FINANCIAL REPORT

HALF-YEAR 2017

VICAT

Ragland cement factory in Alabama (United States)

CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2017

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1.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euros)	*Notes*	June 30, 2017	December 31, 2016
ASSETS			
Non current assets			
Goodwill	*3*	1,034,261	1,048,954
Other intangible assets	*4*	119,997	106,465
Property, plant and equipment	*5*	1,918,020	1,992,508
Investment properties		17,326	17,839
Investments in associated companies		40,292	41,070
Deferred tax assets		139,871	150,918
Receivables and other non current financial assets		96,198	110,941
TOTAL NON CURRENT ASSETS		3,365,965	3,468,695
Current assets			
Inventories and work in progress		379,927	385,770
Trade and other accounts		485,731	389,504
Current tax assets		54,560	53,447
Other receivables		185,766	188,721
Cash and cash equivalents	*6*	213,618	242,770
TOTAL CURRENT ASSETS		1,319,602	1,260,212
TOTAL ASSETS		**4,685,567**	**4,728,907**
LIABILITIES			
Shareholders' equity			
Share capital	*7*	179,600	179,600
Additional paid in capital		11,207	11,207
Consolidated reserves		1,970,756	2,022,313
Shareholders' equity		**2,161,563**	**2,213,120**
Minority interests		**243,344**	**257,054**
SHAREHOLDERS' EQUITY AND MINORITY INTERESTS		2,404,907	2,470,174
Non current liabilities			
Provisions for pensions and other post employment benefits	*8*	125,691	142,353
Other provisions	*8*	115,111	107,101
Financial debts and put options	*9*	986,628	980,017
Deferred tax liabilities		183,355	197,980
Other non current liabilities		5,652	2,228
TOTAL NON CURRENT LIABILITIES		1,416,437	1,429,679
Current liabilities			
Provisions	*8*	10,083	10,757
Financial debts and put options at less than one year	*9*	284,931	250,266
Trade and other accounts payable		318,611	316,345
Current taxes payable		49,570	46,835
Other liabilities		201,028	204,851
TOTAL CURRENT LIABILITIES		864,223	829,054
TOTAL LIABILITIES		**2,280,660**	**2,258,733**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4,685,567**	**4,728,907**

1.2 CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	*Notes*	June 30, 2017	June 30, 2016 restated [(1)]
Sales	*11*	**1,247,682**	**1,237,449**
Goods and services purchased		(820,016)	(806,854)
Added value	*1.22*	**427,666**	**430,595**
Personnel costs		(216,450)	(205,482)
Taxes		(34,761)	(32,626)
Gross operating income	*1.22 & 14*	**176,455**	**192,487**
Depreciation, amortization and provisions	*12*	(104,287)	(102,725)
Other income and expenses	*13*	8,492	12,177
Operating income	*14*	**80,660**	**101,939**
Cost of net financial debt	*15*	(12,827)	(14,712)
Other financial income	*15*	8,726	6,318
Other financial expenses	*15*	(8,834)	(10,033)
Net financial income (expense)	*15*	**(12,935)**	**(18,427)**
Earnings from associated companies		3,095	3,759
Profit (loss) before tax		**70,820**	**87,271**
Income tax	*16*	(25,822)	(28,599)
Consolidated net income		**44,998**	**58,672**
Portion attributable to minority interests		5,007	10,474
Portion attributable to the Group		**39,991**	**48,198**
EBITDA	*1.22 & 14*	**188,336**	**206,314**
EBIT	*1.22 & 14*	**85,568**	**102,099**
Cash flow from operations	*1.22*	**140,103**	**151,114**
EARNINGS PER SHARE *(in euros)*			
Basic and diluted Group share of net earnings per share	*7*	0.89	1.07

(1) The financial statements for the first half of 2016 have been restated in accordance with the new accounting method applied at 12/31/2016 to greenhouse gas emission rights.
The nature of the impact of these adjustments is presented in notes 1.7 and 24.

1.3 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)	June 30, 2017	June 30, 2016 restated [1]
Consolidated net income	**44,998**	**58,672**
Other comprehensive income items		
Items not recycled to profit or loss:		
Remeasurement of the net defined benefit liability	13,664	(41,488)
Tax on non-recycled items	(3,601)	12,220
Items recycled to profit or loss:		
Net income from change in translation differences	(90,850)	(83,320)
Cash flow hedge instruments	8,266	8,700
Tax on recycled items	(2,397)	(3,338)
Other comprehensive income (after tax)	**(74,918)**	**(107,226)**
TOTAL COMPREHENSIVE INCOME	**(29,920)**	**(48,554)**
Portion attributable to minority interests	(5,506)	(7,312)
Portion attributable to the Group	**(24,414)**	**(41,242)**

(1) The financial statements for the first half of 2016 have been restated in accordance with the new accounting method applied at 12/31/2016 to greenhouse gas emission rights.
The nature of the impact of these adjustments is presented in notes 1.7 and 24.

1.4 CONSOLIDATED CASH FLOWS STATEMENT

(in thousands of euros)	Notes	June 30, 2017	June 30, 2016 restated (1)
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated net income		**44,998**	**58,672**
Earnings from associated companies		(3,095)	(3,758)
Dividends received from associated companies		1,189	922
Elimination of non cash and non operating items:			
■ Depreciation, amortization and provisions		108,950	105,758
■ Deferred taxes		(9,711)	(8,969)
■ Net (gain) loss from disposal of assets		(1,383)	(1,797)
■ Unrealized fair value gains and losses		(1,655)	(514)
■ Other		811	802
Cash flows from operating activities	1.22	**140,104**	**151,116**
Change in working capital requirement		(106,966)	(34,622)
Net cash flows from operating activities (2)	18	**33,138**	**116,494**
CASH FLOWS FROM INVESTING ACTIVITIES			
Outflows linked to acquisitions of non-current assets:			
■ Property, plant and equipment and intangible assets		(93,613)	(68,252)
■ Financial investments		(6,731)	(24,697)
Inflows linked to disposals of non-current assets:			
■ Property, plant and equipment and intangible assets		6,841	2,873
■ Financial investments		2,013	496
Impact of changes in consolidation scope		(13,106)	-
Net cash flows from investing activities	19	**(104,596)**	**(89,580)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paids		(73,684)	(77,857)
Increases in capital		-	-
Proceeds from borrowings		270,595	1,371
Repayments of borrowings		(199,039)	(21,877)
Acquisitions of treasury shares		(11,783)	(244)
Disposals or allocations of treasury shares		52,892	2,412
Net cash flows from financing activities		**38,981**	**(96,195)**
Impact of changes in foreign exchange rates		(6,053)	(8,200)
Change in cah position		**(38,530)**	**(77,481)**
Net cash and cash equivalents – opening balance	20	208,909	225,096
Net cash and cash equivalents – closing balance	20	170,379	147,615

(1) The financial statements for the first half of 2016 have been restated in accordance with the new accounting method applied at 12/31/2016 to greenhouse gas emission rights.
The nature of the impact of these adjustments is presented in notes 1.7 and 24.
(2) Including cash flows from income taxes € (24,720) thousand in 2017 and € (18,699) thousand in 2016.
Including cash flows from interests paid and received € (10,569) thousand euros in 2017 and € (14,224) thousand in 2016.

1.5 STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(in thousands of euros)	Capital	Additional paid in capital	Treasury shares	Consolidated reserves	Translation reserves	Share-holders' equity	Minority interests	Total share-holders' equity and minority interests
AT JANUARY 1, 2016 RESTATED (1)	179,600	11,207	(67,008)	2,207,548	(93,804)	2,237,543	292,160	2,529,703
Restated net income (1)				48,198		48,198	10,474	58,672
Other comprehensive income (2)				(23,770)	(65,670)	(89,440)	(17,786)	(107,226)
Total comprehensive income (1)				**24,428**	**(65,670)**	**(41,242)**	**(7,312)**	**(48,554)**
Dividends paids				(66,292)		(66,292)	(13,880)	(80,172)
Net change in treasury shares			3,368	(787)		2,581		2,581
Other changes				(340)		(340)	(145)	(485)
AT JUNE 30, 2016 RESTATED (1)	179,600	11,207	(63,640)	2,164,557	(159,474)	2,132,250	270,823	2,403,073
AT JANUARY 1, 2017	179,600	11,207	(63,609)	2,275,851	(189,929)	2,213,120	257,054	2,470,174
Consolidated net income				39,991		39,991	5,007	44,998
Other comprehensive income (2)				14,659	(79,064)	(64,405)	(10,513)	(74,918)
Total comprehensive income				**54,650**	**(79,064)**	**(24,414)**	**(5,506)**	**(29,920)**
Dividends paids				(66,341)		(66,341)	(7,707)	(74,048)
Net change in treasury shares			2,836	(466)		2,370		2,370
Changes in consolidation scope and additional acquisitions								
Increases in share capital								
Other changes (3)				36,828		36,828	(497)	36,331
AT JUNE 30, 2017	**179,600**	**11,207**	**(60,773)**	**2,300,522**	**(268,993)**	**2,161,563**	**243,344**	**2,404,907**

(1) The financial statements for the first half of 2016 have been restated in accordance with the new accounting method applied at 12/31/2016 to greenhouse gas emission rights.
The nature of the impact of these adjustments is presented in notes 1.7 and 24.
(2) Other comprehensive income includes mainly cumulative conversion differences from end 2003 as at end June 2017. To recap, applying the option offered by IFRS 1, the conversion differences accumulated before the transition date to IFRS were reclassified by allocating them to retained earnings as at that date.
(3) Mainly including the refund of € 38.9 million as a result of claims relating to the tax treatment of the capital gain on disposal of Soparfi securities, in 2014, by Group subsidiaries (cf. note 2).

Group translation differences at June 30, 2017 and 2016 are broken down by currency as follows (in thousands of euros):

	June 2017	June 2016
US dollar	36,265	45,861
Swiss franc	198,315	200,555
Turkish new lira	(193,367)	(147,996)
Egyptian pound	(131,420)	(68,335)
Kazakh tengue	(83,506)	(85,323)
Mauritanian ouguiya	(6,698)	(5,115)
Indian rupee	(88,582)	(99,121)
	(268,993)	**(159,474)**

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1.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2017

NOTE 1 ACCOUNTING POLICIES AND VALUATION METHODS

1.1 Statement of compliance

In compliance with European Regulation (EC) 1606/2002 issued by the European Parliament on July 19, 2002 on the enforcement of International Accounting Standards, Vicat's consolidated financial statements have been prepared, since January 1, 2005 in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The Vicat Group has adopted those standards in force on June 30, 2017 for its benchmark accounting policies.

Standards and interpretations published by the IASB but not yet in effect as at June 30, 2017 were not applied ahead of schedule in the Group consolidated financial statements at the closing date.

The consolidated financial statements at June 30 were prepared in accordance with IAS 34 "Interim Financial Reporting". As condensed financial statements, they have to be read in relation with those prepared for the annual year ended December 31, 2016 in accordance with International Financial Reporting Standards (IFRS). Moreover they present comparative data for the previous year prepared under these same IFRS's. The accounting policies and methods applied in the financial statements as at June 30, 2017 are consistent with those applied for the 2016 annual financial statements. At December 31, 2016, the Group decided to adopt the method recommended by the ANC since 2013 for the accounting treatment of greenhouse gas emission rights, compatible with the IFRS standards in force (Regulation No. 2012-03 of October 4, 2012, approved January 7, 2013), which provides more reliable and relevant financial information to reflect the 'quotas' economic model, in particular eliminating the impacts associated with the volatility of the price of quotas. The comparative financial statements for 2015 and half-year 2016 have been restated in accordance with the new method for comparison purposes. The detailed impacts of this change in method on the half-year financial statements are presented in notes 1.7 and 24.

Furthermore, the Group pursued projects to implement the standards IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers", which are mandatory as of January 1, 2018, as well as for the IFRS 16's implementation project "leases" which is mandatory as of January 1, 2019 to determine their potential impacts on the Group's financial statements.

Regarding IFRS 15, a questionnaire for identification of the main differences between the current accounting policies – IAS 18 – and those of the IFRS 15 standard was deployed with the entities of the Group to identify flows and transactions that may be impacted by the implementation of this new standard, as well as any necessary changes to be made to the accounting charts. At this stage, all the questionnaires have been completed and are used. From the analyses conducted so far, the Group considers that implementation of this standard will not have a significant impact on its financial statements, given the nature of its business.

Regarding IFRS 16, the Company has set up the necessary resources (training, project team, collection matrix) to identify all of the leases concerned and quantify the estimated impact of the application of this standard. Upon data collection basis, the future minimum payments under IFRS 16 lease (with the exception of the finance lease under IAS 17) amounted to € 268.4 million as at December 31, 2016 (with the exception of short term lease (<12 months) and low value asset contract (< US$ 5 thousand). At this time, still remains to finalize the transition method to apply when the effective implementation of this standard, and some technical options to accurately quantify the impact of application of the IFRS 16 standard.

These financial statements were finalized and approved by the Board of Directors in its meeting of August 1, 2017.

Regarding IFRS 9, The Group is currently evaluating the impact that this standard could have on the financial statements but, at this step of analysis does not anticipate any material impact.

1.2 Basis of preparation of financial statements

The financial statements are presented in thousands of euros.

The consolidated statement of comprehensive income is presented by type in two separate statements: the consolidated income statement and the consolidated statement of other comprehensive income.

The consolidated statement of financial position segregates current and non-current asset and liability accounts and splits them according to their maturity (divided, generally speaking, into maturities of less than and more than one year).

The statement of cash flows is presented according to the indirect method.

The financial statements are prepared using the historical cost method, except for the following assets and liabilities, which are recognized at fair value: derivatives, assets held for trading, assets available for sale, and the portion of assets and liabilities covered by hedging transactions.

The accounting policies and measurement methods described hereinafter have been applied on a permanent basis to all of the financial years presented in the consolidated financial statements.

The establishment of consolidated financial statements under IFRS requires the Group's management to make a number of estimates and assumptions, which have a direct impact on the financial statements. These estimates are based on the going concern principle and are established on the basis of the information available at the date they are carried out. They concern mainly the assumptions used to:

- value provisions (notes 1.17 and 8), in particular those for pensions and other post-employment benefits (notes 1.15 and 8);
- value the put options granted to third parties on shares in consolidated subsidiaries (notes 1.16 and 9.2);
- measure financial instruments at their fair value (notes 1.14 and 10);
- perform the valuations adopted for impairment tests (notes 1.4, 1.11 and 3);
- define the accounting principle to be applied in the absence of a definitive standard (notes 1.7 and 4 concerning emission quotas).

The estimates and assumptions are reviewed regularly, whenever justified by the circumstances, at least at the end of each year, and the pertinent items in the financial statements are updated accordingly.

1.3 Consolidation principles

When a company is acquired, its assets and liabilities are measured at their fair value at the acquisition date.

The earnings of the companies acquired or disposed of during the year are recorded in the consolidated income statement for the period subsequent or previous to the date of the acquisition or disposal, as appropriate.

The statutory financial statements of the companies at June 30, 2017 are consolidated, and any necessary adjusting entries are made to restate them in accordance with the Group accounting policies. All intercompany balances and transactions are eliminated during the preparation of the consolidated financial statements.

Subsidiaries

Companies that are controlled exclusively by Vicat, directly or indirectly, are fully consolidated.

Joint ventures and associated companies

Joint ventures, which are jointly controlled and operated by a limited number of shareholders, and associated companies, over which Vicat exercises notable control are reported using the equity method. Any goodwill generated on the acquisition of these investments is presented on the line "Investments in associated companies (equity method)".

The list of the main companies included in the consolidation scope as at June 30, 2017 is provided in note 23.

1.4 Business combinations – goodwill

With effect from January 1, 2010, business combinations are reported in accordance with IFRS 3 "Business Combinations" (revised) and IAS 27 "Consolidated and Separate Financial Statements" (revised). As these revised standards apply prospectively, they do not affect business combinations carried out before January 1, 2010.

Business combinations carried out before January 1, 2010

These are reported using the acquisition method. Goodwill corresponds to the difference between the acquisition cost of the shares in the acquired company and the purchaser's *pro-rata* share in the fair value of all identified assets, liabilities and contingent liabilities at the acquisition date. Goodwill on business combinations carried out after January 1, 2004 is reported in the currency of the company acquired. Applying the option offered by IFRS 1, business combinations completed before the transition date of January 1, 2004 have not been restated, and the goodwill arising from them has been maintained at its net value in the balance sheet prepared according to French GAAP as at December 31, 2003.

In the event that the *pro-rata* share of interests in the fair value of net assets, liabilities and contingent liabilities acquired exceeds their cost ("negative goodwill"), the full amount of this negative goodwill is recognized in the income statement of the reporting period in which the acquisition was made, except for acquisitions of minority interests in a company already fully consolidated, in which case this amount is recognized in the consolidated shareholders' equity.

The values of assets and liabilities acquired through a business combination must be definitively determined within 12 months of the acquisition date. These values may thus be adjusted at any closing date within that time frame.

