FINANCIAL REPORT

HALF-YEAR

2018

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New Olympique Lyonnais stadium, Rhône Alpes, France

1 CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2018

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1.1 Consolidated statement of financial position

(in thousands of euros)	Notes	June 30, 2018	December 31, 2017
ASSETS			
Non current assets			
Goodwill	3	1,005,213	1,006,987
Other intangible assets	4	112,950	117,959
Property, plant and equipment	5	1,800,464	1,837,759
Investment properties		15,735	16,240
Investments in associated companies		42,358	40,696
Deferred tax assets		115,988	111,860
Receivables and other non current financial assets		108,424	77,557
TOTAL NON CURRENT ASSETS		3,201,132	3,209,058
Current Assets			
Inventories and work in progress		341,166	351,303
Trade and other accounts		493,708	408,092
Current tax assets		49,555	45,001
Other receivables		194,679	174,251
Cash and cash equivalents	6	278,227	265,364
TOTAL CURRENT ASSETS		1,357,335	1,244,011
TOTAL ASSETS		**4,558,467**	**4,453,069**
LIABILITIES			
Shareholders' Equity			
Share capital	7	179,600	179,600
Additional paid in capital		11,207	11,207
Consolidated reserves		1,932,376	1,985,313
Shareholders' equity		**2,123,183**	**2,176,120**
Minority interests		**215,465**	**233,442**
SHAREHOLDERS' EQUITY AND MINORITY INTERESTS		2,338,648	2,409,562
Non current liabilities			
Provisions for pensions and other post employment benefits	8	114,271	115,084
Other provisions	8	107,685	108,703
Financial debts and put options	9	1,043,149	928,403
Deferred tax liabilities		166,688	160,668
Other non current liabilities		1,292	1,398
TOTAL NON CURRENT LIABILITIES		1,433,085	1,314,256
Current liabilities			
Provisions	8	8,175	8,738
Financial debts and put options at less than one year	9	149,980	138,499
Trade and other accounts payable		337,872	328,450
Current taxes payable		37,800	41,188
Other liabilities		252,907	212,376
TOTAL CURRENT LIABILITIES		786,734	729,251
TOTAL LIABILITIES		**2,219,819**	**2,043,507**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4,558,467**	**4,453,069**

1.2 Consolidated income statement

(in thousands of euros)	Notes	June 30, 2018	June 30, 2017
Sales revenues	*11*	**1,281,261**	**1,247,682**
Goods and services purchased		(861,636)	(820,016)
Added value	*1.22*	**419,625**	**427,666**
Personnel costs		(213,458)	(216,450)
Taxes		(34,508)	(34,761)
Gross operating income	*1.22 & 14*	**171,659**	**176,455**
Depreciation, amortization and provisions	*12*	(92,866)	(104,287)
Other income and expenses	*13*	19,650	8,492
Operating income	*14*	**98,443**	**80,660**
Cost of net financial debt	*15*	(11,013)	(12,827)
Other financial income	*15*	7,091	8,726
Other financial expenses	*15*	(7,814)	(8,834)
Net financial income (expense)	*15*	**(11,736)**	**(12,935)**
Earnings from associated companies		2,070	3,095
Profit (loss) before tax		**88,777**	**70,820**
Income tax	*16*	(26,982)	(25,822)
Consolidated net income		**61,795**	**44,998**
Portion attributable to minority interests		2,912	5,007
Portion attributable to the Group		**58,883**	**39,991**
EBITDA	*1.22 & 14*	**196,778**	**188,336**
EBIT	*1.22 & 14*	**103,784**	**85,568**
Operating cash flow	*1.22*	**147,888**	**140,103**
EARNINGS PER SHARE *(IN EUROS)*			
Basic and diluted Group share of net earnings per share	*7*	1.31	0.89

1.3 Consolidated statement of comprehensive income

(in thousands of euros)	June 30, 2018	June 30, 2017
Consolidated net income	**61,795**	**44,998**
Other comprehensive income items		
Items not recycled to profit or loss:		
Remeasurement of the net defined benefit liability	4,536	13,664
Tax on non-recycled items	(1,165)	(3,601)
Items recycled to profit or loss:		
Translation differences	(45,908)	(90,850)
Cash flow hedge instruments	(3,594)	8,266
Tax on recycled items	928	(2,397)
Other comprehensive income (after tax)	**(45,203)**	**(74,918)**
TOTAL COMPREHENSIVE INCOME	**16,592**	**(29,920)**
Portion attributable to minority interests	(7,038)	(5,506)
Portion attributable to the Group	**23,630**	**(24,414)**

1.4 Consolidated statement of cash flows

(in thousands of euros)	Notes	June 30, 2018	June 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated net income		**61,795**	**44,998**
Earnings from associated companies		(2,070)	(3,095)
Dividends received from associated companies		1,346	1,189
Elimination of non cash and non operating items:			
■ Depreciation, amortization and provisions		88,186	108,950
■ Deferred taxes		1,814	(9,711)
■ Net (gain) loss from disposal of assets		(3,454)	(1,383)
■ Unrealized fair value gains and losses		157	(1,655)
■ Other		114	811
Operating cash flow	**1.22**	**147,888**	**140,104**
Change in working capital requirement		(61,082)	(106,966)
Net cash flows from operating activities (1)	**18**	**86,806**	**33,138**
CASH FLOWS FROM INVESTING ACTIVITIES			
Outflows linked to acquisitions of non-current assets:			
■ property, plant and equipment and intangible assets		(78,402)	(93,613)
■ financial investments		(21,608)	(6,731)
Inflows linked to disposals of non-current assets:			
■ property, plant and equipment and intangible assets		4,529	6,841
■ financial investments		4,983	2,013
Impact of changes in consolidation scope		(12,984)	(13,106)
Net cash flows from investing activities	**19**	**(103,482)**	**(104,596)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paids		(76,872)	(73,684)
Increases in capital		-	-
Proceeds from borrowings		126,976	270,595
Repayments of borrowings		(24,063)	(199,039)
Acquisitions of treasury shares		(16,153)	(11,783)
Disposals or allocations of treasury shares		17,658	52,892
Net cash flows from financing activities		**27,546**	**38,981**
Impact of changes in foreign exchange rates		(8,676)	(6,053)
Change in cah position		**2,194**	**(38,530)**
Net cash and cash equivalents - opening balance	20	220,058	208,909
Net cash and cash equivalents - closing balance	20	222,252	170,379

