68)
Net borrowing costs	**(185)**	**204**	**19**
Other financial expenses	(477)	400	(77)
Other financial income	348	(336)	12
Other financial income and expenses	**(129)**	**63**	**(65)**
NET FINANCIAL INCOME	**(313)**	**267**	**(46)**
Income tax	**(124)**	**217**	**93**
NET INCOME FROM CONTINUING OPERATIONS	**(1,846)**	**580**	**(1,267)**
Net income after tax from operations sold, discontinued or held for sale	(190)	(580)	(770)
NET INCOME FOR THE PERIOD	**(2,036)**	-	**(2,036)**
Including:			
Group:			
Net income from continuing operations	(1,853)	586	(1,267)
Net income from operations sold, discontinued or held for sale	(185)	(586)	(771)
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	**(2,038)**	-	**(2,038)**
Minority interests:			
Net income from continuing operations	7	(7)	0
Net income from operations sold, discontinued or held for sale	(5)	7	2
NET INCOME ATTRIBUTABLE TO MINORITY INTERESTS	**2**	-	**2**
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	908,871		908,871
Average number of shares outstanding, excluding treasury shares	382,295,981		382,295,981
Earnings per share from continuing operations	(4.85)		(3.31)
Basic earnings per share	(5.33)		(5.33)
Diluted earnings per share	(5.33)		(5.33)

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

(in millions of euros)	**2015 reported**	IFRS 5 adjustments	**2015 restated**
Net income	**(2,036)**	**-**	**(2,036)**
Items not recyclable to the income statement	**292**	**-**	**292**
Actuarial gains and losses on the employee benefits of consolidated companies	217	(217)	-
Income tax related to non-recyclable items	9	(9)	-
Share in non-recyclable items from joint ventures and associates, net of tax	12	(12)	-
Non-recyclable items related to operations sold, discontinued or held for sale, net of tax	55	236	292
Items recyclable to the income statement	**(160)**	**-**	**(160)**
Currency translation adjustments on consolidated companies and other	(136)	136	-
Change in value of available-for-sale financial assets	84	(84)	-
Change in value of cash flow hedges	(87)	91	4
Income tax related to recyclable items	(28)	28	-
Share in recyclable items from joint ventures and associates, net of tax	-	-	-
Recyclable items related to operations sold, discontinued or held for sale, net of tax	7	(171)	(164)
Total other items of comprehensive income (net of income tax)	**132**	**-**	**132**
COMPREHENSIVE INCOME	**(1,905)**		**(1,905)**
• Attributable to equity owners of the parent	(1,825)		(1,825)
• Minority interests	(80)		(80)

RECONCILIATION OF STATEMENT OF CASH FLOWS AS REPORTED TO RESTATED STATEMENT OF CASH FLOWS

(in millions of euros)	**2015 reported**	IFRS 5 adjustments	**2015 restated**
Net income for the period	**(2,036)**	-	**(2,036)**
Less: income from operations sold	190	580	770
Net income from continuing operations	**(1,846)**	**580**	**(1,267)**
(Profit) / loss of joint ventures and associates	21	6	26
Net amortization, depreciation and impairment of PP&E and intangible assets and marketable securities maturing in more than 3 months	812	(772)	40
Goodwill impairment	26	0	26
Net increase in (reversal of) provisions	919	(272)	648
Net effect of unwinding of assets and provisions	253	(253)	0
Income tax expense (current and deferred)	124	(217)	(93)
Net interest included in borrowing costs	178	(204)	(26)
Loss (gain) on disposals of fixed assets and marketable securities maturing in more than 3 months; change in fair value	(148)	139	(8)
Other non-cash items	14	(4)	9
Dividends from joint ventures and associates	1	(1)	0
Cash flow from operations before interest and taxes	**356**	**(999)**	**(643)**
Net interest received (paid)	(176)	216	40
Income tax paid	(140)	189	49
Cash flow from operations after interest and tax	**40**	**(593)**	**(554)**
Change in working capital requirement	322	(211)	111
NET CASH FLOW FROM OPERATING ACTIVITIES	**362**	**(804)**	**(442)**
Investment in PP&E and intangible assets	(646)	634	(13)
Loans granted and acquisitions of non-current financial assets	(2,408)	2,331	(77)
Acquisitions of shares of consolidated companies, net of acquired cash	-	-	-
Disposals of PP&E and intangible assets	8	(8)	1
Loan repayments and disposals of non-current financial assets	2,338	(2,312)	26
Disposals of shares of consolidated companies, net of disposed cash	-	-	-
NET CASH FLOW FROM INVESTING ACTIVITIES	**(708)**	**645**	**(64)**
Share issues in the parent company and share issues subscribed by minority shareholders in consolidated subsidiaries	-	-	-
Treasury shares sold/(acquired)	-	-	-
Transactions with minority interests	-	-	-
Dividends paid to minority shareholders of consolidated companies	(132)	132	0
Increase in borrowings	(693)	(65)	(758)
NET CASH FLOW FROM FINANCING ACTIVITIES	**(825)**	**67**	**(758)**
Increase (decrease) in securities recognized at fair value through profit and loss	35	0	35
Impact of foreign exchange movements	(6)	5	(1)
NET CASH GENERATED BY OPERATIONS SOLD, DISCONTINUED OR HELD FOR SALE	**331**	**88**	**419**
INCREASE (DECREASE) IN NET CASH	**(811)**	**-**	**(811)**

NET CASH AT THE BEGINNING OF THE YEAR	**1,556**	**-**	**1,556**
NET CASH AT THE END OF THE YEAR	**745**	**-**	**745**