Minority interests are valued on the basis of their *pro-rata* share in the fair value of the net assets acquired.

If the business combination takes place through successive purchases, each material transaction is treated separately, and the assets and liabilities acquired are so valued and goodwill thus determined.

Business combinations carried out on or after January 1, 2010

IFRS 3 "Business Combinations" (revised), which is mandatory for business combinations carried out on or after January 1, 2010, introduced the following main changes compared with the previous IFRS 3 (before revision):

- goodwill is determined once, on the date the acquirer obtains control.

The Group then has the option, in the case of each business combination, upon obtaining control, to value the minority interests:

- either at their *pro-rata* share in the identifiable net assets of the company acquired ("partial" goodwill option),
- or at their fair value ("full" goodwill option).

Measurement of minority interests at fair value has the effect of increasing the goodwill by the amount attributable to such minority interests, resulting in the recognition of a "full" goodwill;

- any adjustment in the acquisition price at fair value from the date of acquisition is to be reported, with any subsequent adjustment occurring after the 12-month appropriation period from the date of acquisition to be recorded in the income statement;
- the costs associated with the business combination are to be recognized in the expenses for the period in which they were incurred;
- in the case of combinations carried out in stages, upon obtaining control, the previous holding in the company acquired is to be revalued at fair value on the date of acquisition and any gain or loss which results is to be recorded in the income statement.

In compliance with IAS 36 (see note 1.11), at the end of each year, and in the event of any evidence of impairment, goodwill is subjected to an impairment test, consisting of a comparison of its net carrying cost with its value in use as calculated on a discounted projected cash flow basis. When the latter is below carrying cost, an impairment loss is recognized for the corresponding loss of value.

1.5 Foreign currencies

Transactions in foreign currencies

Transactions in foreign currencies are translated into the operating currency at the exchange rates in effect on the transaction dates. At the end of the year, all monetary assets and liabilities denominated in foreign currencies are translated into the operating currency at the year-end exchange rates, and the resulting exchange rate differences are recorded in the income statement.

Translation of financial statements of foreign companies

All assets and liabilities of Group companies denominated in foreign currencies that are not hedged are translated into euros at the year-end exchange rates, while income and expense and cash flow statement items are translated at average exchange rates for the year. The ensuing translation differences are recorded directly in shareholders' equity.

In the event of a later sale, the cumulative amount of translation differences relating to the net investment sold and denominated in foreign currency is recorded in the income statement. Applying the option offered by IFRS 1, translation differences accumulated before the transition date were zeroed out by allocating them to consolidated reserves at that date. They will not be recorded in the income statement in the event of a later sale of these investments denominated in foreign currency.

The following foreign exchange rates were used:

	Closing rate		Average rate	
	June 30, 2017	December 31, 2016	June 30, 2017	June 30, 2016
Us dollar (USD)	1.1412	1.0541	1.0825	1.1155
Swiss franc (CHF)	1.0930	1.0739	1.0764	1.0960
Egyptian pound (EGP)	20.7039	19.0735	19.4056	9.4366
Turkish lira (TRL)	4.0134	3.7072	3.9379	3.2588
Kazakh tengue (KZT)	366.8500	351.3200	344.8550	385.1750
Mauritanian ouguiya (MRO)	409.9426	378.8711	386.7450	381.8900
Indian rupee (INR)	73.7445	71.5935	71.1244	74.9776
CFA franc (XOF)	655.9570	655.9570	655.9570	655.9570

1.6 Other intangible assets

Intangible assets (mainly patents, rights and software) are recorded in the consolidated statement of financial position at historical cost less accumulated amortization and any impairment losses. This cost includes acquisition or production costs and all other directly attributable costs incurred for the acquisition or production of the asset and for its commissioning.

Assets with finite lives are amortized on a straight-line basis over their useful lives (generally not exceeding 15 years).

Research costs are recognized as expenses in the period in which they are incurred. Development costs meeting the criteria defined by IAS 38 are capitalized.

1.7 Emission quotas

In the IFRS standards, there is as yet no standard or interpretation dealing specifically with greenhouse gas emission rights. At December 31, 2016, the Group decided to adopt the method recommended by the ANC since 2013, compatible with the IFRS standards in force (Regulation No. 2012-03 of October 4, 2012, approved January 7, 2013), that provides more reliable and relevant financial information to reflect the quotas economic model, in particular eliminating the impacts associated with the volatility of the prices of quotas.

According to this method, once the quotas are intended to fulfill the obligations related to emissions (production model):

- quotas are posted as inventories at the time of their acquisition (free of charge or chargeable). They are drawn down as and when necessary to cover greenhouse gas emissions, as part of the restitution procedure, or at the time of their sale, and are not revalued at closing;
- a debt is posted at closing if there is a quota shortfall.

Since the Group today has only those quotas allocated free of charge by the State under National Quotas Allocation Plans, applying these rules means they are posted as inventories for a zero value. Moreover, as the Group has recorded surpluses to date, no debt is posted to the balance sheet and, if they are not sold, no amount is posted to the income statement.

Before December 31, 2016, quotas held above the aggregated actual emissions were posted under assets as other intangible assets at closing and surpluses, sales of quotas and quota swap (EUA) against Emission Reduction Certificates (CER) were posted under income for the year. Thus, the Group had posted income of € 1.4 million in the June 30, 2016 income statement under surpluses recorded during the prior half-year.

The financial statements for half-year 2016 have been restated in accordance with the new method applied at December 31, 2016 for comparison purposes. The detailed impacts of this change on the half-year 2016 financial statements are presented in note 24.

1.8 Property, plant and equipment

Property, plant and equipment are reported in the consolidated statement of financial position at historical cost less accumulated depreciation and any impairment losses, using the component approach provided for in IAS 16. When an article of property, plant and equipment comprises several significant components with different useful lives, each component is amortized on a straight-line basis over its respective useful life, starting at commissioning.

The main amortization periods are presented below depending on the assets category:

	Cement assets	Concrete & Aggregates assets
Civil engineering	15 to 30 years	15 years
Major installations	15 to 30 years	10 to 15 years
Other industrial equipment	8 years	5 to 10 years
Electricity	15 years	5 to 10 years
Controls and instruments	5 years	5 years

Quarries are amortized on the basis of tonnage extracted during the year in comparison with total estimated reserves.

Certain parcels of land owned by French companies acquired prior to December 31, 1976 were revalued, and the adjusted value was recognized in the financial statements, but without a significant impact on the lines concerned.

Interest expenses on borrowings incurred to finance the construction of facilities during the period prior to their commissioning are capitalized. Exchange rate differences arising from foreign currency borrowings are also capitalized in so far as they are treated as an adjustment to interest costs and within the limit of the interest charge which would have been paid on borrowings in local currency.

1.9 Leases

In compliance with IAS 17, leases on which nearly all of the risks and benefits inherent in ownership are transferred by the lessor to the lessee are classified as finance leases. All other contracts are classified as operating leases.

Assets held under finance leases are recorded in property, plant and equipment at the lower of their fair value and the current value of the minimum rent payments at the starting date of the lease and amortized over the shortest duration of the lease and its useful life, with the corresponding debt recorded as a liability.

1.10 Investment properties

The Group recognizes its investment properties at historical cost less accumulated depreciation and any impairment losses. They are depreciated on a straight-line basis over their useful life (10 to 25 years). The fair value of its investment properties is calculated by the Group's specialist departments, assisted by an external consultant, primarily with reference to market prices followed on transactions involving comparable assets or published by local notary chambers. It is presented in the notes at each year-end.

1.11 Impairment

In accordance with IAS 36, the book values of assets with indefinite lives are reviewed at each year-end, and during the year, whenever there is an indication that the asset may be impaired. Those with finite lives are only reviewed if impairment indicators show that a loss is likely.

An impairment loss has to be recorded as an expense on the income statement when the carrying cost of the asset is higher than its recoverable value. The latter is the higher of the fair value less the costs of sale and the value in use. The value in use is calculated primarily on a discounted projected cash flow basis over 10 years, plus the terminal value calculated on the basis of a projection to infinity of the cash flow from operations in the last year. This time period corresponds to the Group's capital-intensive nature and the longevity of its industrial plant.

The projected cash flows are calculated on the basis of the following components that have been inflated and then discounted:

- the EBITDA from the Long Term Plan over the first 5 years, then projected to year 10;
- the sustaining capital expenditure;
- the change in the working capital requirement.

The assumptions used in calculating impairment tests are derived from forecasts made by operational staff reflecting as closely as possible their knowledge of the market, the commercial position of the businesses and the performance of the industrial plant. Such forecasts include the impact of foreseeable developments in cement consumption based on macroeconomic and industry sector data, changes likely to affect the competitive position, technical improvements in the manufacturing process and expected developments in the cost of the main production factors contributing to the cost price of the products.

In the case of countries subject to social tensions and security concerns, the assumptions used also include the potential improvement resulting from the progressive and partial easing of some of these tensions and concerns, based on recent data and an examination of the effect of these tensions on current business conditions.

Projected cash flows are discounted at the weighted average capital cost (WACC) before tax, in accordance with IAS 36 requirements. This calculation is made per country, taking into account the cost of risk-free long-term money, market risk weighted by a sector volatility factor, and a country premium reflecting the specific risks of the market in which the concerned cash generating unit in question operates.

When it is not possible to estimate the fair value of an isolated asset, it is assessed at the level of the cash generating unit that the asset is part of (defined by IAS 36 as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets) insofar as the industrial installations, products and markets form a coherent whole. The analysis was thus carried out for each geographical area/market/business, and the cash generating units were determined depending on the existence or not of vertical integration between the Group's activities in the area concerned.

The value of the assets thus tested, at least annually using this method for each cash generating unit comprises the intangible and tangible non-current assets, increased by the goodwill attributable to minority interests.

These impairment tests are sensitive to the assumptions held for each cash generating unit, mainly in terms of:

- the discount rate as previously defined;
- the inflation rate, which must reflect sales prices and expected future costs;
- the growth rate to infinity.

Tests are conducted at each year-end on the sensitivity to an increase or decrease of one point in the discount rate applied, in order to assess the effect on the value of goodwill and other intangible and tangible assets included in the Group's consolidated financial statements. Moreover, the discount rate includes a country risk premium and an industry sector risk premium reflecting the cyclical nature of certain factors inherent in the business sector, enabling an understanding of the volatility of certain elements of production costs, which are sensitive in particular to energy costs.

Recognized impairments can be reversed and are recovered in the event of a decrease, except for those corresponding to goodwill, which are definitive.

1.12 Inventories

Inventories are valued using the weighted average unit cost method, at the lower of purchase price or production cost, and net market value (sales price less completion and sales costs).

The gross value of merchandise acquired for resale and of supplies includes both the purchase price and all related costs.

Manufactured goods are valued at production cost, including the cost of goods sold, direct and indirect production costs and the depreciation on all consolidated fixed assets used in the production process.

In the case of inventories of manufactured products and work in progress, the cost includes an appropriate share of fixed costs based on the standard conditions of use of the production plant.

Inventory depreciations are recorded when necessary to take into account any probable losses identified at year-end.

1.13 Cash and cash equivalents

Cash and cash equivalents include both cash and short-term investments of less than 3 months that do not present any risk of a change in value. The latter are marked to market at the end of the period. Net cash, the change in which is presented in the statement of cash flows, consists of cash and cash equivalents less any bank overdrafts.

1.14 Financial instruments

Financial assets

The Group classifies its non-derivative financial assets, when they are first entered in the financial statements, in one of the following four categories of financial instruments in accordance with IAS 39, depending on the reasons for which they were originally acquired:

- long-term loans and receivables, financial assets not quoted on an active market, the payment of which is determined or can be determined; these are valued at their amortized cost;
- assets available for sale which include in particular, in accordance with the standard, investments in non-consolidated affiliates; these are valued at the lower of their carrying value and their fair value less the cost of sale as at the end of the period;
- financial assets valued at their fair value through the income, since they are held for transaction purposes (acquired and held for the purpose of selling in the short term);
- investments held to term, including securities quoted on an active market associated with defined payments at fixed deadlines; the Group does not own such assets at the year-end of the reporting periods in question.

All acquisitions and disposals of financial assets are reported at the transaction date. Financial assets are reviewed at the end of each year in order to identify any evidence of impairment.

Financial liabilities

The Group classifies its non-derivative financial assets, when they are first entered in the financial statements, as financial liabilities valued at amortized cost. These comprise mainly borrowings, other financings, bank overdrafts, etc. The Group does not have financial liabilities at fair value through the income statement.

Treasury shares

In compliance with IAS 32, Vicat's treasury shares are recognized net of shareholders' equity.

Derivatives and hedging

The Group uses hedging instruments to reduce its exposure to changes in interest and foreign currency exchange rates resulting from its business, financing and investment operations. These hedging transactions use financial derivatives. The Group uses interest rate swaps and caps to manage its exposure to interest rate risks. Forward FX contracts and currency swaps are used to hedge exchange rate risks.

The Group uses derivatives solely for financial hedging purposes and no instrument is held for speculative ends. Under IAS 39, however, certain derivatives used are not, not yet or no longer, eligible for hedge accounting at the closing date.

Financial derivatives are valued at their fair value in the balance sheet. Except for the cases detailed below, the change in fair value of derivatives is recorded as an offset in the income statement of the financial statement ("Change in fair value of financial assets and liabilities"). The fair values of derivatives are estimated by means of the following valuation models:

- the market value of interest rate swaps, exchange rate swaps and forward purchase/sale transactions is calculated by discounting the future cash flows on the basis of the "zero coupon" interest rate curves applicable at the end of the preceding reporting periods, restated if applicable to reflect accrued interest not yet payable;
- interest rate options are revalued on the basis of the Black and Scholes model incorporating the market parameters as at year-end.

Derivative instruments may be designated as hedging instruments, depending on the type of hedging relationship:

- fair value hedging is hedging against exposure to changes in the fair value of a booked asset or liability, or of an identified part of that asset or liability, attributable to a particular risk, in particular interest and exchange rate risks, which would affect the net income presented;
- cash flow hedging is hedging against exposure to changes in cash flow attributable to a particular risk, associated with a booked asset or liability or with a planned transaction (e.g. expected sale or purchase or "highly probable" future transaction), which would affect the net income presented.

Hedge accounting for an asset/liability/firm commitment or cash flow is applicable if:

- the hedging relationship is formally designated and documented at its date of inception;
- the effectiveness of the hedging relationship is demonstrated at the inception and then by the regular assessment and correlation between the changes in the market value of the hedging instrument and that of the hedged item. The ineffective portion of the hedging instrument is always recognized in the income statement.

The application of hedge accounting results as follows:

- in the event of a documented fair value hedging relationship, the change in the fair value of the hedging derivative is recognized in the income statement as an offset to the change in the fair value of the underlying financial instrument hedged. Income is affected solely by the ineffective portion of the hedging instrument;
- in the event of a documented cash flow hedging relationship, the change in the fair value of the effective portion of the hedging derivative is recorded initially in shareholders' equity, and that of the ineffective portion is recognized directly in the income statement. The accumulated changes in the fair value of the hedging instrument previously recorded in shareholders' equity are transferred to the income statement at the same rate as the hedged cash flows.

1.15 Employee benefits

The Group recognizes the entire amounts of its commitments relating to post-employment benefits in accordance with IAS 19 (revised).

Regulations, standard practices and agreements in force in countries where the Group's consolidated companies have operations provide for various types of post-employment benefits: lump-sum payments on retirement, supplemental pension benefits, guaranteed supplemental pension benefits specifically for executives, etc. and other long-term benefits (such as medical cover, etc.).

Defined contribution plans are those for which the Group's commitment is limited only to the payment of contributions recognized as expenses when they are incurred.

Defined benefit plans include all post-employment benefit programs, other than those under defined contribution plans, and represent a future liability for the Group. The corresponding liabilities are calculated on an actuarial basis (wage inflation, mortality, employee turnover, etc.) using the projected unit credit method, in accordance with the clauses provided for in the collective bargaining agreements and with standard practices.

Dedicated financial assets, which are mainly equities and bonds, are used to cover all or a part of these liabilities, principally in the United–States and Switzerland.

The net position of each pension plan is fully provided for in the statement of financial position less, where applicable, the fair value of these invested assets, within the limit of the asset ceiling cap. Any surplus (in the case of overfunded pension plans) is only recognized in the statement of financial position to the extent that it represents a future economic benefit that will be effectively available to the Group, within the limits defined by the standard.

Actuarial variances arise due to changes in actuarial assumptions and/or variances observed between these assumptions and the actual figures. Actuarial gains and losses on post-employment benefits are recognized under "Other comprehensive income" and are not recycled to profit or loss.

The Group has chosen to apply the IFRS 1 option and to zero the actuarial variances linked to employee benefits not yet recognized on the transition balance sheet by allocating them to shareholders' equity.

1.16 Put options granted on shares in consolidated subsidiaries

Under IAS 27 and IAS 32, put options granted to minority third parties in fully consolidated subsidiaries are reported in the financial liabilities at the present value of their estimated price with an offset in the form of a reduction in the corresponding minority interests.