(1) Including cash flows from income taxes € (29,344) thousand in 2018 and € (24,720) thousand in 2017.
Including cash flows from interests paid and received € (11,497) thousand euros in 2018 and € (10,569) thousand in 2017.

1.5 Statement of changes in consolidated shareholders' equity

(in thousands of euros)	Capital	Additional paid in capital	Treasury shares	Consolidated reserves	Translation reserves	Shareholders' equity	Minority interests	Total shareholders' equity and minority interests
AS AT JANUARY 1, 2017	179,600	11,207	(63,609)	2,275,851	(189,929)	2,213,120	257,054	2,470,174
Net income				39,991		39,991	5,007	44,998
Other comprehensive income [1]				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
Other changes [2]				36,828		36,828	(497)	36,331
AS AT JUNE 30, 2017	179,600	11,207	(60,773)	2,300,522	(268,993)	2,161,563	243,344	2,404,907
AS AT JANUARY 1, 2018	179,600	11,207	(60,714)	2,406,371	(360,344)	2,176,120	233,442	2,409,562
Net income				58,883		58,883	2,912	61,795
Other comprehensive income [1]				(75)	(35,179)	(35,254)	(9,950)	(45,204)
Total comprehensive income				**58,808**	**(35,179)**	**23,629**	**(7,038)**	**16,591**
Dividends paids				(66,375)		(66,375)	(6,696)	(73,071)
Net change in treasury shares			1,979	(352)		1,627		1,627
Changes in consolidation scope and additional acquisitions				(10,884)		(10,884)	(4,806)	(15,690)
Increases in share capital								
Other changes				(934)		(934)	563	(371)
AS AT JUNE 30, 2018	**179,600**	**11,207**	**(58,735)**	**2,386,634**	**(395,523)**	**2,123,183**	**215,465**	**2,338,648**

(1) Other comprehensive income includes mainly cumulative conversion differences from year end 2003 till end June 2018. 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.
(2) 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

Group translation differences at June 30, 2018 and 2017. are broken down by currency as follows (in thousands of euros)

	June 30, 2018	June 30, 2017
US dollar	29,502	36,265
Swiss franc	162,412	198,315
Turkish new lira	(239,560)	(193,367)
Egyptian pound	(125,533)	(131,420)
Kazakh tengue	(75,149)	(83,506)
Mauritanian ouguiya	(5,637)	(6,698)
Indian rupee	(141,558)	(88,582)
	(395,523)	**(268,993)**

1.6 Notes to the consolidated financial statements as at June 30, 2018

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NOTE 1 Accounting policies and valuation methods

1.1 Statement of compliance

In compliance with European Regulation (EC) 1606/2002 of the European Parliament on July 19, 2002 on the application 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, 2018 for its accounting policies.

Standards and interpretations published by the IASB but not yet in effect as at June 30, 2018 were not applied in the Group's 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 year ended December 31, 2017 in accordance with International Financial Reporting Standards (IFRS).

Moreover they present comparative data for the previous year prepared under these same IFRSs. The accounting policies and methods applied in the consolidated financial statements as at June 30, 2018 are consistent with those applied for the 2017 annual financial statements with the exception of standards that must be applied for periods beginning January 1, 2018 and that the Group did not early adopt.

The Group applied the "Revenue from contracts with customers" IFRS 15 standard as of January 1, 2018 without restating comparative information from previous years. On the basis of the detailed analysis conducted to identify the main differences between the current accounting policies – IAS 18 – and those of the IFRS 15 standard, the Group concluded that implementation of this standard does not lead to any significant impact on its financial statements and to any material change in the accounting principles applied, given the nature of its business.

The Group also applied IFRS 9 "Financial instruments" as of January 1, 2018 (in replacement of IAS 39), without restating comparative information from previous periods. The implementation of this standard had no significant impact for the Group on January 1, 2018.

This standard has three components:

- classification and valuation: The application of IFRS 9 has no significant impact on the accounting principles relating to financial liabilities. Concerning financial assets, the main change introduced by the standard relates to equity investments with the deletion of the "assets available for sale" category. According to IFRS 9, these are valued at their fair value, for which the Group may elect for each investment, to recognize changes in fair value either in financial profit or loss of the income statement or in other comprehensive income. The application of this requirement had no significant impact for the Group on January 1, 2018;
- impairment of financial assets: According to IFRS 9, impairment of trade receivables are based on expected losses and no more on incurred losses. These new requirements imposed by the new standard have led the Group to review its policies for recording impairment on trade receivables and to analyze its receivables portfolio. The Group concluded that there was no material impact regarding the application of this requirement on January 1, 2018;
- hedging transactions: The Group has reviewed the accounting treatment applied to its financing and hedging transactions and concluded it is consistent with IFRS 9 requirements.