The difference between the value of the option and the amount of the minority interests is recognized:

- in goodwill, in the case of options issued before January 1, 2010;
- as a reduction in the Group shareholders' equity (options issued after January 1, 2010).

The liability is estimated based on the contract information available (price, formula, etc.) and any other factor relevant to its valuation. Its value is reviewed at each year end and the subsequent changes in the liability are recognized:

- either as an offset to goodwill (options granted before January 1, 2010);
- or as an offset to the Group shareholders' equity (options issued after January 1, 2010).

No impact is reported in the income statement other than the impact of the annual discounting of the liability recognized in the financial income; the income share of the Group is calculated on the basis of the percentage held in the subsidiaries in question, without taking into account the percentage holding attached to the put options.

1.17 Provisions

In accordance with IAS 37, a provision is recognized when the Group has a current commitment, whether statutory or implicit, resulting from a significant event prior to the closing date which would lead to a use of resources without offset after the closing date, which can be reliably estimated.

These include, notably, provisions for site reinstatement, which are set aside progressively as quarries are used and include the projected costs related to the Group's obligation to reinstate such sites.

In accordance with IAS 37, provisions whose maturities are longer than one year are discounted when the impact is significant. The effects of this discounting are recorded under net financial income.

1.18 Sales

In accordance with IAS 18, sales are reported at the fair value of the consideration received or due, net of commercial discounts and rebates and after deduction of excise duties collected by the Group under its business activities. Sales figures include transport and handling costs invoiced to customers.

Sales are recorded at the time of transfer of the risk and significant benefits associated with ownership to the purchaser, which generally corresponds to the date of transfer of ownership of the product or performance of the service.

1.19 Other income and expenses

Other income and expenses are those arising from the Group's operating activities that are not received or incurred as part of the direct production process or sales activity. These other income and expenses consist mainly of insurance payments, patent royalties, sales of surplus greenhouse gas emission rights, and certain charges relating to losses or claims.

1.20 Income taxes

Deferred taxes are calculated at the tax rates passed or virtually passed at the year-end and expected to apply to the period when assets are sold or liabilities are settled.

Deferred taxes are calculated, based on an analysis of the balance sheet, on timing differences identified in the Group's subsidiaries and joint ventures between the values recognized in the consolidated statement of financial position and the values of assets and liabilities for tax purposes.

Deferred taxes are recognized for all timing differences, including those on restatement of finance leases, except when the timing difference results from goodwill.

Deferred tax assets and liabilities are netted out at the level of each company. When the net amount represents a receivable, a deferred tax asset is recognized if it is probable that the company will generate future taxable income against which to allocate the deferred tax assets.

1.21 Segment information

In accordance with IFRS 8 "Operating Segments" the segment information provided in note 17 is based on information taken from the internal reporting. This information is used internally by the Group management responsible for implementing the strategy defined by the Chairman of the Board of Directors for measuring the Group's operating performance and for allocating capital expenditure and resources to business segments and geographical areas.

The operating segments defined pursuant to IFRS 8 comprise the three segments in which the Vicat Group operates: Cement, Concrete & Aggregates and Other Products & Services.

The management indicators presented were adapted in order to be consistent with those used by the Group management, while complying with IFRS 8 disclosure requirements: operating and consolidated sales, EBITDA and EBIT (see note 1.22), total non-current assets, net capital employed (see note 17), industrial investments, depreciation and amortization and number of employees.

The management indicators used for internal reporting are identical for all the operating segments and geographical areas defined above and are determined in accordance with the IFRS principles applied by the Group in its consolidated financial statements.

1.22 Financial indicators

The following financial performance indicators are used by the Group, as by other industrial players and notably in the building materials sector, and presented with the income statement:

Added value: the value of production less the cost of goods and services purchased;

Gross operating income: added value less personnel costs, taxes and duties (except income taxes and deferred taxes), plus grants and subsidies;

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization): gross operating income plus other ordinary income and expenses;

EBIT (Earnings Before Interest and Tax): EBITDA less depreciation, amortization and operating provisions;

Cash flows from operations: net income before adjusting for non-cash charges (mainly depreciation, amortization and provisions, deferred taxes, gains or losses on asset disposals and changes in fair value).

1.23 Seasonality

Demand in the Cement, Ready-mixed Concrete & Aggregates businesses is seasonal and tends to decrease in winter in temperate countries and during the rainy season in tropical countries. The Group therefore generally records lower sales in the first and fourth quarters *i.e.* the winter season in its main markets in Western Europe and North America. In the second and third quarters, in contrast, sales are higher, due to the summer season being more favorable for construction work.

NOTE 2 CHANGES IN CONSOLIDATION SCOPE AND OTHER SIGNIFICANT EVENTS

Macroeconomic environment and business trends

During the first half of 2017, the Vicat Group recorded a small increase in its consolidated sales of 0.8% on a reported basis and 0.9% at constant scope and exchange rates. This performance reflected the business impact of the far less clement weather conditions than in 2016, especially in France, the United States, Turkey, Switzerland and Kazakhstan, and of the very sharp devaluation in the Egyptian pound and the Turkish lira.

In France, sales advanced on a reported basis and at constant scope in a macroeconomic and industry environment marked by a continuing recovery in the first half of 2017, despite adverse weather conditions during the first three months of the year. The performance of the Concrete & Aggregates business was boosted in the first half of the year by a strong impact from changes in scope following acquisitions and partnerships completed at the end of the previous year to bolster the Group's concrete and aggregates operations.

In Europe, excluding France, sales declined both on a reported basis and at constant scope and exchange rates. While the Group's top-line performance picked up slightly in Italy, sales in Switzerland recorded a contraction over the period as a result of a decline in the Concrete & Aggregates business caused by the end of roadways and civil engineering works and adverse weather conditions and, in the Precast business, currently being restructured to adapt it to the new competitive environment.

In the United States, the Group recorded a healthy increase in its sales amid a still broadly positive macroeconomic environment. Nonetheless, the two US regions in which the Group operates experienced contrasting fortunes. The Cement and Concrete businesses in California posted strong business growth, while Alabama was disrupted by unfavorable weather conditions. Taking these factors into account, volumes rose across the region as a whole, in both the Cement and Concrete businesses, with favorable selling prices growth.

Business in Turkey recorded a significant decline on a reported basis, but rose at constant scope and exchange rates. In a macroeconomic environment still blighted by the political events of the second half of 2016, sales volumes rose in the Cement business, but declined in the Concrete & Aggregates business, which was affected to a greater extent by far more challenging weather conditions than in the first half of 2016.

In India, the Group posted higher consolidated sales both on a reported basis and at constant scope and exchange rates. Sales volumes edged lower over the first half, reflecting the strategy implemented by the Group since the end of the first quarter of 2017 of harnessing the full benefit of the upturn in prices by managing volumes sold so as not to dampen this positive momentum.

Sales in Kazakhstan delivered significant growth on a reported basis and, to a lesser extent, at constant scope and exchange rates. Given the tough weather conditions at the beginning of the year, volumes declined over the period. Selling prices firmed up significantly over the first six months of the year.

In Egypt, consolidated sales declined significantly on a reported basis given the very steep devaluation in November 2016. At constant scope and exchange rates, business show a slight growth in a macroeconomic environment dragged down by the devaluation in the Egyptian pound and a persistently challenging security environment. Accordingly, volumes declined over the first half of the year. Selling prices rose over the first six months of the year, albeit nowhere near strongly enough to counter the impact of the very sharp rise in production costs.

In West Africa, consolidated sales moved lower during the first half of the year. The increase recorded by the Aggregates division in Senegal was not large enough to make up for the decline in the Cement business in the region as a whole as a result of lower volumes and broadly stable prices.

Exchange rate volatility and impact on the income statement

The income statement as at June 30, 2017 was strongly impacted by the change in the majority of foreign currencies against the euro, in particular by the Egyptian pound, the Turkish lira and the Indian rupee. This resulted in a negative exchange rate effect of € (35.5) million in the consolidated sales and in a positive exchange rate effect of € +6.2 million in the EBITDA.

Consolidated shareholders equity records a negative translation rate impact on the 1st semester 2017, amounted to € (89.4) million.

Tax dispute in Senegal

During the second semester of 2016, Sococim Industries, a Senegal group subsidiary, was subject to a tax examination. The company was notified of a tax reassessment, with a definitive confirmation on June 7, 2017. The company disputes this tax reassessment and has provided, in July 2017, bank guaranties amounted to € 21.3 million in order to lodge a judicial appeal. As a result, at this stage of the procedure, no provision has been recognized in respect of this at June 30, 2017.

Tax refund

Claims on the tax treatment of the capital gain on disposal of Soparfi securities, in 2014, by group subsidiaries lead to a positive outcome and resulted in a tax abatement of € 38.9 million collected in January 2017. This tax refund is recognized in the 2017 consolidated shareholders' equity, in line with the accounting treatment of the disposal of these securities.

NOTE 3 GOODWILL

The change in the net goodwill by business sector is analyzed in the table below:

(in thousands of euros)	Cement	Concrete & Aggregates	Other Products and Services	Total
AT DECEMBER 31, 2015	**733,419**	**283,245**	**23,643**	**1,040,307**
Acquisitions/Additions		20,422		20,422
Disposals/Decreases		(300)		(300)
Change in foreign exchange rates	(15,874)	4,386	175	(11,313)
Other		1,891	(2,053)	(162)
AT DECEMBER 31, 2016	**717,545**	**309,644**	**21,765**	**1,048,954**
Acquisitions/Additions	664	9,315		9,979
Disposals/Decreases		(1,240)		(1,240)
Change in foreign exchange rates	(12,540)	(10,547)	(345)	(23,432)
Other		(2,053)	2,053	0
AT JUNE 30, 2017	**705,669**	**305,119**	**23,473**	**1,034,261**

Impairment test on goodwill

In accordance with IFRS 3 and IAS 36, at the end of each year and in the event of any evidence of impairment, goodwill is subject to an impairment test using the method described in notes 1.4 and 1.11.

Considering the volatile macro-economic environment, the Group carried out a review of any evidence of impairment in respect to goodwill at June 30, 2017, which did not result in any recognition of impairment.

At June 30, 2017, goodwill are broken down by Cash Generating Unit (CGU) as follows:

(in thousands of euros)	June 30, 2017	December 31, 2016
CGU India	252,604	259,883
CGU West Africa Cement	149,712	152,320
CGU France-Italy	213,331	204,592
CGU Switzerland	141,912	143,167
Other cumulated CGU	276,702	288,992
TOTAL	**1,034,261**	**1,048,954**

NOTE 4 OTHER INTANGIBLE ASSETS

Gross value *(in thousands of euros)*	Concessions, patents & similar rights	Software	Other intangible assets	Intangible assets in progress	Total
AT DECEMBER 31, 2015 RESTATED	74,447	49,064	67,730	5,746	196,987
Acquisitions	1,791	924	176	3,640	6,531
Disposals		(2,066)	(284)		(2,350)
Changes in consolidation scope	1,502	29			1,531
Change in foreign exchange rates	(7,152)	92	(42)	34	(7,068)
Other movements	(764)	1,967	2,597	(3,139)	661
AT DECEMBER 31, 2016	69,824	50,010	70,177	6,281	196,292
Acquisitions	18,884	781	113	734	20,512
Disposals	(3,573)	(62)	(2)		(3,637)
Changes in consolidation scope	52	42	70		164
Change in foreign exchange rates	(910)	(215)	(2,406)	(57)	(3,588)
Other movements	(1,060)	2,360	1,147	(1,210)	1,237
AT JUNE 30, 2017	**83,217**	**52,916**	**69,099**	**5,748**	**210,980**

Depreciation and impairment *(in thousands of euros)*	Concessions, patents & similar rights	Software	Other intangible assets	Intangible assets in progress	Total
AT DECEMBER 31, 2015 RESTATED	(23,668)	(26,584)	(32,276)	0	(82,528)
Increase	(2,440)	(4,573)	(3,716)		(10,729)
Decrease		1,789	34		1,823
Changes in consolidation scope		(29)			(29)
Change in foreign exchange rates	1,620	(83)	302		1,839
Other movements		(244)	41		(203)
AT DECEMBER 31, 2016	(24,488)	(29,724)	(35,615)	0	(89,827)
Increase	(1,694)	(2,435)	(2,033)	(457)	(6,619)
Decrease	3,569	61			3,630
Changes in consolidation scope		(42)	(14)		(56)
Change in foreign exchange rates	355	175	1,392		1,922
Other movements	(31)		(2)		(33)
AT JUNE 30, 2017	**(22,289)**	**(31,965)**	**(36,272)**	**(457)**	**(90,983)**
Net book value at December 31, 2016	45,336	20,286	34,562	6,281	106,465
NET BOOK VALUE AT JUNE 30, 2017	**60,928**	**20,951**	**32,827**	**5,291**	**119,997**

No development costs were capitalized during the 1st semester 2017 and the year 2016.

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

Gross values *(in thousands of euros)*	**Lands & Buildings**	**Industrial equipment**	**Other property, plant and equipment**	**Fixed assets work-in-progress and advances/ down payments**	**Total**
AT DECEMBER 31, 2015	1,201,620	3,058,357	152,666	98,754	4,511,397
Acquisitions	12,136	27,249	4,698	84,062	128,145
Disposals	(3,214)	(26,016)	(8,439)	(10)	(37,679)
Changes in consolidation scope	1,869	17,547	174	85	19,675
Changes in foreign exchange rates	(32,629)	(120,299)	(1,755)	(10,983)	(165,666)
Other movements	17,707	95,521	1,685	(105,577)	9,336
AT DECEMBER 31, 2016	1,197,489	3,052,359	149,029	66,331	4,465,208
Acquisitions	4,421	17,886	1,725	53,165	77,197
Disposals	(3,653)	(11,165)	(4,863)	(24)	(19,705)
Changes in consolidation scope	1,738	1,960	85	89	3,872
Changes in foreign exchange rates	(30,455)	(94,580)	(2,421)	(3,098)	(130,554)
Other movements	7,159	22,009	2,380	(32,578)	(1,030)
AT JUNE 30, 2017	**1,176,699**	**2,988,469**	**145,935**	**83,885**	**4,394,988**

Depreciations and impairment *(in thousands of euros)*	**Lands & Buildings**	**Industrial equipment**	**Other property, plant and equipment**	**Fixed assets work-in-progress and advances/ down payments**	**Total**
AT DECEMBER 31, 2015	(492,709)	(1,788,512)	(108,901)	(264)	(2,390,386)
Acquisitions	(36,400)	(130,259)	(9,443)		(176,102)
Disposals	2,101	24,307	8,310	104	34,822
Changes in consolidation scope	1,086	(812)	(67)		207
Changes in foreign exchange rates	9,626	52,271	1,535	3	63,435
Other movements	2,839	(7,926)	403	8	(4,676)
AT DECEMBER 31, 2016	(513,457)	(1,850,931)	(108,163)	(149)	(2,472,700)
Acquisitions	(17,973)	(67,187)	(4,431)		(89,591)
Disposals	2,343	9,690	4,702		16,735
Changes in consolidation scope	(1,303)	(1,673)	(80)		(3,056)
Changes in foreign exchange rates	12,507	57,418	1,683	4	71,612
Other movements	2	1,104	(1,074)		32
AT JUNE 30, 2017	**(517,881)**	**(1,851,579)**	**(107,363)**	**(145)**	**(2,476,968)**
Net book value at December 31, 2016	684,032	1,201,428	40,866	66,182	1,992,508
NET BOOK VALUE AT JUNE 30, 2017	**658,818**	**1,136,890**	**38,572**	**83,740**	**1,918,020**

Fixed assets work-in-progress amounted to € 74 million as at June 30, 2017 (€ 61 million as at December 31, 2016) and advances/down payments on plant, property and equipment represented € 10 million as at June 30, 2017 (€ 6 million as at December 31, 2016).

Contractual commitments to acquire tangible and intangible assets amounted to € 37 million as at June 30, 2017 (€ 21 million as at December 31, 2016).

No interests were capitalized during the 1st semester 2017 (€ 1 million as at June 30, 2016).

NOTE 6 CASH AND CASH EQUIVALENTS

(in thousands of euros)	June 30, 2017	December 31, 2016
Cash	59,397	90,033
Marketable securities and term deposits < 3 months	154,221	152,737
CASH AND CASH EQUIVALENTS	**213,618**	**242,770**

At June 30, 2017 and at December 31, 2016, an amount of € 36 million is recorded in the "other receivables". This represents a precautionary seizure on the bank accounts of an Indian company of the Group, Bharathi Cement, as part of an investigation carried out by the administrative and judicial authorities on facts prior to Vicat's taking a share of its capital, which has hardly evolved during the first semester of 2017.

NOTE 7 SHARE CAPITAL

Vicat share capital is composed of 44,900,000 fully paid-up ordinary shares with a nominal value of € 4 each, including 686,217 treasury shares as at June 30, 2017 (723,471 as at December 31, 2016) acquired under the share buy-back programs approved by the Ordinary General Meetings, and through Heidelberg Cement's disposal of its 35% stake in Vicat in 2007.

These are registered shares or bearer shares, at the shareholder's option. Voting rights attached to shares are proportional to the share of the capital which they represent and each share gives the right to one vote, except in the case of fully paid-up shares registered for at least 4 years in the name of the same shareholder, to which two votes are assigned.

The dividend paid in 2017 in respect of 2016 amounted to € 1.50 per share, amounted to a total of € 67,350 thousand, equal to € 1.50 per share paid in 2016 in respect of 2015 and amounted to a total of € 67,350 thousand.

In the absence of any dilutive instrument, diluted earnings per share are identical to basic earnings per share, and are obtained by dividing the Group's net income by the weighted average number of Vicat ordinary shares outstanding during the year.

Since January 4, 2010, for a period of 12 months renewable by tacit agreement, Vicat has engaged Natixis Securities to implement a liquidity agreement in accordance with the AMAFI (French financial markets professional association) code of ethics of September 20, 2008.

The following amounts were allocated to the liquidity agreement for its implementation: 20,000 Vicat shares and € 3 million in cash.

As at June 30, 2017, the liquidity account is composed with 13,917 Vicat shares and € 896 thousand in cash.

NOTE 8 PROVISIONS

(in thousands of euros)	June 30, 2017	December 31, 2016
Provisions for pensions and other post-employment benefits	**125,691**	**142,353**
Restoration of sites	48,503	47,640
Demolitions	1,478	1,504
Other risks (1)	26,605	25,653
Other charges	48,608	43,062
Other provisions	**125,194**	**117,859**
o.w. less than one year	*10,083*	*10,757*
o.w. more than one year	*115,111*	*107,102*

(1) At June 30, 2017, other risks included:

- *an amount of € 2.1 million (€ 2.3 million at December 31, 2016) corresponding to the current estimate of gross expected costs for repair of damage that occurred in 2006 following deliveries of concrete mixtures and concrete made in 2004 whose sulfate content exceeded applicable standards. This amount corresponds to the current estimate of the Group's pro rata share of liability for repair of identified damages before the residual insurance indemnity of € 1.8 million recognized in non-current assets in the balance sheet as at June 30, 2017 and December 31, 2016;*
- *an amount of € 11.3 million (€ 11.4 million as at December 31, 2016) corresponding to the estimated amount of the deductible at year-end relating to claims in the United States in the context of work accidents and which will be covered by the Group.*
- *the remaining amount of other provisions amounting to about € 13.2 million as at June 30, 2017 (€ 12.0 million as at December 31, 2016) corresponds to the sum of other provisions that, taken individually, are not material.*

NOTE 9 DEBTS AND PUT OPTIONS

The financial liabilities as at June 30, 2017 are analyzed as follows:

(in thousands of euros)	June 30, 2017	December 31, 2016
Debts at more than one year	983,166	976,660
Put options at more than one year	3,462	3,357
Debts and put options at more than one year	**986,628**	**980,017**
Asset derivative instruments at more than one year (1)	(35,561)	(53,005)
TOTAL FINANCIAL LIABILITIES NET OF ASSET DERIVATIVE INSTRUMENTS AT MORE THAN ONE YEAR	951,067	927,012
Debts at less than one year	284,931	250,266
Put options at less than one year	0	0
Debts and put options at less than one year	**284,931**	**250,266**
Asset derivative instruments at less than one year (1)	(12,870)	(19,466)
TOTAL FINANCIAL LIABILITIES NET OF ASSET DERIVATIVE INSTRUMENTS AT LESS THAN ONE YEAR	272,061	230,800
Total debts net of asset derivative instruments (1)	1,219,666	1,154,455
Total put options	3,462	3,357
TOTAL FINANCIAL LIABILITIES NET OF ASSET DERIVATIVE INSTRUMENTS	**1,223,128**	**1,157,812**

(1) As at June 30, 2017 financial instrument assets (€ 48.4 million) are presented under non-current assets for the part at more than 1 year (€ 35.5 million) and under other receivables for the part at less than 1 year (€ 12.9 million). They accounted for € 72.5 million as at December 31, 2016.

9.1 Financial debts

Analysis of debts by category and maturity

June 30, 2017

(in thousands of euros)	Total	June 2018	June 2019	June 2020	June 2021	June 2022	More than 5 years
Bank borrowings and financial liabilities	1,157,957	214,339	10,216	551,860	287,524	1,068	92,950
Incl. Derivative financial instruments – Assets	*(48,428)*	*(12,870)*			*(24,583)*		*(10,975)*
Incl. Derivative financial instruments – Liabilities	*1,584*	*9*	*165*	*234*	*1,176*		
Other borrowings and debts	7,191	4,790	1,433	194	202	171	401
Debts on fixed assets under finance leases	2,132	543	1,182	256	114	37	
Current bank lines and overdrafts	52,386	52,386					
DEBTS	**1,219,666**	**272,058**	**12,831**	**552,310**	**287,840**	**1,276**	**93,351**
of which commercial paper	*545,000*			*545,000*			

Financial debts at less than one year are mainly comprised of the Vicat SA first USPP installment, Sococim Industries in Senegal, Konya Cemento and Bastas Cemento in Turkey bilateral credit lines, a tranche of the Jambyl Cement in Kazaksthan, Sinaï Cement Company in Egypt and Vigier Holding in Switzerland loans and of bank overdrafts.

December 31, 2016

(in thousands of euros)	Total	2017	2018	2019	2020	2021	More than 5 years
Bank borrowings and financial liabilities	1,110,509	190,749	21,895	470,295	323,642	3,031	100,897
Incl. Derivative financial instruments - Assets	*(72,471)*	*(19,466)*			*(36,823)*		*(16,182)*
Incl. Derivative financial instruments - Liabilities	*2,904*	*1,235*	*238*	*241*	*1,190*		
Other borrowings and debts	6,952	4,621	1,046	170	168	187	760
Debts on fixed assets under finance leases	2,371	807	1,090	221	149	70	34
Current bank lines and overdrafts	34,623	34,623					
DEBTS	**1,154,455**	**230,800**	**24,031**	**470,686**	**323,959**	**3,288**	**101,691**
of which commercial paper	*450,000*			*450,000*			

Analysis of loans and debts by currency and type of interest rate

By currency (net of currency swaps)

(in thousands of euros)	June 30, 2017	December 31, 2016
Euro	898,400	877,976
US dollar	57,755	56,812
Turkish new lira	41,510	1,093
CFA Franc	37,173	36,638
Swiss franc	159,746	148,324
Mauritanian ouguiya	2,610	-
Indian rupee	1,978	13,860
Kazakh Tengue	-	-
Egyptian pound	20,494	19,752
TOTAL	**1,219,666**	**1,154,455**

By interest rate

(in thousands of euros)	June 30, 2017	December 31, 2016
Fixed rate	494,442	477,845
Floating rate	725,224	676,610
TOTAL	**1,219,666**	**1,154,455**

The average interest rate for gross debt as at June 30, 2017 is 3.15%. It was 3.37% as at December 31, 2016.

9.2 Put options granted to the minority shareholders on the shares in consolidated subsidiaries

Agreements were concluded between Vicat and the International Finance Corporation in order to organize their relations as shareholders of Mynaral Tas, under which the Group granted put options to its partner on its shareholding in Mynaral Tas.

The put option granted to the International Finance Corporation was exercisable at the earliest in December 2013. Reporting this option resulted in the recognition of a liability of € 3.5 million at more than one year as at June 30, 2017 (€ 3.4 million as at December 31, 2016). This liability corresponds to the present value of the exercise price of the option granted to the International Finance Corporation.

NOTE 10 FINANCIAL INSTRUMENTS

Foreign exchange risk

The Group's activities are carried out by subsidiaries operating almost entirely in their own country and local currency. This limits the Group's exposure to foreign exchange risk. These companies' imports and exports denominated in currencies other than their own local currency are generally hedged by forward currency purchases and sales. The foreign exchange risk on intercompany loans is hedged, where possible, by the companies when the borrowing is denominated in a currency other than their operating currency.

Moreover the principal and interest due on loans originally issued by the Group in US dollars (US$ 450 million for Vicat) were converted into euros through a series of cross currency swaps, included in the portfolio presented below (see point a).

Interest rate risk

All floating rate debt is hedged through the use of caps on original maturities of 3, 4 and 5 years.

The Group is exposed to interest rate risk on its financial assets and liabilities and its short-term investments. This exposure corresponds to the price risk for fixed-rate assets and liabilities, and cash flow risk related to floating-rate assets and liabilities.

Liquidity risk

As at June 30, 2017, the Group had € 311 million in unused confirmed lines of credit that have not been allocated to the hedging of liquidity risk on commercial paper (€ 359 million as at December 31, 2016).

The Group also has a € 550 million commercial paper issue program. As at June 30, 2017, commercial paper issued by the Group amounted to € 545 million. Commercial paper consists of short-term debt instruments backed by confirmed lines of credit in the amounts issued and classified as medium-term borrowings in the consolidated balance sheet.

Unused confirmed lines of credit are used to cover the risk of the Group finding itself unable to issue its commercial paper through market transactions. As at June 30, 2017, these lines matched the short term notes they covered, at € 545 million.

Some medium-term or long-term loan agreements contain specific covenants especially as regards compliance with financial ratios, reported each half year, which can lead to an anticipated repayment (acceleration clause) in the event of non-compliance. These covenants are based on a profitability ratio (leverage: net debt/consolidated EBITDA) and a capital structure ratio (gearing: net debt/consolidated equity) of the Group or its subsidiaries concerned. For the purposes of calculating these covenants, the net debt is determined excluding put options granted to minority shareholders. Furthermore, the margin applied to some financing operations depends on the level reached on one of these ratios.

Considering the small number of companies concerned, essentially Vicat SA, the parent company of the Group, the low level of gearing (41.83%) and of leverage (2.29) and the liquidity of the Group's balance sheet, the existence of these covenants does not constitute a risk for the Group's financial position. As at June 30, 2017, the Group is compliant with all ratios required by covenants included in financing agreements.

Analysis of the portfolio of derivatives as at June 30, 2017:

(in thousands of currency units)	Nominal value *(currency)*	Nominal value *(euro)*	Market value *(euro)*	Current maturity < 1 year *(euro)*	1 - 5 years *(euro)*	> 5 years *(euro)*
CASH FLOW HEDGES (a)						
Composite instruments						
■ Cross Currency Swap $ fixed/€ fixed	$ 450,000	394,322	47,968 [1]	12,410	24,583	10,975
OTHER DERIVATIVES						
Interest rate instruments						
■ Euro Caps	€ 400,000	400,000	(1,471)		(1,471)	
■ US dollar Caps	$ 35,000	30,669	(113)	(9)	(104)	
FOREIGN EXCHANGE INSTRUMENTS (a)						
Hedging for foreign exchange risk on intra-group loans						
■ Forward Sales $	$ 39,000	34,175	222	222		
■ Forward Sales Chf	Chf 95,000	86,917	238	238		
TOTAL			**46,844**			

(1) The difference between the value of the liability at the hedged rate and at amortized cost amounts to € 55.1 million.

In accordance with IFRS 13, counterparty risks were taken into account. This mainly relates to derivatives (cross currency swaps) intended to hedge the foreign exchange risk of debts in currencies other than the Group's operating currency, notably in US dollars and Indian rupees. The impact of the credit value adjustment (CVA, or the Group's exposure in the event of counterparty default) and of the debit value adjustment (DVA, or the counterparty's exposure in the event of Group default) on the measurement of derivatives was determined by assuming an exposure at default calculated using the add-on method, a 40% loss given default, and a probability of default based on the credit ratings of banks or the estimated credit rating of the Group. The impact on fair value was not material and was not included in the market value of financial instruments as presented above.

In application of IFRS 7, the breakdown of financial instruments valued at fair value by hierarchical level of fair value in the consolidated statement of financial position is as follows as of June 30, 2017:

(in millions of euros)	June 30, 2017	
Level 1: instruments quoted on an active market		
Level 2: valuation based on observable market information	46.8	see above
Level 3: valuation based on non-observable market information	26.3	

NOTE 11 SALES

(in thousands of euros)	June 30, 2017	June 30, 2016
Sales of goods	1,090,470	1,094,049
Sales of services	157,212	143,400
SALES	**1,247,682**	**1,237,449**

Change in sales on a like-for-like basis

(in thousands of euros)	June 30, 2017	Changes in consolidation scope	Change in foreign exchange rate	June 30, 2017 Constant scope and exchange rates	June 30, 2016
Sales	1,247,682	34,818	(35,533)	1,248,397	1,237,449

NOTE 12 DEPRECIATION, AMORTIZATION AND PROVISIONS

(in thousands of euros)	June 30, 2017	June 30, 2016
Net charges to amortization of fixed assets	(95,928)	(94,012)
Net charges to provisions	(4,622)	(6,760)
Net charges to other asset depreciation	(2,218)	(3,442)
NET CHARGES TO OPERATING DEPRECIATION, AMORTIZATION AND PROVISIONS	**(102,768)**	**(104,214)**
Other net charges to non-operating depreciation, amortization and provisions (1)	(1,519)	1,489
NET CHARGES TO DEPRECIATION, AMORTIZATION AND PROVISIONS	**(104,287)**	**(102,725)**

(1) Including a net reversal of € 0.2 million as at June 30, 2017 (reversal of € 0.2 million as at June 30, 2016) related to the update of the Group responsibility pro-rata share over compensation by the insurers in the incident occurred in 2006.

NOTE 13 OTHER INCOME (EXPENSE)

(in thousands of euros)	June 30, 2017	June 30, 2016 restated
Net income from disposal of assets	1,388	1,929
Income from investment properties	1,869	2,464
Other	8,624	9,434
Other operating income (expense)	**11,881**	**13,827**
Other non operating income (expense) (1)	**(3,389)**	**(1,650)**
TOTAL OTHER INCOME (EXPENSE)	**8,492**	**12,177**

(1) Including as at June 30, 2017 an expense of € 0.2 million recorded by the Group, corresponding to the files recognized as expenses in the first semester 2017 in connection with the incident occurred in 2006 (expense of € 0.3 million at June 30, 2016).

NOTE 14 FINANCIAL PERFORMANCE INDICATORS

The rationalization of the passage between Gross Operating Earnings, EBITDA, EBIT and Operating Income is as follows:

(in thousands of euros)	June 30, 2017	June 30, 2016 restated
Gross Operating Income	**176,455**	**192,487**
Other operating income (expense)	11,881	13,827
EBITDA	**188,336**	**206,314**
Net charges to operating depreciation, amortization and provisions	(102,768)	(104,215)
EBIT	**85,568**	**102,099**
Other non-operating income (expense)	(3,389)	(1,650)
Net charges to non-operating depreciation, amortization and provisions	(1,519)	1,490
OPERATING INCOME (EXPENSE)	**80,660**	**101,939**

NOTE 15 FINANCIAL INCOME (EXPENSE)

(in thousands of euros)	June 30, 2017	June 30, 2016
Interest income from financing and cash management activities	9,266	7,397
Interest expense from financing and cash management activities	(22,093)	(22,109)
Cost of net borrowings and financial liabilities	**(12,827)**	**(14,712)**
Dividends	584	537
Foreign exchange gains	6,357	5,148
Fair value adjustments to financial assets and liabilities	1,655	514
Net income from disposal of financial assets	-	-
Write-back of impairment of financial assets	130	119
Other income	-	-
Other financial income	**8,726**	**6,318**
Foreign exchange losses	(5,852)	(6,777)
Fair value adjustments to financial assets and liabilities	-	-
Impairment on financial assets	-	(33)
Net income from disposal of financial assets	(5)	(132)
Discounting expenses	(2,971)	(2,979)
Other expenses	(6)	(112)
Other financial expenses	**(8,834)**	**(10,033)**
NET FINANCIAL INCOME (EXPENSE)	**(12,935)**	**(18,427)**

NOTE 16 INCOME TAX

Analysis of the income tax expense

(in thousands of euros)	June 30, 2017	June 30, 2016 restated
Current taxes	(35,533)	(37,568)
Deferred taxes	9,711	8,969
TOTAL	**(25,822)**	**(28,599)**

The net deferred tax asset under the scope of the fiscally integrated group headed by Vicat SA, amounting to € 12.0 million as at June 30, 2017 (€ 7 million as at December 31, 2016) is shown as a deduction of the deferred tax liability of the Company.

Deferred tax assets not recognized in the financial statements

Deferred tax assets not recognized in the financial statements as at June 30, 2017, owing either to their planned imputation during the exemption periods enjoyed by the entities concerned or to the probability of their not being recovered, amounted to € 9.6 million (€ 18.3 million as at December 31, 2016). These relate essentially to one entity benefiting from a tax exemption scheme for a period of ten years.

Tax dispute in Senegal

During the second semester of 2016, Sococim Industries, a Senegal group subsidiary, was subject to a tax examination. The company was notified of a tax reassessment, with a definitive confirmation on June 7, 2017. The company disputes this tax reassessment and has provided bank guarantees amounted to € 21.3 million in order to lodge a judicial appeal. As a result, at this stage of the procedure, no provision has been recognized in respect of this at June 30, 2017.