Furthermore, the Group pursued project to implement the IFRS 16 "Leases" standard which is mandatory as of January 1, 2019 to determine its potential impacts on the Group's financial statements. The Company has set up the necessary resources (training, project team, collection matrix) to identify all the leases concerned and quantify the estimated impact of the application of this standard. The Group plans to adopt the full retrospective approach upon actual implementation of the IFRS 16 standard to the extent this approach is practicable. Based on data gathered at the end of December 2017, future minimum payments under operating leases covered by IFRS 16 amounted to € 292.5 million at this date (with the exception of short duration leases – less than 12 months – and low value assets – less than US$ 5 thousand).

These financial statements were finalized and approved by the Board of Directors at its meeting of August 3, 2018.

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 nature in two separate tables: the consolidated income statement and the consolidated statement of other comprehensive income.

The consolidated statement of financial position segregates current and non-current assets 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, available for sale assets, and the portion of assets and liabilities covered by hedging transactions.

The accounting policies and valuation 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 fully consolidated subsidiaries (notes 1.16 and 9.2);
- measure financial instruments at their fair value (notes 1.14 and 10);
- measure deferred tax assets and, in particular, the probability that the Group will generate sufficient future taxable income against which to allocate them (note 1.20 and 16);
- 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, 2018 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, investments 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, 2018 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 as shown 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 assets, liabilities and contingent liabilities acquired exceeds their acquisition 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, 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 which are denominated in foreign currency.

The following foreign exchange rates were used:

	Closing rate		Average rate	
	June 30, 2018	December 31, 2017	June 30, 2018	June 30, 2017
Us dollar (USD)	1.1658	1.1993	1.2108	1.0825
Swiss franc (CHF)	1.1569	1.1702	1.1696	1.0764
Egyptian pound (EGP)	20.9034	21.3378	21.4065	19.4056
Turkish lira (TRL)	5.3385	4.5464	4.9568	3.9379
Kazakh tengue (KZT)	397.6300	398.5600	395.1783	344.8550
Mauritanian ouguiya (MRU)	40.6634	42.5522	42.7248	38.6745
CFA franc (XOF)	655.9570	655.9570	655.9570	655.9570
Indian rupee (INR)	79.8130	76.6055	79.5115	71.1244

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. As of January 1, 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, provided the quotas are intended to fulfill the obligations related to emissions (production model):

- quotas are recognized in inventories when acquired (free of charge or against payment). 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 recognized at the period-end if there is a quota deficit.

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.

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 as a ratio of 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 inasmuch 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 by reference to market prices observed on transactions involving comparable assets or published by local notary chambers. It is presented in the notes at each year-end.

1.11 Impairment of non-current assets

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 ten 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 equipment.

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 cash generating unit in question operates.

If it is not possible to estimate the value in use 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 which are largely independent of the cash inflows from other assets or groups of assets) insofar as the industrial sites or facilities, 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, plus the goodwill attributable to non-controlling interests.

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

- the discount rate as previously defined;
- the inflation rate, which must reflect the selling price 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 and growth rate to infinity 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 to understand 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 goods and supplies includes both the purchase price and all related costs.

Manufactured goods are valued at production cost, including the cost of goods, 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 impairments 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 three months maturity 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 financial assets, when they are first entered in the financial statements, according to IFRS 9 standard based on the contractual cash flow characteristics and on the business model assessment of their ownership.

In practice, for the Vicat Group, the criterion of the contractual cash flow characteristics led to make a distinction between, on one side, loan and receivables instruments, for which the evaluation depends on the business model assessment of their ownership, and, on the other side, equity instruments.

According to the standard, there are three types of loan and receivables assets, each associated with a business model and a valuation method:

- assets valued at the amortized cost: the objective is only to hold the assets to collect the contractual cash flows. This is the case with most of loans and receivables;
- assets valued at the fair value through other comprehensive income: the objective is to hold the assets to collect the contractual cash flows and to sell them;
- assets valued at the fair value through the income statement: applied to assets not covered by any of the two previous models.

Concerning the equity instruments covered by IFRS 9, they have to be measured at fair value, for which the Group may elect to recognize changes in fair value, either in financial profit or loss of the income statement, or in other comprehensive income not recycled in profit or loss, depending on the option taken from the beginning, investment by investment. For some unquoted equity investments, the amortized cost was maintained as this method is the best approximation available for the fair value.

All acquisitions and disposals of financial assets are recorded at the transaction date.

According to IFRS 9, impairments of receivables are based on the expected losses during the full lifetime of the asset and credit risk is assessed on the basis of historical data and on the basis of available information at the closing date.

Financial liabilities

The Group classifies its non-derivative financial liabilities, 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 treasury shares are deducted from 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 foreign exchange contracts and currency swaps are used to hedge foreign exchange rate risks.

The Group uses derivatives solely for economic hedging purposes and no instrument is held for speculative ends.

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 the following valuation models:

- the market value of interest rate swaps, foreign 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 presented reporting periods, and is 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, for instance interest rate or exchange 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 recorded asset or liability or with a scheduled 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 the market value 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 hedged financial instrument. The income statement is only impacted 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 initially recorded in shareholders' equity, and the change in the fair value of the ineffective portion is directly recognized 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 amount 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., as well as other long-term benefits (such as medical cover for retirees, 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 using specific actuarial assumptions and 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 (wage inflation, mortality, employee turnover, etc.) 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 offset by 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 shareholders' equity – Group share - (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 shareholders' equity – Group share - (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 net 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 revenues

In accordance with the IFRS 15 accounting standard, revenue is recognized when control over the goods or services is transferred to the customer, which generally, given the nature of the Group's business, corresponds to the date of delivery. It is reported for an amount that reflects the consideration to which the Group expects to be entitled in exchange of transferring those goods or services, 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.