NOTE 17 SEGMENT INFORMATION

a) Business segment

June 30, 2017 *(in thousands of euros except number of employees)*	Cement	Concrete & Aggregates	Other Products and Services	Total
Income statement				
Operating sales	733,977	490,382	201,560	1,425,919
Inter-segment eliminations	(122,463)	(10,023)	(45,751)	(178,237)
Consolidated net sales	611,514	480,359	155,809	1,247,682
EBITDA (cf. 1.22 & 14)	153,000	24,332	11,004	188,336
EBIT (cf. 1.22 & 14)	82,658	1,014	1,896	85,568
Balance sheet				
Total non-current assets	2,457,850	743,965	164,150	3,365,965
Net capital employed[(1)]	2,519,104	747,922	152,934	3,419,960
Other informations				
Acquisitions of intangible and tangible assets	36,703	54,537	7,327	98,566
Net depreciation and amortization charges	67,414	21,615	6,898	95,928
Average number of employees	3,874	3,291	1,156	8,321

June 30, 2016 restated *(in thousands of euros except number of employees)*	Cement	Concrete & Aggregates	Other Products and Services	Total
Income statement				
Operating sales	761,236	456,224	201,124	1,418,584
Inter-segment eliminations	(122,656)	(11,637)	(46,842)	(181,135)
Consolidated net sales	638,580	444,587	154,282	1,237,449
EBITDA (cf. 1.22 & 14)	167,314	27,679	11,320	206,314
EBIT (cf. 1.22 & 14)	93,693	5,834	2,572	102,099
Balance sheet				
Total non-current assets	2,670,116	674,789	162,736	3,507,641
Net capital employed (1)	2,672,727	671,872	126,290	3,470,889
Other informations				
Acquisitions of intangible and tangible assets	42,961	10,442	6,177	59,580
Net depreciation and amortization charges	69,502	18,191	6,319	94,012
Average number of employees	3,668	2,976	1,286	7,930

(1) Net capital employed corresponds to the sum of non-current assets, assets and liabilities held for sale, and working capital requirement, after deduction of provisions and deferred taxes.

b) Geographical sectors

Information relating to geographical areas is presented according to the geographical location of the entities concerned.

June 30, 2017 *(in thousands of euros except number of employees)*	France	Europe (excluding France)	USA	Turkey, Kazakhstan & India	West Africa & the Middle East	Total
Income statement						
Operating sales	453,038	196,867	191,836	264,460	151,844	1,258,045
Inter-country eliminations	(8,708)	(201)		(17)	(1,437)	(10,363)
Consolidated net sales	444,330	196,666	191,836	264,443	150,407	1,247,682
EBITDA (cf. 1.22 & 14)	52,014	41,960	23,836	48,148	22,377	188,336
EBIT (cf. 1.22 & 14)	21,062	24,441	9,945	24,387	5,732	85,568
Balance sheet						
Total non-current assets	683,595	559,271	483,985	1,060,534	578,579	3,365,965
Net capital employed (1)	793,740	492,362	383,601	1,168,405	581,851	3,419,960
Other informations						
Acquisitions of intangible and tangible assets	29,437	8,302	23,506	11,824	25,498	98,566
Net depreciation and amortization charges	28,687	14,645	14,079	22,785	15,732	95,928
Average number of employees	2,719	1,096	1,088	2,284	1,134	8,321

June 30, 2016 restated *(in thousands of euros except number of employees)*	**France**	**Europe (excluding France)**	**USA**	**Turkey, Kazakhstan & India**	**West Africa & the Middle East**	**Total**
Income statement						
Operating sales	415,280	197,943	175,788	268,942	191,889	1,249,842
Inter-country eliminations	(10,114)	(199)		(507)	(1,573)	(12,393)
Consolidated net sales	405,166	197,744	175,788	268,435	190,316	1,237,449
EBITDA (cf. 1.22 & 14)	50,099	44,606	22,397	51,778	37,434	206,314
EBIT (cf. 1.22 & 14)	20,439	25,962	8,123	29,402	18,173	102,099
Balance sheet						
Total non-current assets	665,575	574,212	500,114	1,095,125	672,616	3,507,641
Net capital employed (1)	709,463	481,365	382,201	1,203,581	694,280	3,470,889
Other informations						
Acquisitions of intangible and tangible assets	10,605	8,479	10,354	17,031	13,110	59,580
Net depreciation and amortization charges	26,380	14,737	13,280	21,754	17,861	94,012
Average number of employees	2,448	1,104	1,083	2,182	1,113	7,930

(1) Net capital employed corresponds to the sum of non-current assets, assets and liabilities held for sale, and working capital requirement, after deduction of provisions and deferred taxes.

c) Information about major customers

The Group is not overly dependent on any of its major customers, and no single customer accounts for more than 10% of sales.

NOTE 18 NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES

Net cash flows from the Group's operating activities during the first semester 2017 came to € 33 million, compared with € 116 million at June 30, 2016 restated.

This decrease in cash flows from operating activities between the first semesters 2016 and 2017 results from a € (11) million reduction in cash flow from operations and a € (72) million increase in working capital requirement variation.

The components of the working capital requirement (WCR) by type are as follows:

(in thousands of euros)	**WCR at Dec. 31, 2015**	**Change in WCR in 2016**	**Other changes (1)**	**WCR at Dec. 31, 2016**	**Change in WCR in 1st sem. 2017**	**Other changes (1)**	**WCR at June 30, 2017**
Inventories	407,192	11,075	(32,497)	385,770	4,188	(10,031)	379,927
Other WCR components	72,933	(44,407)	908	29,434	102,778	(4,530)	127,682
WCR	**480,125**	**(33,332)**	**(31,589)**	**415,204**	**106,966**	**(14,561)**	**507,609**

(1) Exchange rates, consolidation scope and miscellaneous.

NOTE 19 NET CASH FLOWS FROM INVESTING ACTIVITIES

Net cash flows used in the Group's investing activities in the first semester 2017 came to € (105) million, compared with € (90) million at June 30, 2016 restated.

Acquisitions of intangible and tangible assets

These reflect outflows for industrial investments, which amounted to € (94) million in the first semester 2017, compared with € (68) million in the first semester 2016 restated, mainly corresponding to the following:

- the main intangible and tangible investments at June 30, 2017 were realized in France, Senegal and United States related primarily to exploitation materials and quarry rights;
- the main intangible and tangible investments at June 30, 2016 were realized in Turkey with the restart of the first kiln of Bastas and the ongoing construction of the roller press, in Switzerland with the purchase of a bridge crane and in France and United states.

Acquisition/disposal of shares in consolidated companies

These reflect net outflows for financial divestments and investments in consolidated companies, which amounted to € (13) million in the first semester 2017 (0 in the first semester 2016). The main cash outflows by the Group during the first semester 2017 were made to improve its reach in the Concrete & Aggregates business in France.

NOTE 20 ANALYSIS OF NET CASH BALANCES

(in thousands of euros)	June 30, 2017 Net	December 31, 2016 Net
Cash and cash equivalents (see. note 6)	213,618	242,770
Bank overdrafts	(43,239)	(33,861)
NET CASH BALANCES	**170,379**	**208,909**

NOTE 21 TRANSACTIONS WITH RELATED COMPANIES

In addition to the main Chiefs executives, related parties with whom transactions are carried out include affiliated companies and joint ventures in which Vicat directly or indirectly holds a stake, and entities that hold a stake in Vicat.

These related party transactions were not material in the 1st semester 2017 and all were on an arm's length basis.

All the transactions carried out with these companies have been recorded in compliance with IAS 24 and their impact on the Group's consolidated financial statements at June 30, 2017 and 2016 is as follows, broken down by type and by related party:

(in thousands of euros)	June 30, 2017				June 30, 2016			
	Sales	Purchases	Receivables	Debts	Sales	Purchases	Receivables	Debts
Affiliated companies	302	572	3,027	1,680	615	1,492	3,724	1,509
Other related parties	28	767	-	-	26	1,058	-	-
TOTAL	**330**	**1,339**	**3,027**	**1,680**	**641**	**2,550**	**3,724**	**1,509**

NOTE 22 SUBSEQUENT EVENTS

No post balance sheet event has had a material impact on the consolidated financial statements as at June 30, 2017.

NOTE 23 LIST OF MAIN CONSOLIDATED COMPANIES AS AT JUNE 30, 2017

Fully consolidated: France

Company	Address	Siren no.	% interest June 30, 2017	% interest Dec. 31, 2016
VICAT	Tour Manhattan 6 place de l'Iris 92095 PARIS-LA DEFENSE	057 505 539	----	----
ANNECY BETON CARRIERES	14 chemin des grèves 74960 CRAN GEVRIER	326 020 062	49.97	49.97
LES ATELIERS DU GRANIER	Lieu-dit Chapareillan 38530 PONTCHARRA	305 662 504	99.98	99.98
BETON CHATILLONAIS	Champ de l'Allée – ZI Nord 01400 CHATILLON-SUR-CHALARONNE	485 069 819	99.98	99.98
BETON CONTROLE COTE D'AZUR	217 Route de Grenoble 06200 NICE	071 503 569	99.97	99.97
BETON DE L'OISANS	4 rue Aristide Bergès 38080 L'ISLE-D'ABEAU	438 348 047	59.98	59.98
LES BETONS DU GOLFE	Quartier les Plaines 83480 PUGET-SUR-ARGENS	501 192 785	99.98	99.98
LES BETONS DU RHONE	La petite Craz 69720 SAINT-LAURENT-DE MURE	503 728 164	99.98	99.98
BETON VICAT	4 rue Aristide Bergès 38080 L'ISLE-D'ABEAU	309 918 464	99.97	99.97

Company	Address	Siren no.	% interest June 30, 2017	% interest Dec. 31, 2016
BETON TRAVAUX	Tour Manhattan 6 place de l'Iris 92095 PARIS-LA DEFENSE	070 503 198	99.98	99.98
CONDENSIL	1327 av. de la Houille Blanche 73000 CHAMBERY	342 646 957	59.99	59.99
DELTA POMPAGE	1327 av. de la Houille Blanche 73000 CHAMBERY	316 854 363	99.98	99.98
ETABLISSEMENT ANTOINE FOURNIER	4 rue Aristide Bergès 38080 L'ISLE-D'ABEAU	586 550 147	99.98	99.98
GRANULATS VICAT	4 rue Aristide Bergès 38080 L'ISLE-D'ABEAU	768 200 255	99.98	99.98
MONACO BETON	Le Palais Saint James 5, avenue Princesse Alice 98000 MONACO	326 MC 161	99.98	99.98
PARFICIM	Tour Manhattan 6 place de l'Iris 92095 PARIS-LA DEFENSE	304 828 379	100.00	100.00
SATMA	4 rue Aristide Bergès 38080 L'ISLE-D'ABEAU	304 154 651	100.00	100.00
SATM	1327 av. de la Houille Blanche 73000 CHAMBERY	814 723 441	99.98	99.98
SIGMA BETON	4 rue Aristide Bergès 38080 L'ISLE-D'ABEAU	343 019 428	99.98	99.98
PAPETERIES DE VIZILLE	Tour Manhattan 6 place de l'Iris 92095 PARIS-LA DEFENSE	319 212 726	99.98	99.98
VICAT PRODUITS INDUSTRIELS	4 rue Aristide Bergès 38080 L'ISLE-D'ABEAU	655 780 559	99.98	99.98

Fully consolidated: rest of the world

Company	Country	State/city	% interest June 30, 2017	% interest Dec. 31, 2016
SINAI CEMENT COMPANY	EGYPT	LE CAIRE	56.94	56.94
MYNARAL TAS COMPANY LLP	KAZAKHSTAN	ALMATY	90.00	90.00
JAMBYL CEMENT PRODUCTION COMPANY LLP	KAZAKHSTAN	ALMATY	90.00	90.00
BUILDERS CONCRETE	UNITED STATES	CALIFORNIA	100.00	100.00
KIRKPATRICK	UNITED STATES	ALABAMA	100.00	100.00
NATIONAL CEMENT COMPANY	UNITED STATES	ALABAMA	100.00	100.00
NATIONAL CEMENT COMPANY	UNITED STATES	DELAWARE	100.00	100.00
NATIONAL CEMENT COMPANY OF CALIFORNIA	UNITED STATES	DELAWARE	100.00	100.00
NATIONAL READY MIXED	UNITED STATES	CALIFORNIA	100.00	100.00
UNITED READY MIXED	UNITED STATES	CALIFORNIA	100.00	100.00
VIKING READY MIXED	UNITED STATES	CALIFORNIA	100.00	100.00
CEMENTI CENTRO SUD SPA	ITALY	GENOVA	100.00	100.00
CIMENTS & MATERIAUX DU MALI	MALI	BAMAKO	94.90	94.90
GECAMINES	SENEGAL	THIES	70.00	70.00
POSTOUDIOKOUL	SENEGAL	RUFISQUE (DAKAR)	100.00	100.00
SOCOCIM INDUSTRIES	SENEGAL	RUFISQUE (DAKAR)	99.89	99.89
SODEVIT	SENEGAL	BANDIA	100.00	100.00
ALTOLA AG	SUISSE	OLTEN (SOLOTHURN)	100.00	100.00
KIESWERK AEBISHOLZ AG	SWITZERLAND	AEBISHOLZ (SOLEURE)	100.00	100.00
BETON AG BASEL	SWITZERLAND	BALE (BALE)	100.00	100.00
BETON AG INTERLAKEN	SWITZERLAND	MATTEN BEI INTERLAKEN (BERN)	75.42	75.42
BETONPUMPEN OBERLAND AG	SWITZERLAND	WIMMIS (BERN)	82.46	82.46
COVIT SA	SWITZERLAND	SAINT-BLAISE (NEUCHATEL)	100.00	100.00
CREABETON MATERIAUX SA	SWITZERLAND	LYSS (BERN)	100.00	100.00
EMME KIES + BETON AG	SWITZERLAND	LÜTZELFLÜH (BERN)	66.67	66.67
FRISCHBETON AG ZUCHWIL	SWITZERLAND	ZUCHWIL (SOLOTHURN)	88.94	88.94
FRISCHBETON LANGENTHAL AG	SWITZERLAND	LANGENTHAL (BERN)	78.67	78.67
FRISCHBETON THUN	SWITZERLAND	THOUNE (BERN)	53.48	53.48
GRANDY AG	SWITZERLAND	LANGENDORF (SOLEURE)	100.00	100.00
KIESTAG STEINIGAND AG	SWITZERLAND	WIMMIS (BERN)	98.55	98.55
KIESWERK NEUENDORF	SWITZERLAND	NEUENDORF (SOLEURE)	100.00	100.00

Company	Country	State/city	% interest June 30, 2017	% interest Dec. 31, 2016
SABLES + GRAVIERS TUFFIERE SA	SWITZERLAND	HAUTERIVE (FRIBOURG)	50.00	50.00
SHB STEINBRUCH HARTSCHOTTER BLAUSEE MITHOLZ AG	SWITZERLAND	FRUTIGEN (BERN)	98.55	98.55
STEINBRUCH VORBERG AG	SWITZERLAND	BIEL (BERN)	60.00	60.00
VIGIER BETON JURA SA	SWITZERLAND	BELPRAHON (BERN)	81.42	81.42
VIGIER BETON KIES SEELAND AG	SWITZERLAND	LYSS (BERN)	100.00	100.00
VIGIER BETON MITTELLAND AG	SWITZERLAND	FELDBRUNNEN (SOLOTHURN)	100.00	100.00
VIGIER BETON ROMANDIE SA	SWITZERLAND	ST . URSEN (FRIBOURG)	100.00	100.00
VIGIER BETON SEELAND JURA AG	SWITZERLAND	SAFNERN (BERN)	90.47	90.47
VIGIER CEMENT AG	SWITZERLAND	PERY (BERN)	100.00	100.00
VIGIER HOLDING AG	SWITZERLAND	DEITINGEN (SOLOTHURN)	100.00	100.00
VIGIER MANAGEMENT AG	SWITZERLAND	DEITINGEN (SOLOTHURN)	100.00	100.00
VITRANS AG	SWITZERLAND	PERY (BERN)	100.00	100.00
AKTAS	TURKEY	ANKARA	99.97	99.97
BASTAS BASKENT CIMENTO	TURKEY	ANKARA	91.58	91.58
BASTAS HAZIR BETON	TURKEY	ANKARA	91.58	91.58
COZUM	TURKEY	ANKARA	91.58	46,70
KONYA CIMENTO	TURKEY	KONYA	83.08	83.08
KONYA HAZIR BETON	TURKEY	KONYA	83.08	83.08
TAMTAS	TURKEY	ANKARA	100.00	100.00
BSA CIMENT SA	MAURITANIA	NOUAKCHOTT	64.91	64.91
BHARATHI CEMENT	INDIA	HYDERABAD	51.02	51.02
KALBURGI CEMENT (1)	INDIA	HYDERABAD	99.98	99.98

(1) Merger of Gulbarga Private Limited (GPPL), fully consolidated entity, in Kalburgi Cement at January 1st, 2017.