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 be applied during 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 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 and 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 revenues, 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 operating depreciation, amortization and provisions expenses;

Operating cash flow: net income before adjusting for non-cash charges (mainly net depreciation, amortization and provisions expenses, deferred tax, 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 trend

Vicat kept up its momentum in the first half of the year at constant scope and exchange rates, with its consolidated sales recording a healthy increase across all three segments. An analysis of trends by geographical region shows that the Group's business improved significantly across all its markets at constant scope and exchange rates. The only exceptions were Europe (excluding France), which recorded a small contraction in Italy and a stable performance in Switzerland, and most significantly Egypt, where business levels were badly affected by the operational constraints imposed as a result of military operations in its production area aimed at restoring security.

Exchange rate volatility and impact on the income statement

The Group's income statement as at June 30, 2018 was significantly impacted by the rise of the Euro against the Turkish lira, the US dollar, the Indian rupee, the Swiss franc and to a lesser extent the Kazakh tengue and the Egyptian pound. This resulted in a negative exchange rate effect of € (89) million in the consolidated sales revenues and in a negative exchange rate effect of € (15) million in the EBITDA.

Consolidated shareholders' equity showed a negative translation adjustment on the 1st semester 2018, for a total net amount of € (45) million.

Egypt

On February 9, 2018, the Egyptian Army launched a very large-scale military operation in North Sinai to restore security. For almost two months, the roads were closed to traffic, halting the Sinaï Cement Company subsidiary's production and sales. Sales resumed very gradually from April onwards. These exceptional events had a material impact on the subsidiary's business volumes in the first half of 2018. Volumes sold were close to -62% lower than in the first half of 2017. That said, volume trends in recent weeks have raised, at this stage, the prospect of a return during the second half of 2018 to business levels comparable to those seen in the same period of the previous year. The Group believes, considering the current economic and operational indicators available, these events are not an indication of a decrease in the asset value from December 31, 2017. Provided no adverse geopolitical developments occur, these events and their ramifications are so far unlikely to jeopardise the medium-term prospects of an improvement in the subsidiary's profitability. Renewed growth in cement consumption amid the upturn in Egypt's macroeconomic fortunes, with the replenishment of its currency reserves, a pick-up in foreign investment and tighter control of inflation, harbours major hope for Sinaï Cement Company to develop. To bolster SCC's finances and enable it to go ahead with investments to improve its productivity and control its costs, the Group launched an EGP 680 million capital increase. The subscription period ended in April 2018, and the capital increase was 95.5% subscribed, raising a total of EGP 650 million. SCC held an extraordinary general meeting on 25 June to amend its Articles of Association and make arrangements to submit the finalised capital increase for approval by the relevant authorities (EFSA, FATF and ADS). Once these approvals have been obtained, the funds provided by the shareholders will be released to the subsidiary.

Tax assessment in Senegal

A tax audit was launched in the 4th quarter of 2017 against Sococim Industries, a Senegalese subsidiary of the Group. A notification letter was issued in early February 2018 which is contested and a decision should be issued in the 2nd half of 2018.

Tax regulations: change in tax rates and rules in the United States

Amongst other things, the US tax reform, adopted in late 2017, reduced the federal tax rate from 35% to 21% as of 2018 and amended the basis of allocation and duration of tax loss carryforwards. Deferred tax assets relating to the Group's US subsidiaries primarily arising from tax loss carryforwards, the deferred tax expense of the 1st 2018 half-year was calculated in accordance with the new rate.

Tax refund

Claims on the tax treatment of the capital gain on disposal of Soparfi securities, in 2014, by Group subsidiaries led to a positive outcome and resulted in a tax refund of € 38.9 million collected in January 2017.

This tax refund was recognized in the 2017 consolidated shareholders' equity, in line with the accounting treatment of the disposal of these securities. Late payment interest received of € 3.2 million was recognized in the 2017 net financial income.

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, 2016	**717,545**	**309,644**	**21,765**	**1,048,954**
Acquisitions/Additions	1,754	5,868		7,622
Disposals/Decreases		(1,240)		(1,240)
Change in foreign exchange rates	(26,529)	(19,558)	(1,622)	(47,709)
Other movements	(432)	(2,292)	2,084	(640)
AT DECEMBER 31, 2017	**692,338**	**292,422**	**22,227**	**1,006,987**
Acquisitions/Additions		1,802	100	1,902
Disposals/Decreases				0
Change in foreign exchange rates	(7,667)	3,655	208	(3,804)
Other movements	(12)	55	85	128
AT JUNE 30, 2018	**684,659**	**297,934**	**22,620**	**1,005,213**

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, 2018, which did not result in any recognition of impairment.