Equity method: France

Company	Address	Siren n°	% interest June 30, 2017	% interest Dec. 31, 2016
CARRIERES BRESSE BOURGOGNE	Port Fluvial Sud de Chalon 71380 EPERVANS	655 850 055	33.27	33.27
DRAGAGES ET CARRIERES	Port Fluvial sud de Chalon 71380 EPERVANS	341 711 125	49.98	49.98
SABLIERES DU CENTRE	Les Genévriers Sud 63430 LES MARTRES-D'ARTIERE	480 107 457	49.99	49.99

Equity method: rest of the world

Company	Country	State/city	% interest June 30, 2017	% interest Dec. 31, 2016
HYDROELECTRA	SWITZERLAND	AU (ST. GALLEN)	50.00	50.00
SILO TRANSPORT AG	SWITZERLAND	BERN (BERN)	50.00	50.00
SINAI WHITE CEMENT	EGYPT	LE CAIRE	14.46	14.46

NOTE 24 RESTATED CONSOLIDATED FINANCIAL STATEMENTS

This note summarizes the impact of the retrospective application of the method recommended by the ANC for the accounting treatment of greenhouse gas emission rights, compatible with the IFRS standards in force (Regulation No. 2012-03 of October 4, 2012, approved January 7, 2013) on the comparative consolidated financial statements as at January 1 and June 30, 2016.

24.1 Transition from consolidated statement of financial position as published to restated consolidated statement of financial position

(in thousands of euros)	June 30, 2016 restated	Impacts	June 30, 2016 published	December 31, 2015 restated	Impacts	December 31, 2015 published
ASSETS						
Non current assets						
Goodwill	1,018,569		1,018,569	1,040,307		1,040,307
Other intangible assets	107,831	(14,767)	122,598	114,460	(21,358)	135,818
Property, plant and equipment	2,041,452		2,041,452	2,121,011		2,121,011
Investment properties	17,579		17,579	17,766		17,766
Investments in associated companies	51,057		51,057	49,854		49,854
Deferred tax assets	148,537		148,537	150,292		150,292
Receivables and other non current financial assets	122,616		122,616	122,672		122,672
TOTAL NON CURRENT ASSETS	3,507,641	(14,767)	3,522,408	3,616,362	(21,358)	3,637,720
Current assets						
Inventories and work in progress	364,157		364,157	407,192		407,192
Trade and other accounts	464,270		464,270	376,627		376,627
Current tax assets	42,701		42,701	53,715		53,715
Other receivables	184,371		184,371	150,725		150,725
Cash and cash equivalents	178,138		178,138	254,371		254,371
TOTAL CURRENT ASSETS	1,233,637	0	1,233,637	1,242,630	0	1,242,630
TOTAL ASSETS	**4,741,278**	**(14,767)**	**4,756,045**	**4,858,992**	**(21,358)**	**4,880,350**

LIABILITIES						
Shareholders' equity						
Share capital	179,600		179,600	179,600		179,600
Additional paid in capital	11,207		11,207	11,207		11,207
Consolidated reserves	1,941,443	(9,683)	1,951,126	2,046,737	(14,004)	2,060,741
Shareholders' equity	**2,132,250**	**(9,683)**	**2,141,933**	**2,237,544**	**(14,004)**	**2,251,548**
Minority interests	**270,823**		**270,823**	**292,160**		**292,160**
SHAREHOLDERS' EQUITY AND MINORITY INTERESTS	2,403,073	(9,683)	2,412,756	2,529,704	(14,004)	2,543,708
Non current liabilities						
Provisions for pensions and other post employment benefits	180,903		180,903	134,729		134,729
Other provisions	100,099		100,099	95,938		95,938
Financial debts and put options	1,196,777		1,196,777	1,225,391		1,225,391
Deferred tax liabilities	198,290	(5,084)	203,374	220,665	(7,354)	228,019
Other non current liabilities	5,044		5,044	5,369		5,369
TOTAL NON CURRENT LIABILITIES	1,681,113	(5,084)	1,686,197	1,682,092	(7,354)	1,689,446
Current liabilities						
Provisions	13,043		13,043	13,204		13,204
Financial debts and put options at less than one year	109,016		109,016	114,884		114,884
Trade and other accounts payable	280,055		280,055	283,734		283,734
Current taxes payable	35,878		35,878	37,274		37,274
Other liabilities	219,100		219,100	198,100		198,100
TOTAL CURRENT LIABILITIES	657,092	0	657,092	647,196	0	647,196
TOTAL LIABILITIES	2,338,205	(5,084)	2,343,289	2,329,288	(7,354)	2,336,642
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**4,741,278**	**(14,767)**	**4,756,045**	**4,858,992**	**(21,358)**	**4,880,350**

24.2 Transition from consolidated income statement as published to restated consolidated income statement

Consolidated income statement

(in thousands of euros)	June 30, 2016 restated	Impacts	June 30, 2016 published
Net sales	**1,237,449**		**1,237,449**
Goods and services purchased	(806,854)		(806,854)
Added value	**430,595**		**430,595**
Personnel costs	(205,482)		(205,482)
Taxes	(32,626)		(32,626)
Gross operating earnings	**192,487**		**192,487**
Depreciation, amortization and provisions	(102,725)		(102,725)
Other income (expense)	12,177	(1,398)	13,575
Operating income	**101,939**	**(1,398)**	**103,337**
Cost of net borrowings and financial liabilities	(14,712)		(14,712)
Other revenues	6,318		6,318
Other costs	(10,033)		(10,033)
Net financial income (expense)	**(18,427)**	**0**	**(18,427)**
Earnings from associated companies	3,759		3,759
Earnings before income tax	**87,271**	**(1,398)**	**88,669**
Income taxes	(28,599)	481	(29,080)
Net income	**58,672**	**(917)**	**59,589**
Portion attributable to minority interests	10,474		10,474
Portion attributable to Group share	**48,198**	**(917)**	**49,115**
EBITDA	**206,314**	**(1,398)**	**207,712**
EBIT	**102,099**	**(1,398)**	**103,497**
Cash flow from operations	**151,114**	**(1,398)**	**152,512**
EARNINGS PER SHARE *(in euros)*			
Basic and diluted earnings per share	1.07	(0.02)	1.09

24.3 Transition from consolidated statement of comprehensive income as published to restated consolidated statement of comprehensive income

(in thousands of euros)	June 30, 2016 restated	Impacts	June 30, 2016 published
Net consolidated income	**58,672**	**(917)**	**59,589**
Other comprehensive income items			
Items not recyclable to the income statement:			
Actuarial gains and losses on employee benefits	(41,488)		(41,488)
Other non recyclable items	0	7,990	(7,990)
Income tax related to non-recyclable items	12,220	(2,751)	14,971
Items recyclable to the income statement:			
Net income from change in translation differences	(83,320)		(83,320)
Cash flow hedge instruments	8,700		8,700
Income tax related to recyclable items	(3,338)		(3,338)
Other comprehensive income (net of income tax)	**(107,226)**	**5,239**	**(112,465)**
TOTAL COMPREHENSIVE INCOME	**(48,554)**	**4,322**	**(52,876)**
Portion attributable to minority interests	(7,312)		(7,312)
Portion attributable to Group share	**(41,242)**	**4,322**	**(45,564)**

24.4 Transition from consolidated cash flows statement as published to restated consolidated cash flows statement (*pro-forma*)

(in thousands of euros)	June 30, 2016 restated	Impacts	June 30, 2016 published
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated net income	**58,672**	**(917)**	**59,589**
Earnings from associated companies	(3,758)		(3,758)
Dividends received from associated companies	922		922
Elimination of non cash and non operating items:			
■ Depreciation, amortization and provisions	105,758		105,758
■ Deferred taxes	(8,969)	(481)	(8,488)
■ Net (gain) loss from disposal of assets	(1,797)		(1,797)
■ Unrealized fair value gains and losses	(514)		(514)
■ Other	802		802
Cash flows from operating activities	**151,116**	**(1,398)**	**152,514**
Change in working capital from operating activities - net	(34,622)		(34,622)
Net cash flows from operating activities	**116,494**	**(1,398)**	**117,892**
CASH FLOWS FROM INVESTING ACTIVITIES			
Outflows linked to acquisitions of fixed assets:			
■ Property, plant and equipment and intangible assets	(68,252)	1,398	(69,650)
■ Financial investments	(24,697)		(24,697)
Inflows linked to disposals of fixed assets:			
■ Property, plant and equipment and intangible assets	2,873		2,873
■ Financial investments	496		496
Impact of changes in consolidation scope	0		0
Net cash flows from investing activities	**(89,580)**	**1,398**	**(90,978)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paids	(77,857)		(77,857)
Increases in capital	0		
Increases in borrowings	1,371		1,371
Redemptions of borrowings	(21,877)		(21,877)
Acquisitions of treasury shares	(244)		(244)
Disposals - allocations of treasury shares	2,412		2,412
Net cash flows from financing activities	**(96,195)**	**0**	**(96,195)**
Impact of changes in foreign exchange rates	3,340		(8,200)
Change in cah position	**(65,941)**	**0**	**(77,481)**
Net cash and cash equivalents - opening balance	225,096		225,096
Net cash and cash equivalents - closing balance	147,615		147,615

24.5 Transition from statement of changes in consolidated shareholder's equity as published to restated statement of changes in consolidated shareholder's equity

(in thousands of euros)	Capital	Additional paid in capital	Treasury shares	Consolidated reserves	Translation reserves	Share-holders' equity	Minority interests	Total share-holders' equity and minority interests
AT JANUARY 1, 2016 - PUBLISHED	**179,600**	**11,207**	**(67,008)**	**2,221,553**	**(93,804)**	**2,251,548**	**292,160**	**2,543,708**
Impacts at January 1, 2016				(14,005)		(14,005)		(14,005)
AT JANUARY 1, 2016 - RESTATED	**179,600**	**11,207**	**(67,008)**	**2,207,548**	**(93,804)**	**2,237,543**	**292,160**	**2,529,703**
Consolidated net income				49,115		49,115	10,474	59,589
Impacts on net income				(917)		(917)		(917)
Other comprehensive income				(29,009)	(65,670)	(94,679)	(17,786)	(112,465)
Impacts on OCI				5,239		5,239		5,239
Total comprehensive income - published				**20,106**	**(65,670)**	**(45,564)**	**(7,312)**	**(52,876)**
Total impacts on OCI				4,322		4,322		4,322
Total comprehensive income restated				**24,428**	**(65,670)**	**(41,242)**	**(7,312)**	**(48,554)**
Dividends paid				(66,292)		(66,292)	(13,880)	(80,172)
Net change in treasury shares			3,368	(787)		2,581		2,581
Changes in consolidation scope								
Increases in share								
Other changes				(340)		(340)	(145)	(485)
AT JUNE 30, 2016 - PUBLISHED	**179,600**	**11,207**	**(63,640)**	**2,174,240**	**(159,474)**	**2,141,933**	**270,823**	**2,412,756**
Impacts at June 30, 2016				(9,683)		(9,683)		(9,683)
AT JUNE 30, 2016 - RESTATED	**179,600**	**11,207**	**(63,640)**	**2,164,557**	**(159,474)**	**2,132,250**	**270,823**	**2,403,073**
AT JANUARY 1, 2015 - PUBLISHED	**179,600**	**11,207**	**(70,133)**	**2,206,447**	**(149,698)**	**2,177,423**	**281,870**	**2,459,293**
Impacts at January 1, 2015				(10,796)		(10,796)		(10,796)
AT JANUARY 1, 2015 - RESTATED	**179,600**	**11,207**	**(70,133)**	**2,195,651**	**(149,698)**	**2,166,627**	**281,870**	**2,448,497**
Consolidated net income				121,479		121,479	21,219	142,698
Impacts on net income				(3,206)		(3,206)		(3,206)
Other comprehensive income				(39,392)	55,894	16,502	1,060	17,562
Impacts on OCI								
Total comprehensive income - published				**82,087**	**55,894**	**137,981**	**22,279**	**160,260**
Total impacts on OCI				(3,206)		(3,206)		(3,206)
Total comprehensive income - restated				**78,881**	**55,894**	**134,775**	**22,279**	**157,054**
Dividends paid				(66,111)		(66,111)	(11,969)	(78,080)
Net change in treasury shares			3,125	(677)		2,448		2,448
Changes in consolidation scope								
Increases in share								
Other changes				(193)		(193)	(20)	(213)
AT DECEMBER 31, 2015 - PUBLISHED	**179,600**	**11,207**	**(67,008)**	**2,221,553**	**(93,804)**	**2,251,548**	**292,160**	**2,543,708**
Impacts at Dec 31, 2015				(14,004)		(14,004)		(14,004)
AT DECEMBER 31, 2015 - RESTATED	**179,600**	**11,207**	**(67,008)**	**2,207,549**	**(93,804)**	**2,237,544**	**292,160**	**2,529,704**

Vicat employees at the Grave-de-Peille cement factory (France)

HALF-YEAR REPORT
AT JUNE 30, 2017

2

2.1 CHANGE IN CONSOLIDATED SALES

The Vicat Group's half-year 2017 consolidated sales came to € 1,248 million, up very slightly at +0.8% by comparison with the same period of 2016.

This top-line performance reflected:

- a negative currency effect of -2.9%, predominantly as a result of depreciation in the Egyptian pound and Turkish lira against the euro;
- a positive impact of +2.8% deriving chiefly from changes in scope given the acquisitions made at the end of 2016 in the Concrete & Aggregates business in France;
- a +0.9% improvement in the pace of organic growth as a result of business expansion across all Vicat's regions, except for Switzerland and West Africa.

At constant scope and exchange rates, consolidated sales grew by +0.9%

The change in consolidated sales as at June 30, 2017 by business segment compared with June 30, 2016 was as follows:

(in millions of euros except%)	June 30, 2017	June 30, 2016	Change	Change *(%)*	Comprising		
					Exchange rate effect	Change in consolidation scope	Internal growth
Cement	612	639	(27)	-4.2%	(34)	+1	+6
Concrete & Aggregates	480	445	+36	+8.0%	(2)	+34	+5
Other Products and Services	156	154	+2	+1.0%	+1	-	+0
TOTAL	**1,248**	**1,237**	**+10**	**+0.8%**	**(36)**	**+35**	**+11**

During the first half of 2017, consolidated sales in the Cement business increased by +0.9% at constant scope and exchange rates. This performance is the result of growth in the Cement business in the United States (+9.3%), in Asia (+4.3%) and in Europe excluding France (+5.5%). Although the Group's sales in this business remained stable in France (+0.0%), they declined in Africa and the Middle East (-7.0%).

In the Concrete & Aggregates business, consolidated sales were up +1.1% at constant scope and exchange rates, with an increase in sales in France (+1.6% at constant scope), the United States (+4.0%) and Senegal (+64.4%). The business contracted in Switzerland (-7.3%) and Turkey (-3.5%), reflecting the fall in concrete volumes following a particularly long and harsh winter affecting this first half.

Lastly, the Other Products & Services business remained stable during the first half (+0.2%) at constant scope and exchange rates. The growth recorded in France (+1.4%) made up for the downturn in Switzerland (-2.6%), impacted by the ongoing restructuring to adapt to the competitive environment.

The distribution of the Group's operating sales by business (before intersector eliminations) is as follows:

(as a percentage)	June 30, 2017	June 30, 2016
Cement	51.5	53.7
Concrete & Aggregates	34.4	32.2
Other Products and Services	14.1	14.2
TOTAL	**100.0**	**100.0**

The breakdown of first-half 2017 operational sales by business shows a decrease in the Cement business's contribution to 51.5% of operational sales from 53.7% in the first six months of 2016. The operational sales contribution from the Group's Concrete & Aggregates business advanced to 34.4% from 32.2% over the same period in 2016. Lastly, the contribution made by Other Products & Services was stable at 14.1% of the Group's operational sales.

The contribution made by Vicat's main businesses – Cement, Concrete and Aggregates – was almost stable at 85.9% of operational sales.

The change in volumes in our main businesses was as follows:

	June 30, 2017	June 30, 2016	Change
Cement *(in thousand tonnes)*	10,787	11,074	-2.6%
Concrete *(in thousand m^3)*	4,465	4,331	+3.1%
Aggregates *(in thousand tonnes)*	11,621	10,945	+6.2%

For **Cement**, the slide in volumes (-2.6%) during the first half of 2017 was due to:

- a fall in volumes sold in West Africa (-11.8%), Kazakhstan (-11.7%), India (-2.6%), Egypt (-3.9%), France (-2.2%), and Italy (-1.3%);
- a rise in volumes sold in Turkey (+3.1%), the United States (+4.3%) and Switzerland (+8.0%).

As for the price effect, overall this was positive during the first half of the year:

- the United States, India, Kazakhstan and Egypt all recorded price hikes. Prices also inched up slightly in France;
- selling prices were essentially stable in Turkey;
- lastly, Switzerland reported a downward trend in selling prices, which also sagged slightly in West Africa.