At June 30, 2018, goodwill is distributed as follows by cash generating unit (CGU):

(in thousands of euros)	June 30, 2018	December 31, 2017
India CGU	234,184	243,556
West Africa Cement CGU	149,971	148,547
France-Italy CGU	209,329	209,188
Switzerland CGU	139,839	137,259
Other CGUs total	271,890	268,437
TOTAL	**1,005,213**	**1,006,987**

NOTE 4 Other intangible assets

Gross value *(in thousands of euros)*	Concessions, patents & similar rights	Software	Other intangible assets	Intangible assets in progress	Total
AS AT DECEMBER 31, 2016	69,824	50,010	70,177	6,281	196,292
Acquisitions	18,788	2,469	1,292	1,452	24,001
Disposals	(3,441)	(800)	(2)		(4,243)
Changes in consolidation scope		42			42
Change in foreign exchange rates	(1,959)	(811)	(6,493)	(293)	(9,556)
Other movements	(1,060)	2,501	4,322	(1,312)	4,451
AS AT DECEMBER 31, 2017	82,152	53,411	69,296	6,128	210,987
Acquisitions	2	487	3	871	1,363
Disposals		(71)			(71)
Changes in consolidation scope		19			19
Change in foreign exchange rates	131	(2)	36	10	175
Other movements	17	873	(172)	(2,901)	(2,183)
AS AT JUNE 30, 2018	**82,302**	**54,717**	**69,163**	**4,108**	**210,290**

Depreciation and impairment *(in thousands of euros)*	Concessions, patents & similar rights	Software	Other intangible assets	Intangible assets in progress	Total
AS AT DECEMBER 31, 2016	(24,488)	(29,724)	(35,615)	0	(89,827)
Increase	(2,282)	(4,891)	(5,115)		(12,288)
Decrease	3,441	522			3,963
Changes in consolidation scope		(39)			(39)
Change in foreign exchange rates	878	693	3,631		5,202
Other movements	(31)	(3)	(5)		(39)
AS AT DECEMBER 31, 2017	(22,482)	(33,442)	(37,104)	0	(93,028)
Increase	(890)	(2,457)	(1,747)		(5,094)
Decrease		8			8
Changes in consolidation scope		(19)			(19)
Change in foreign exchange rates	(66)	(12)	153		75
Other movements		740	(22)		718
AS AT JUNE 30, 2018	**(23,438)**	**(35,182)**	**(38,720)**	**0**	**(97,340)**
Net book value at December 31, 2017	59,670	19,969	32,192	6,128	117,959
NET BOOK VALUE AT JUNE 30, 2018	**58,864**	**19,535**	**30,443**	**4,108**	**112,950**

No development costs were capitalized during the 1st semester 2018 and the year 2017.

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
AS AT DECEMBER 31, 2016	1,197,489	3,052,359	149,029	66,331	4,465,208
Acquisitions	10,361	42,375	3,795	105,635	162,166
Disposals	(7,166)	(29,283)	(8,156)	(2,190)	(46,795)
Changes in consolidation scope	1,575	997	102	89	2,763
Changes in foreign exchange rates	(69,848)	(196,277)	(8,582)	(5,039)	(279,746)
Other movements	14,468	76,325	(1,993)	(86,005)	2,795
AS AT DECEMBER 31, 2017	1,146,879	2,946,496	134,195	78,821	4,306,391
Acquisitions	2,248	9,596	4,774	51,225	67,843
Disposals	(461)	(7,050)	(4,229)		(11,740)
Changes in consolidation scope	36	1,483	893		2,412
Changes in foreign exchange rates	(6,769)	(24,635)	6	11	(31,387)
Other movements	2,791	10,891	3,066	(13,932)	2,816
AS AT JUNE 30, 2018	**1,144,724**	**2,936,781**	**138,705**	**116,125**	**4,336,335**

Depreciation 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
AS AT DECEMBER 31, 2016	(513,457)	(1,850,931)	(108,163)	(149)	(2,472,700)
Acquisitions	(34,926)	(135,639)	(8,606)	(19)	(179,190)
Disposals	4,453	26,575	7,976	138	39,142
Changes in consolidation scope	(1,250)	(775)	(80)		(2,105)
Changes in foreign exchange rates	27,147	115,248	5,942	5	148,342
Other movements	(236)	(5,237)	3,352		(2,121)
AS AT DECEMBER 31, 2017	(518,269)	(1,850,759)	(99,579)	(25)	(2,468,632)
Acquisitions	(16,131)	(62,849)	(4,045)		(83,025)
Disposals	323	6,646	4,063		11,032
Changes in consolidation scope	(3)	(908)	(534)		(1,445)
Changes in foreign exchange rates	(641)	7,468	25	1	6,853
Other movements	3,022	(3,298)	(378)		(654)
AS AT JUNE 30, 2018	**(531,699)**	**(1,903,700)**	**(100,448)**	**(24)**	**(2,535,871)**
Net book value at December 31, 2017	628,610	1,095,737	34,616	78,796	1,837,759
NET BOOK VALUE AT JUNE 30, 2018	**613,025**	**1,033,081**	**38,257**	**116,101**	**1,800,464**

Property, plant and equipment under construction amounted to € 108 million as at June 30, 2018 (€ 72 million as at December 31, 2017) and advances/down payments on property, plant and equipment represented € 9 million as at June 30, 2018 (€ 7 million as at December 31, 2017).

Contractual commitments to acquire tangible and intangible assets amounted to € 37 million as at June 30, 2018 (€ 27 million as at December 31, 2017).

There is no interest capitalized as at June 30, 2018 and 2017.

NOTE 6 Cash and cash equivalents

(in thousands of euros)	June 30, 2018	December 31, 2017
Cash	127,799	105,638
Marketable securities and term deposits < 3 months	150,428	159,726
CASH AND CASH EQUIVALENTS	**278,227**	**265,364**

Cash deposits are including as at June 30, 2018 an amount of € 31 million allocated by the shareholders of Sinai Cement Company, our Egyptian subsidiary, in respect of the ongoing capital increase subscription for which release is contingent on approval by the local competent regulatory authorities, scheduled within 3 months.