With regard to the **Concrete & Aggregates business**:

- concrete and aggregate volumes grew during the first half of 2017:
  - France recorded a surge in concrete volumes, boosted by the positive impact of the change in scope following the acquisition of concrete batching plants at the end of the previous year and strong market momentum during the second quarter. In the United States, volumes advanced in a still-buoyant market. However, the Group's performance in this country was impacted during the six months by unusually high rainfall in California in the first quarter and in the South-East region in the second quarter. In contrast, in Turkey and to a lesser extent Switzerland, concrete volumes were dampened by the much poorer weather conditions compared with the first half of 2016.
  - Aggregate volumes made significant headway, buoyed by the strength of the Senegalese, French and, to a lesser extent, Turkish markets, largely offsetting the decline witnessed in Switzerland and India.
- In this context, the selling prices of Concrete and Aggregates experienced mixed changes in the various geographical areas:
  - In concrete, France and the United States saw a steep increase in selling prices. These edged up slightly in Turkey, but fell quite sharply in Switzerland.
  - In aggregates, vigorous price growth was recorded in Senegal. Prices also climbed in Turkey and Switzerland, but dipped slightly in France.

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Breakdown of consolidated sales by geographical region

(in millions of euros)	June 30, 2017	%	June 30, 2016	%
France	444	35.6%	405	32.7%
Europe (excluding France)	197	15.8%	198	16.0%
USA	192	15.4%	176	14.2%
Asia	264	21.2%	268	21.7%
Africa & Middle East	150	12.1%	190	15.4%
TOTAL	**1,248**	**100.0%**	**1,237**	**100.0%**

By geographical region and based on published figures, the share of consolidated sales achieved in France and in the USA increase.

The share of sales achieved in Europe (excluding France), and in Asia slightly declined, and more significantly in Africa & Middle East.

Breakdown of operational sales in the six months to June 30, 2017 by country and by business segment

(in millions of euros)	Cement	Concrete & Aggregates	Other Products and Services	Opérationnal sales	Inter-segments eliminations	Consolidated sales
France	182	226	128	536	(92)	444
Europe (excluding France)	82	82	58	222	(26)	197
USA	105	120		225	(33)	192
Asia	236	41	16	292	(28)	264
Africa & Middle East	129	21		151	0	150
Opérationnal sales	**734**	**490**	**202**	**1,426**	**(178)**	**1,248**
Inter-segments Eliminations	(122)	(10)	(46)	-178	(178)	
CONSOLIDATED SALES	**612**	**480**	**156**	**1248**	**0**	**1,248**

2.2 CHANGE IN OPERATING INCOME

(in millions of euros)	June 30, 2017	June 30, 2016 restated*	Change	Change at constant consolidation scope and exchange rates
Sales	1,248	1,237	+0.8%	+0.9%
EBITDA	188	206	-8.7%	-13.0%
EBIT	86	102	-16.2%	-24.6%

* *The halfyear 2016 financial statements have been restated in accordance with the new accounting method applied to greenhouse gas emission rights. The nature of the impact of these adjustments are presented in notes 1.7 and 24.*

The Group's consolidated EBITDA came to € 188 million, down -8.7% and down -13.0% at constant scope and exchange rates. This fall in EBITDA at constant scope and exchange rates mainly reflected:

- a steep decline in the EBITDA generated in Egypt. Following the sharp devaluation in November 2016 that divided by half the value of the Egyptian pound, the very strong inflation in production costs was countered only to a very limited extent by a modest increase in selling prices. Against this backdrop, Egypt recorded a loss at EBITDA level during the first half;
- a significant decline in EBITDA in Turkey, where performance was held back by highly unfavourable weather conditions, including in the Konya region. Higher volumes and stable selling prices in the Cement business were not sufficient to offset the increase in production costs;
- the fall in EBITDA in Switzerland, triggered by a contraction in the Concrete & Aggregates EBITDA given fiercer competition and poor weather conditions;
- and, lastly, a moderate EBITDA decline in France given an unfavourable base of comparison as a result of weather conditions in the first quarter, and a smaller number of business days in the second quarter, amid a macroeconomic and industry environment that continues to improve gradually.

These negative factors were partially offset by:

- significant improvement in the EBITDA generated in India. After a first quarter characterised by stable prices and a clear increase in volumes, the Group adapted its business policy during the second quarter to ensure that it reaps the full benefit of the significantly firmer selling prices;

- a healthy increase in the EBITDA generated in Kazakhstan on the back of a significant increase in selling prices, which largely offset the volume decline caused by a selective commercial policy;
- a stronger EBITDA performance in the United States, amid highly challenging weather conditions in the first half of the year, which curbed the growth in volumes in both Cement and Concrete, but boosted by firmer selling prices, which largely offset the impact of higher production costs;
- an increase in the EBITDA generated in Italy, supported by the improvement in selling prices in spite of a slight contraction in volumes, as Vicat pursued its selective business policy;
- and lastly, a slight improvement in the EBITDA generated in West Africa, with a significant increase in EBITDA in the Aggregates business in Senegal, which helped to make up for the lower EBITDA in the Cement business across West Africa as a whole.

Overall, the EBITDA margin on consolidated sales declined during the first half of the year to 15.1% from 16.7% in the first half of 2016.

EBIT came to € 86 million, down -16.2% on a reported basis and down -24.6% at constant scope and exchange rates on the € 102 million reported in the first half of 2016.

The EBIT margin on consolidated sales came to 6.9% compared with 8.3% during the first half of 2016.

2.2.1 INCOME STATEMENT BROKEN DOWN BY GEOGRAPHICAL REGION

2.2.1.1 Income statement, France

(in millions of euros)	June 30, 2017	June 30, 2016 restated*	Change *(%)* Reported	Change *(%)* Change at constant consolidation scope and exchange rates
Consolidated sales	444	405	+9.7%	+1.1%
EBITDA	52	50	+3.8%	-1.6%
EBIT	21	20	+3.0%	+3.3%

* *The halfyear 2016 financial statements have been restated in accordance with the new accounting method applied to greenhouse gas emission rights. The nature of the impact of these adjustments are presented in notes 1.7 and 24.*

Consolidated sales in France for the six months to June 30, 2017 grew by +1.1% at constant scope to € 444 million. This first-half performance reflected a gradually improving economic and industry climate despite a highly unfavourable base of comparison as a result of far more inclement weather conditions than in the first quarter of 2016 and also a smaller number of business days. Notably, the Group's sales advanced slightly in France (+1.1%) in the second quarter of 2017 compared with the second quarter of 2016 despite the reduction in the number of business days.

EBITDA declined by -1.6% at constant scope to € 52 million. As a result, the EBITDA margin dipped to 11.7% from 12.4% in the first six months of 2016.

- In the **Cement business**, operational sales edged down -0.5% over the first half as a whole. Consolidated sales were stable (+0.0%). Volumes declined by around -2% with a moderate growth in domestic markets due to unfavorable weather conditions, a reduction in the number of business days and a marked decrease in export volumes. During the second quarter, operational sales were stable in spite of a decline in volumes of -3% given the lower number of business days, offset by an improvement in average selling prices, especially in export markets. Average selling prices firmed up gradually during the first half. Taking these factors into account, the Group recorded a decrease of -2.6% in its EBITDA at constant scope. After the unfavourable weather conditions of the first quarter, the EBITDA generated in the second quarter represented a very clear improvement on the first-quarter level of 2017. The EBITDA margin on operational sales contracted by close to 60 basis points, with price hikes only partially offsetting the volume contraction and increase in production costs in the first half.

- In the **Concrete & Aggregates business**, operational sales rose +1.2% and consolidated sales rose +1.6% at constant scope (+18.7% and +19.5% on a reported basis). This performance flowed from a tangible rise in concrete prices, which offset the decline in volumes (down around -4% at constant scope and up significantly on a reported basis) and an aggregates volume increase of close to +8% combined with a slight dip in prices. After the very small increase in operational sales recorded by the business in the first quarter (+0.7% at constant scope), second-quarter operational sales posted a strong improvement (+1.6% at constant scope), despite there being fewer business days. As a result of these factors, the EBITDA generated by this business in France was up markedly (+172.6% at constant scope and exchange rates) compared with the first half of 2016.
- In the **Other Products & Services** business, operational sales advanced by +2.3% (+1.4% on a consolidated basis). Conversely, the EBITDA generated by the business declined by -7.6% as the profitability of the paper business declined.

2.2.1.2 Income statement for Europe excluding France

(in millions of euros)	June 30, 2017	June 30, 2016 restated*	Change *(%)* Reported	Change at constant consolidation scope and exchange rates
Consolidated sales	197	198	-0.5%	-2.3%
EBITDA	42	45	-5.9%	-7.6%
EBIT	24	26	-5.9%	-7.5%

* *The halfyear 2016 financial statements have been restated in accordance with the new accounting method applied to greenhouse gas emission rights. The nature of the impact of these adjustments are presented in notes 1.7 and 24.*

First-half 2017 sales recorded in Europe, excluding France, dipped by -0.5% on a reported basis and by -2.3% at constant scope and exchange rates compared with the first six months of 2016.

In **Switzerland**, the Group's consolidated sales dropped -0.6% in the first six months of 2017. At constant scope and exchange rates, they declined by -2.4%. While Cement business remained brisk, the Group's performance was dragged down by lower sales in the Concrete & Aggregates and Other Products and Services businesses, as the restructuring and product portfolio overhaul launched in late 2016 continued in the first half. As a result, EBITDA fell back -9.3% at constant scope and exchange rates over the period, triggering a contraction of around 160 basis points in the EBITDA margin on consolidated sales.

- In the **Cement business**, operational sales moved up +4.3% on a reported basis and +2.4% at constant scope and exchange rates. Consolidated sales rose +8.0% on a reported basis and +6.1% at constant scope and exchange rates. After a significant rise in first-quarter operational sales (+5.2% at constant scope and exchange rates) against a favourable base of comparison, second-quarter sales posted a very small increase of +0.4% at constant scope and exchange rates. Volumes grew over the period as a whole with stronger rate of progression in hte first quarter than in the second quarter. Selling prices declined during the first half as a result of the decrease recorded in the 2016 financial year. On a sequential basis (first half of 2017 compared with the second half of 2016), they remained stable. Given these factors and the decrease in production costs, the EBITDA generated by this business grew by +1.1% at constant scope and exchange rates. The EBITDA margin on operational sales suffered a small decline of 40 basis points.
- In the **Concrete & Aggregates business**, operational sales moved -5.4% lower on a reported basis and dropped -7.1% at constant scope and exchange rates over the first half as a whole. Consolidated sales contracted by -5.6% on a reported basis and by -7.3% at constant scope and exchange rates. The contraction in operational sales recorded during the first quarter (-11.4% at constant scope and exchange rates) continued during the second quarter, but at a less negative pace (-3.8% at constant scope and exchange rates). This fall over the period as a whole reflected a decline in concrete volumes of -2% and a drop in aggregates volumes of over -8% owing to the completion of road and civil engineering projects, an unfavourable base of comparison in the landfill business given the very high level of activity in the first half of 2016 and, lastly, adverse weather conditions. Average selling prices headed downwards in concrete. Conversely, they moved higher in aggregates. Against this backdrop, EBITDA posted a

significant decrease of -28.7% at constant scope and exchange rates given the strong increase in transportation costs, with the EBITDA margin on operational sales narrowing by around 440 basis points.

- The **Precast business** posted a decline in its operational sales of -0.9% on a reported basis and -2.7% at constant scope and exchange rates. This decrease was primarily the result of a decline in sales given the reorganisation of this business (restructuring of production units and streamlining the product portfolio) to adapt it to trends in the competitive environment following the appreciation in the Swiss franc and restructuring the production units. The decline also stemmed from a delay affecting orders in the rail sector during the first quarter. Accordingly, after a drop of -3.1% in operational sales in the first quarter at constant scope and exchange rates, the fall recorded in the second quarter was a smaller one (-2.4% at constant scope and exchange rates). The EBITDA generated by this business was boosted by the initial impact of the reorganisation and it moved up +7.7% at constant scope and exchange rates in the first half. The EBITDA margin on operational sales improved by close to 90 basis points.

In **Italy**, consolidated sales grew +1.6%. The increase in selling prices helped to offset completely the decline in volumes sold (down just over -1%) in view of the selective business policy in a domestic market still depressed by a macroeconomic and industry environment providing little visibility. As a result of these factors, EBITDA grew up up +96.0%.

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2.2.1.3 Income statement for the United States

(in millions of euros)	June 30, 2017	June 30, 2016 restated*	Change *(%)* Reported	Change *(%)* Change at constant consolidation scope and exchange rates
Consolidated sales	192	176	+9.1%	+5.9%
EBITDA	24	22	+6.4%	+3.3%
EBIT	10	8	+22.5%	+18.8%

* *The halfyear 2016 financial statements have been restated in accordance with the new accounting method applied to greenhouse gas emission rights. The nature of the impact of these adjustments are presented in notes 1.7 and 24.*

Business in the United States continued to recover in a still firm macroeconomic environment providing further support for the construction sector in the regions where the Group is present. However, weather conditions were particularly challenging during the first six months of the year—in California during the first and then in the South-East region during the second quarter. Despite the adverse climate conditions, the Group's consolidated sales grew +9.1% on a reported basis and +5.9% at constant scope and exchange rates. In the second quarter, the Group's business in the region picked up significantly, with its consolidated sales advancing by +9.3% at constant scope and exchange rates after a +1.8% rise in the first quarter. First-half EBITDA came to € 24 million, up +3.3% compared with the first half of 2016 at constant scope and exchange rates.

- In the **Cement business**, operational sales grew +12.3% on a reported basis and by +9.0% at constant scope and exchange rates. Consolidated sales rose +12.6% on a reported basis and +9.3% at constant scope and exchange rates. The business continued to grow in the second quarter (operational sales up +8.4% at constant scope and exchange rates). Volumes made further headway in the first half of the year (by more than +4%) in spite of weather conditions that were particularly tough during the first quarter in California and then in Alabama during the second quarter. Overall, the strong volume recovery late in the first half in California offset most of the decline in the South-East region. Selling prices rose across both areas as a result of the full impact of the hikes introduced in 2016 and those announced during the first half of 2017. Driven by these factors, the Group's Cement EBITDA in this region posted a significant increase of +24.6% at constant scope and exchange rates in the first six months of the year, with the EBITDA margin on operational sales widening by over 260 basis points.
- In the **Concrete business**, consolidated and operational sales advanced +7.1% on a reported basis and +4.0% at constant scope and exchange rates. After a business contraction of -4.8% in the first quarter, resulting from a steep drop-off in activity in California owing to poor weather conditions, the second quarter brought renewed growth (+11.3% at constant

scope and exchange rates), with a sharp rebound in activity in California offsetting the business contraction in the South-East region in this period. Volumes rose by over +2% during the first half, with California regaining momentum at the end of the six-month period, offsetting the volume contraction in the South-East region caused by the exceptional storms of the second quarter. Prices recorded a small increase in both regions. The EBITDA generated by this business was down -68.1% at constant scope and exchange rates over the period. This decline was primarily attributable to a change in the geographical mix during the first half of the year as a result of the very severe storms, which, given their impact on volumes, fanned fiercer competition in the South-East region, and to a positive non-recurring gain in the first half of 2016. The EBITDA margin on operational sales contracted by close to 320 basis points.

2.2.1.4 Income statement for Asia (Turkey, India and Kazakhstan)

(in millions of euros)	June 30, 2017	June 30, 2016 restated*	Change (%) Reported	Change (%) Change at constant consolidation scope and exchange rates
Consolidated sales	264	268	-1.5%	+1.8%
EBITDA	48	52	-7.0%	-8.5%
EBIT	24	29	-17.1%	-20.0%

* *The halfyear 2016 financial statements have been restated in accordance with the new accounting method applied to greenhouse gas emission rights. The nature of the impact of these adjustments are presented in notes 1.7 and 24.*

Sales across Asia as a whole came to € 264 million in the first half of 2017, down -1.5% on a reported basis, but up +1.8% at constant scope and exchange rates.

EBITDA fell back -7.0% on a reported basis and -8.5% at constant scope and exchange rates.

In **Turkey**, sales came to € 91 million, down -15.8% on a reported basis, but up +1.7% at constant scope and exchange rates. After a steep decline in the first quarter of -9.2% at constant scope and exchange rates as a result of adverse weather conditions, the business returned to growth in the second quarter (+8.8% at constant scope and exchange rates). First-half EBITDA came to € 8 million, down a strong -60.9% on a reported basis and down -52.7% at constant scope and exchange rates.