At June 30, 2018, an amount of € 34 million (€ 34 million at December 31, 2017) is recorded in the "other receivables". This is subject to two provisional attachments on the bank accounts of an Indian company of the Group, Bharathi Cement, as part of a preliminary investigation carried out by the administrative and judicial authorities on facts prior to Vicat's taking a share of its capital. The amount of the second provisional attachment, € 21 million, was transferred by the Enforcement Directorate into one of its bank accounts under the Company's name. While these measures are not such as to hinder the Company's operations, the Company is appealing to the administrative and judicial authorities to challenge their validity. There was no significant change in the first half 2018. The provisional attachments do not prejudice the merits of the case (CBI investigation) which is still under review and has not at this point led to a charge.

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 664,112 treasury shares as at June 30, 2018 (684,904 as at December 31, 2017) 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 four years in the name of the same shareholder, to which two votes are assigned.

The dividend paid in 2018 in respect of 2017 amounted to € 1.50 per share, amounted to a total of € 67,350 thousand, equal to € 1.50 per share paid in 2017 in respect of 2016 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, 2018, the liquidity account is composed with 25,553 Vicat shares and € 2,527 thousand in cash.

NOTE 8 Provisions

(in thousands of euros)	June 30, 2018	December 31, 2017
Provisions for pensions and other post-employment benefits	**114,271**	**115,084**
Restoration of sites	48,421	47,592
Demolitions	1,605	1,543
Other risks [1]	26,151	25,459
Other expenses	39,683	42,848
Other provisions	**115,860**	**117,441**
of which less than one year	*8,175*	*8,738*
of which more than one year	*107,685*	*108,703*

(1) At June 30, 2018, other risks included:
- *an amount of € 2.1 million (€ 2.1 million at December 31, 2017) 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, 2018 and December 31, 2017;*
- *an amount of € 10.9 million (€ 10.1 million as at December 31, 2017) mainly corresponding to the estimated amount of the deductible at year-end relating to claims in the United States in the context of work-related accidents and which will be expensed by the Group;*
- *the remaining amount of other provisions amounting to about € 13.1 million as at June 30, 2018 (€ 13.3 million as at December 31, 2017) corresponds to the sum of other provisions that, taken individually, are not material.*

NOTE 9 Net financial debts and put options

Financial liabilities as at June 30, 2018 break down as follows:

(in thousands of euros)	June 30, 2018	December 31, 2017
Financial debts at more than one year	1,039,429	924,941
Put options at more than one year	3,720	3,462
Debts and put options at more than one year	**1,043,149**	**928,403**
Financial instrument assets at more than one year [1]	(15,582)	(10,790)
TOTAL FINANCIAL DEBTS NET OF FINANCIAL INSTRUMENT ASSETS AT MORE THAN ONE YEAR	1,027,567	917,613
Financial debts at less than one year	149,980	138,499
Put options at less than one year	0	0
Debts and put options at less than one year	**149,980**	**138,499**
Financial instrument assets at less than one year [1]	(183)	(232)
TOTAL FINANCIAL DEBTS NET OF FINANCIAL INSTRUMENT ASSETS AT LESS THAN ONE YEAR	149,797	138,267
Total financial debts net of financial instrument assets [1]	1,173,644	1,052,418
Total put options	3,720	3,462
TOTAL FINANCIAL LIABILITIES NET OF FINANCIAL INSTRUMENT ASSETS	**1,177,364**	**1,055,880**

(1) As at June 30, 2018 financial instrument assets (€ 15.8 million) are presented under non-current assets if their maturity is more than 1 year (€ 15.6 million) and under other receivables if their maturity is less than 1 year (€ 0.2 million). They totaled € 11.0 million as at December 31, 2017.

The change, by type of net financial debts and put options, breaks down as follows:

(in thousands of euros)	Financial debts and put options > 1 year	Financial instruments assets > 1 year	Financial debts and put options < 1 year	Financial instruments assets < 1 year	Total
AS AT DECEMBER 31, 2016	980,017	(53,005)	250,266	(19,466)	1,157,812
Issues	106,218		41,369		147,587
Repayments	(83,425)		(159,298)		(242,723)
Change in foreign exchange rates	(9,428)		(5,994)		(15,422)
Changes in consolidation scope	(488)		726		238
Other movements (1)	(64,491)	42,215	11,430	19,234	8,388
AS AT DECEMBER 31, 2017	928,403	(10,790)	138,499	(232)	1,055,880
Issues	105,535		21,441		126,976
Repayments	(5,119)		(18,946)		(24,065)
Change in foreign exchange rates	1,545		(1,236)		309
Changes in consolidation scope					0
Other movements (1)	12,783	(4,792)	10,222	51	18,264
AS AT JUNE 30, 2018	**1,043,147**	**(15,582)**	**149,980**	**(181)**	**1,177,364**

(1) Mainly reclassifications to less than 1 year of debt dated more than 1 year last year and changes in bank overdrafts.

9.1 Financial debts

Analysis of financial debts by category and maturity

June 30, 2018 *(in thousands of euros)*	Total	June 2019	June 2020	June 2021	June 2022	June 2023	More than 5 years
Bank borrowings and financial liabilities	1,085,105	67,040	15,162	300,963	2,266	699,022	652
Of which financial instrument assets	*(15,765)*	*(183)*		*(12,983)*		*(2,599)*	
Of which financial instrument liabilities	*1,403*	*364*	*144*	*895*			
Miscellaneous borrowings and financial liabilities	7,220	3,354	1,261	159	174	194	2,078
Debts on non-current assets under finance leases	2,476	559	1,198	386	283	50	
Current bank lines and overdrafts	78,843	78,843					
FINANCIAL DEBTS	**1,173,644**	**149,796**	**17,621**	**301,508**	**2,723**	**699,266**	**2,730**
of which commercial paper	*540,000*					*540,000*	

Financial debts at less than one year mainly comprise bilateral credit lines relating to Sococim Industries in Senegal, NCC in the United States, Tamtas, Aktas, Cozum and Bastas Cimento in Turkey, the last tranche of the borrowings relating to Jambyl Cement in Kazakhstan, and Vigier Holding in Switzerland, and of bank overdrafts.