- In the **Cement business**, operational sales in the first six months of the year rose by +3.1% at constant scope and exchange rates (consolidated sales up +5.4%). On a reported basis, operational and consolidated sales fell back -14.6% and -12.8% respectively. Following the contraction in operational sales in the first quarter (-6.7% at constant scope and exchange rates), as a result of highly unfavourable weather conditions, the business reverted to a healthy pace of growth in the second quarter (+9.0% at constant scope and exchange rates). This top-line growth in the first half of the year flowed from a pick-up in volumes of over +3%, driven by progression in the Ankara market and stable volumes in the Konya market. After the volume decline of close to -5% in the first quarter, volumes grew by almost 8% in the second quarter, especially in the Konya region. Selling prices remained stable over the period as a whole, with a slight improvement in the second quarter. The EBITDA generated by the business declined by a strong -40.5% at constant scope and exchange rates as a result of the significant rise in production costs. As a result, the EBITDA margin on operational sales dropped back from 23.7% to 13.7%.
- The operational sales and the consolidated sales recorded by the **Concrete & Aggregates business** contracted by -3.5% at constant scope and exchange rates and by -20.1% on a reported basis over the period. Following the steep contraction in operational sales in the first quarter (-9.2% at constant scope and exchange rates) as a result of poor weather conditions, the business returned to growth in second quarter (+0.7% at constant scope and exchange rates). Over the first half as a whole, volumes declined by close to -7% in concrete but rose by more than +1% in aggregates. Selling prices edged slightly higher in concrete and significantly higher in aggregates during the first half. EBITDA fell heavily and posted a loss for the first six months of 2017.

In **India**, the Group posted consolidated sales of € 150 million in the first half of 2017, up +7.1% on a reported basis and up +1.6% at constant scope and exchange rates. After an increase of +4.6% at constant scope and exchange rates during the first quarter, second-quarter sales declined by -1.2%. This reflected a small increase in sales in the Cement business, but a contraction in other businesses (Aggregates, Other). Volumes sold declined by close to -3% during the first half to approximately 2.5 million tonnes. This contraction reflected the business strategy implemented by the Group since the end of the first quarter of 2017 and aimed harnessing the full benefit of the upturn in prices. After volume growth of over +8% in the first quarter, volumes declined by -12% during the second quarter. Average selling prices increased significantly over the first half as a whole, with the rise gaining traction from April 2017. As a result, EBITDA advanced +12.7% at constant scope and exchange rates to € 33 million in the first half of the year. The EBITDA margin on consolidated sales rose by close to 220 basis points.

In **Kazakhstan**, consolidated sales moved +16.0% higher on a reported basis and +3.8% higher at constant scope and exchange rates. Given the tough weather conditions at the beginning of the year, volumes declined by close to -12% over the period. Selling prices firmed up significantly over the first six months of the year. As a result, the EBITDA generated during the period posted very strong growth of +80.4% at constant scope and exchange rates. The EBITDA margin recorded a strong improvement to 30.7% from 17.7% in the first half of 2016.

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2.2.1.5 Income statement for Africa and the Middle East

(in millions of euros)	June 30, 2017	June 30, 2016 restated*	Change *(%)* Reported	Change *(%)* At constant scope and exchange rates
Consolidated sales	150	190	-21.0%	-2.2%
EBITDA	22	38	-40.2%	-50.9%
EBIT	6	19	-68.5%	-107.4%

* *The halfyear 2016 financial statements have been restated in accordance with the new accounting method applied to greenhouse gas emission rights. The nature of the impact of these adjustments are presented in notes 1.7 and 24.*

In the Africa and Middle East region, consolidated sales came to € 150 million, down -21.0% on a reported basis and down -2.2% at constant scope and exchange rates. The sales decline across the zone as a whole resulted from business growth at constant exchange rates in Egypt partially offsetting the sales contraction in West Africa. After first-quarter sales growth running at 8.8% at constant scope and exchange rates across the region as a whole, second-quarter sales declined by -13.3% at constant scope and exchange rates.

As a result, the region's overall EBITDA contribution fell back -50.9% at constant scope and exchange rates, given the surge in production costs in Egypt following the November 2016 devaluation in the Egyptian pound.

In **Egypt**, consolidated sales came to € 33.7 million, down -49.6% on a reported basis given the very substantial devaluation in November 2016, but up +3.7% at constant scope and exchange rates. After sales growth of +31.8% at constant scope and exchange rates in the first quarter, second-quarter sales posted a decline of -23.8% at constant scope and exchange rates, as the Group decided to curb its volumes amid a severe profitability downturn. In the first half of the year, volumes declined by close to -4%, reflecting an increase of close to +18% in the first quarter and a contraction of over -24% in the second quarter. Selling prices rose over the first half as a whole, albeit nowhere near strongly enough to counter the impact of the very sharp rise in production costs. Against this backdrop, the Group recorded a loss at EBITDA level of € (3.8) million in the first half, compared with € 11.7 million in positive EBITDA in the first half of 2016.

In **West Africa**, consolidated sales dropped back -5.4% at constant scope and exchange rates (-5.5% on a reported basis). Following on from a decline of -3.4% in the first quarter, the downturn continued in the second quarter (-7.5% at constant scope and exchange rates). Volumes dropped by close to -12% across the region as a whole. Selling prices edged lower in Senegal and Mauritania. Conversely, they moved higher in Mali. In Senegal, the Aggregates business posted a strong increase during the first half of the year of +64.4% at constant scope and exchange rates. Taking these factors into account, EBITDA came to € 26.1 million, up +1.7% at constant scope and exchange rates.

2.2.2 INCOME STATEMENT BROKEN DOWN BY BUSINESS SEGMENT

2.2.2.1 Cement

(in millions of euros)	June 30, 2017	June 30, 2016 restated*	Change *(%)* Reported	Change *(%)* At constant scope and exchange rates
Volume (*thousands of tonnes*)	10,787	11,074	-2.6%	
Operationnal sales	734	761	-3.6%	+0.9%
Consolidated sales	612	639	-4.2%	+0.9%
EBITDA	153	167	-8.6%	-11.9%
EBIT	83	94	-11.8%	-20.5%

* *The halfyear 2016 financial statements have been restated in accordance with the new accounting method applied to greenhouse gas emission rights. The nature of the impact of these adjustments are presented in notes 1.7 and 24.*

In the first half of 2017, the Cement business posted a -3.6% decrease in operational sales on a reported basis, but a +0.9% increase at constant scope and exchange rates.

Selling price trends varied from one region to another, with a significant improvement in Egypt, the United States, Kazakhstan, India, Italy and Mali. Selling prices were broadly stable in France and Turkey, but headed lower in Switzerland and Mauritania, and edged down in Senegal. Overall, the price effect was positive in the first half taken as a whole.

The impact of this uptrend in selling prices on operational sales offset a decline of -2.6% in delivery volumes in the first half of the year. This volume contraction was significant in West Africa and Kazakhstan, but less so in France, India, Egypt and Italy. Volumes grew in Turkey, the United States and Switzerland.

Against this backdrop, EBITDA declined by -8.6% on a reported basis and by -11.9% at constant scope and exchange rates given the very strong increase in production costs, especially energy. The EBITDA margin on operational sales contracted by 120 basis points to 20.8% from 22.0% in the first six months of 2016.

2.2.2.2 Concrete & Aggregates

(in millions of euros)	June 30, 2017	June 30, 2016 restated*	Change *(%)* Reported	Change *(%)* At constant scope and exchange rates
Concrete volumes *(thousands of m³)*	4,465	4,331	+3.1%	+3.5%
Aggregates volumes *(thousands of tonnes)*	11,621	10,945	+6.2%	-
Operationnal sales	490	456	+7.5%	+0.8%
Consolidated sales	480	445	+8.0%	+1.1%
EBITDA	24	28	-12.1%	-23.6%
EBIT	1	6	-82.6%	-90.9%

* *The halfyear 2016 financial statements have been restated in accordance with the new accounting method applied to greenhouse gas emission rights. The nature of the impact of these adjustments are presented in notes 1.7 and 24.*

The Concrete & Aggregates business recorded growth of +7.5% in its operational sales on a reported basis, or a rise of +0.8% at constant scope and exchange rates compared with the first half of 2016.

This performance reflected the Group's growth in Senegal, the United States and France, offsetting the decline recorded in Switzerland and Turkey, where adverse weather conditions took a toll in the first part of the year. Concrete volumes rose by more than +3% and aggregates volumes by more than +6%.

Concrete selling prices firmed up in France and the United States, and edged up in Turkey. They declined in Switzerland. Aggregates selling prices rose in Turkey, Senegal, and Switzerland, and were almost stable in France. EBITDA came to € 24 million, down -12.1% on a reported basis and down -23.6% at constant scope and exchange rates compared with the first half of 2016.

The EBITDA margin on operational sales declined by 110 basis points to 5.0% from 6.1% in 2016.

2.2.2.3 Other Products & Services

(in millions of euros)	June 30, 2017	June 30, 2016 restated*	Change *(%)* Reported	Change *(%)* At constant scope and exchange rates
Operational sales	202	201	+0.2%	+0.8%
Consolidated sales	156	154	+1.0%	+0.2%
EBITDA	11	11	-2.8%	-3.7%
EBIT	2	3	-26.3%	-26.0%

* *The halfyear 2016 financial statements have been restated in accordance with the new accounting method applied to greenhouse gas emission rights. The nature of the impact of these adjustments are presented in notes 1.7 and 24.*

Operational sales were stable on a reported basis and rose +0.8% at constant scope and exchange rates. Sales grew in France and India, but declined in Switzerland.

EBITDA came to € 11 million, down -3.7% at constant scope and exchange rates compared with the first half of 2016.

2.3 CHANGE IN FINANCIAL INCOME

(in millions of euros)	June 30, 2017	June 30, 2016	Change
Cost of net borrowings and financial liabilities	(12.8)	(14.7)	+1.9
Other financial income and expenses	(0.1)	(3.7)	+3.6
FINANCIAL INCOME (EXPENSES)	**(12.9)**	**(18.4)**	**+5.5**

Net interest expense declined by € (5.5) million to € 12.9 million (from € 18.4 million in the first half of 2016). This trend reflected a € (1.9) million reduction in the net cost of debt and an improvement in other financial income and expenses.

2.4 CHANGE IN INCOME TAXES

(in millions of euros)	June 30, 2017	June 30, 2016 restated*	Change
Current taxes	(35.5)	(37.6)	+2.1
Deferred taxes	+9.7	+9.0	+0.7
TOTAL TAXES	**(25.8)**	**(28.6)**	**+2.8**

* *The halfyear 2016 financial statements have been restated in accordance with the new accounting method applied to greenhouse gas emission rights. The nature of the impact of these adjustments are presented in notes 1.7 and 24.*

Tax expense declined € (2.8) million compared with the previous year to € 25.8 million. Overall, the effective tax rate rose by close to +4 points to 38% due to an unfavorable geographic mix an currency adjustments in 2016.

2.5 CHANGE IN NET INCOME AND CASH FLOW

At constant scope and exchange rates, consolidated net income totalled € 45 million, down -23.3% on a reported basis and down -33.1% at constant scope and exchange rates. Net income, Group share dropped -17% on a reported basis and -24.1% at constant scope and exchange rates to € 40 million.

Cash flow from operations came to € 140 million, down -7.3% at constant scope and exchange rates and down -13.6% on a reported basis

2.6 CHANGE IN FINANCIAL POSITION

At June 30, 2017, the Group had a solid financial position, with a capital base of € 2,405 million in shareholders' equity compared with € 2,403 million at June 30, 2016. Net debt totalled € 1,006 million, down € (53) million from its June 30, 2016 level.

Its gearing improved to 41.83% at June 30, 2017 from 44.06% at June 30, 2016, while its leverage ratio pulled back to 2.29x from 2.36x at June 30, 2016.

(in millions of euros)	**June 30, 2017**	**June 30, 2016 restated***
Gross financial debt	1,220	1,237
Cash	(214)	(178)
Net financial debt (excluding option)	**1,006**	**1,059**
Consolidated shareholders' equity	**2,405**	**2,403**
Gearing ratio	*41.83%*	*44.06%*
EBITDA (last 12 months)	440	449
Leverage ratio	*X 2.3*	*X 2.4*

* *The halfyear 2016 financial statements have been restated in accordance with the new accounting method applied to greenhouse gas emission rights. The nature of the impact of these adjustments are presented in notes 1.7 and 24.*

The medium and long-term loan agreements contain specific covenants, especially as regards compliance with financial ratios. In view of the small number of companies concerned, basically Vicat SA, the Group parent company, the level of net debt and the liquidity of the Group's balance sheet, the existence of these covenants does not represent a risk to the Group's financial position. As at June 30, 2017, the Group is compliant with all ratios required by covenants included in financing agreements.

As at June 30, 2017, the Group had € 311 million in unused confirmed lines of credit that have not been allocated to the hedging of liquidity risk on commercial paper (€ 359 million as at December 31, 2016).

The Group also has a € 550 million commercial paper issue program. As at June 30, 2017, € 545 million in commercial paper had been issued. The commercial papers which constitute these short-term credit instruments are backed by confirmed credit lines for the amount issued and as such are classified as medium-term debts in the consolidated balance sheet.

As at June 30, 2017, for the total gross debt of € 1,220 million, the fixed rate portion was € 494 million. With the exception of Kazakhstan, Egypt, the United States and Switzerland, the variable rate share of the debt was hedged by hedging instruments (caps which totaled €431 million.

2.7 RECENT EVENTS

No significant recent events.

2.8 OUTLOOK FOR 2017

After a first semester marked by a certain number of unfavourable factors, the second semester should benefit from a markedly more positive environment, both in terms of volumes and pricing, in a context of gradually stabilizing production costs.

On this basis, and for 2017 as a whole, the Group expects further improvements in its performance, capitalizing on ongoing growth in the United States, France and India, and a return to growth in Europe and Kazakhstan. These factors should offset the expected increase in energy costs and lower profitability in Egypt taking into account the sharp devaluation of the Egyptian pound in late 2016.

Against this background, the Group will continue in 2017 to pursue its policy of optimizing cash flows and reducing its level of debt.

For 2017, the Group provides the following guidance concerning its markets:

- **In France**, the Group is expecting the gradual improvement in the macroeconomic and industry situation to continue. As a result, volumes are likely to rise very slightly over the full year, while the pricing environment should continue to improve;
- **In Switzerland**, sales should benefit from a more favourable base for comparison in the second semester, notably in the Concrete & Aggregates business with an upturn in infrastructure work. Volumes are likely to remain stable and the price environment should be better than in 2016;
- **In Italy**, volumes are likely to stabilize during the year at a historically low level of consumption amid a persistently challenging macroeconomic situation. In light of the recent consolidation in this market and the Group's selective sales and marketing policy, the positive trend in selling prices of the first semester is expected to continue;
- **In the United States**, volumes are expected to rise further, in line with the rate of sector recovery in the country. Selling prices are also expected to increase in the two regions in which the Group operates;
- **In Turkey**, due to the current geopolitical situation the market offers little visibility even if market trends are expected to remain firm in the Ankara region and more tense in the Konya region. The Group should capitalize on its strong positions in the Anatolian plateau and its efficient production facilities. Selling prices are expected to remain volatile;
- **In India**, the Group remains very confident about its ability to capitalize fully on the quality of its production facilities, staff and positions in a market that should benefit from the continuing upturn in the macroeconomic environment and, more specifically, from infrastructure investments. In a context that should remain favourable for growth in cement consumption, prices – although likely to remain very volatile – should broadly be firm over the full year;
- **In Kazakhstan**, the Group will be able to leverage the quality of its manufacturing base and teams against a background that is expected to improve;
- **In West Africa**, the market is likely to remain well-oriented in 2017 and should enable the Group to recover the volumes that were lagging in the first semester. Prices are expected to remain volatile given the competitive environment;
- **In Egypt**, following the currency devaluation in November 2016, the Group expects its financial performance to deteriorate significantly.

Conveyor at the Ragland cement factory in Alabama (United States)

DECLARATION BY THE NATURAL PERSONS RESPONSIBLE FOR THE HALF YEAR FINANCIAL REPORT

3

"I hereby declare that, to the best of my knowledge, the consolidated accounts compiled for the last half year have been drawn up in accordance with the applicable accounting standards and are a true refl ection of the assets and liabilities, financial position and income of the Company and all the firms within the consolidation scope and that the half year report on operations, attached on pages 45 ff., presents a true picture of the major events which occurred during the first six months of the year, their impact on the accounts and the main transactions between related parties and describes the main risks and the main uncertainties for the remaining six months of the year."

Paris-La Défense, August 1, 2017

Guy Sidos

Chairman and CEO

Rhône banks in Lyon (France)

STATUTORY AUDITORS' REVIEW REPORT ON THE HALF-YEARLY FINANCIAL INFORMATION

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This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the period from January 1 to June 30, 2017

To the shareholders,

In compliance with the assignment entrusted to us by shareholders' meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Vicat S.A., for the period from January 1 to June 30, 2017;
- the verification of the information presented in the half-yearly management report.

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

I – Conclusion on the financial statements

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

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

II – Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

The statutory auditors

French original signed by

Paris-La Défense, August 1, 2017

KPMG Audit
Département de KPMG SA
Philippe GRANDCLERC
Partner

Chamalières, August 1, 2017

WOLFF & ASSOCIES SAS

Patrick WOLFF
Partner

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