December 31, 2017 *(in thousands of euros)*	Total	2018	2019	2020	2021	2022	More than 5 years
Bank borrowings and financial liabilities	989,360	79,456	326,593	239,886	3,515	339,012	898
Of which financial instrument assets	*(11,022)*	*(232)*		*(8,995)*		*(1,795)*	
Of which financial instrument liabilities	*1,295*	*96*	*201*	*998*			
Miscellaneous borrowings and financial liabilities	5,929	3,504	1,689	168	187	168	213
Debts on non-current assets under finance leases	2,372	541	1,242	284	165	140	
Current bank lines and overdrafts	54,757	54,757					
FINANCIAL DEBTS	**1,052,418**	**138,258**	**329,524**	**240,338**	**3,867**	**339,320**	**1,111**
of which commercial paper	*550,000*		*310,000*			*240,000*	

Analysis of borrowings and financial debts by currency and interest rate

By currency (net of currency swaps)

(in thousands of euros)	June 30, 2018	December 31, 2017
Euro	830,671	771,979
US dollar	16,946	29,228
Turkish new lira	17,041	12,023
CFA Franc	64,165	59,382
Swiss franc	202,685	143,390
Mauritanian ouguiya	10,900	6,754
Indian rupee	2,926	2,055
Kazakh Tengue	0	-
Egyptian pound	28,310	27,607
TOTAL	**1,173,644**	**1,052,418**

By interest rate

(in thousands of euros)	June 30, 2018	December 31, 2017
Fixed rate	401,424	392,191
Floating rate	772,220	660,227
TOTAL	**1,173,644**	**1,052,418**

The average interest rate on the Group's gross indebtedness as at June 30, 2018 is 2.66%. It was 3.19% as at December 31, 2017.

9.2 Put options granted to the minority shareholders on 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. Booking of this option resulted in the recognition of a liability of € 3.7 million at more than one year as at June 30, 2018 (€ 3.5 million as at December 31, 2017). 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$ 350 million for Vicat) was translated into euros through a series of cross currency swaps, included in the portfolio presented below (see point A page 27).

Interest rate risk

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

The Group is exposed to an interest rate risk on its financial assets and liabilities and its cash. 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, 2018, the Group had € 306 million in unutilized confirmed lines of credit that were not allocated to the hedging of liquidity risk on commercial paper (€ 332 million as at December 31, 2017).

The Group also has a € 550 million commercial paper issue program. As at June 30, 2018, the amount of commercial paper issued by the Group stood at € 540 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, 2018, these lines matched the short term notes they covered, at € 540 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 indebtedness/consolidated EBITDA) and on capital structure ratio (gearing: net indebtedness/consolidated shareholders 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 (38.29%) and of leverage (1.9783) 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, 2018, the Group is compliant with all ratios required by covenants included in financing agreements.

Analysis of the portfolio of derivatives as at June 30, 2018:

(in thousands of currency units)	Nominal value *(currency)*	Nominal value *(euro)*	Market value *(euro)*	Current maturity < 1 year *(euro)*	Current maturity 1-5 years *(euro)*	Current maturity > 5 years *(euro)*
CASH FLOW HEDGES (A)						
Composite instruments						
■ Cross Currency Swap $ fixed/€ fixed	350,000 $	300,223	15,582 (1)		15,582	
OTHER DERIVATIVES						
Interest rate instruments						
■ Euro Caps	400,000 €	400,000	(1,052)	(13)	(1,039)	
■ US dollar Caps	20,000 $	17,156	(20)	(20)		
FOREIGN EXCHANGE INSTRUMENTS (A)						
Hedging for foreign exchange risk on intra-group loans						
■ Forward Sales $	12,871 $	11,040	73	73		
■ Forward Sales Chf	145,000 Chf	125,335	(221)	(221)		
			14,362			

(1) The difference between the value of the liability at the hedged rate and at amortized cost comes to € 36.1 million.

In accordance with IFRS 13, counterparty risks were taken into account. This mainly relates to derivatives (cross currency swaps) used to hedge the foreign exchange risk of debts in US dollars, which is not the Group's operating currency. 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 measured at fair value by hierarchical level of fair value in the consolidated statement of financial position is as follows as of June 30, 2018:

(in millions of euros)	June 30, 2018	
Level 1: instruments quoted on an active market	0.0	
Level 2: valuation based on observable market information	14.4	see above
Level 3: valuation based on non-observable market information	25.6	

NOTE 11 Sales revenues

(in thousands of euros)	June 30, 2018	June 30, 2017
Sales of goods	1,110,993	1,090,470
Sales of services	170,268	157,212
SALES REVENUES	**1,281,261**	**1,247,682**

Change in sales revenues on a like-for-like basis

(in thousands of euros)	June 30, 2018	Changes in consolidation scope	Change in foreign exchange rate	June 30, 2018 Constant scope and exchange rates	June 30, 2017
Sales revenues	**1,281,261**	3,662	(89,449)	1,367,048	1,247,682

NOTE 12 Net depreciation, amortization and provisions expenses

(in thousands of euros)	June 30, 2018	June 30, 2017
Net charges to amortization/depreciation of fixed assets	(88,560)	(95,928)
Net provisions expenses	(654)	(4,622)
Net charges to other assets depreciation	(3,780)	(2,218)
NET CHARGES TO OPERATING DEPRECIATION, AMORTIZATION AND PROVISIONS	**(92,994)**	**(102,768)**
Other net charges to non-operating depreciation, amortization and provisions (1)	128	(1,519)
NET DEPRECIATION, AMORTIZATION AND PROVISIONS	**(92,866)**	**(104,287)**

(1) Including a net reversal of € 0.2 million as at June 30, 2017 related to the updating of the Group's estimated share of liability exceeding compensation from insurers for an incident that occurred in 2006.

NOTE 13 Other income and expense

(in thousands of euros)	June 30, 2018	June 30, 2017
Net income from disposal of assets	3,518	1,388
Income from investment properties	1,991	1,869
Other (1)	19,610	8,624
Other operating income (expense)	**25,119**	**11,881**
Other non operating income (expense)	**(5,469)**	**(3,389)**
TOTAL OTHER INCOME (EXPENSE)	**19,650**	**8,492**

(1) Including at June 30, 2018 an amount of € 10.6 million as a result of a compensatory allowance granted to our American subsidiary, National Cement Company, under a transactional settlement as regards of a business loss prejudice prior to 2018. This settlement will be paid over 4 years, the first payment having been received at the beginning of July.

NOTE 14 Financial performance indicators

The reconciliation of Gross Operating Income, EBITDA, EBIT and Operating Income is as follows:

(in thousands of euros)	June 30, 2018	June 30, 2017
Gross Operating Income	**171,659**	**176,455**
Other operating income (expense)	25,119	11,881
EBITDA	**196,778**	**188,336**
Net charges to operating depreciation, amortization and provisions	(92,994)	(102,768)
EBIT	**103,784**	**85,568**
Other non-operating income (expense)	(5,469)	(3,389)
Net charges to non-operating depreciation, amortization and provisions	128	(1,519)
OPERATING INCOME (EXPENSE)	**98,443**	**80,660**

NOTE 15 Financial income (expense)

(in thousands of euros)	June 30, 2018	June 30, 2017
Interest income from financing and cash management activities	10,907	9,266
Interest expense from financing and cash management activities	(21,920)	(22,093)
Cost of net borrowings and financial liabilities	**(11,013)**	**(12,827)**
Dividends	756	584
Foreign exchange gains	6,270	6,357
Fair value adjustments to financial assets and liabilities		1,655
Net income from disposal of financial assets		-
Write-back of impairment of financial assets	65	130
Other income		-
Other financial income	**7,091**	**8,726**
Foreign exchange losses	(4,673)	(5,852)
Fair value adjustments to financial assets and liabilities	(157)	-
Impairment on financial assets	(54)	-
Net expense from disposal of financial assets	(64)	(5)
Discounting expenses	(2,848)	(2,971)
Other expenses	(18)	(6)
Other financial expenses	**(7,814)**	**(8,834)**
NET FINANCIAL INCOME (EXPENSE)	**(11,736)**	**(12,935)**

NOTE 16 Income tax

(in thousands of euros)	June 30, 2018	June 30, 2017
Current taxes	(25,168)	(35,533)
Deferred taxes	(1,814)	9,711
TOTAL	**(26,982)**	**(25,822)**

Deferred tax assets not recognized in the financial statements

Deferred tax assets not recognized in the financial statements as at June 30, 2018, due to either their planned imputation during the exemption periods enjoyed by the corresponding entities or to the probability of their not being recovered, amounted to € 7.3 million (€ 8.3 million as at December 31, 2017). These relate essentially to one entity benefiting from a tax exemption scheme.

Tax assessment in Senegal

A tax audit was launched in the 4th quarter of 2017 against Sococim Industries, a Senegalese subsidiary of the Group. A notification letter was issued in early February 2018 which is contested and a decision should be issued in the 2nd half of 2018.

NOTE 17 Segment information

a) Information by business segment

June 30, 2018 *(in thousands of euros except number of employees)*	Cement	Concrete & Aggregates	Other Products and Services	Total
Income statement				
Operating sales revenues	743,397	489,695	218,449	1,451,541
Inter-segment eliminations	(114,927)	(9,396)	(45,957)	(170,280)
Consolidated net sales revenues	628,470	480,299	172,492	1,281,261
EBITDA (cf. 1.22 & 14)	153,337	33,609	9,832	196,778
EBIT (cf. 1.22 & 14)	87,680	12,822	3,282	103,784
Balance sheet				
Total non-current assets	2,260,097	766,674	174,361	3,201,132
Net capital employed [1]	2,350,833	724,781	163,402	3,239,016
Additional information				
Acquisitions of intangible and tangible assets	36,996	22,732	9,708	69,436
Net depreciation and amortization charges	61,985	20,420	6,155	88,560
Average number of employees	4,067	3,374	1,162	8,603

June 30, 2017 *(in thousands of euros except number of employees)*	Cement	Concrete & Aggregates	Other Products and Services	Total
Income statement				
Operating sales revenues	733,977	490,382	201,560	1,425,919
Inter-segment eliminations	(122,463)	(10,023)	(45,751)	(178,237)
Consolidated net sales revenues	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
Additional information				
Acquisitions of intangible and tangible assets	36,703	54,537	7,327	98,567
Net depreciation and amortization charges	67,414	21,615	6,898	95,927
Average number of employees	3,874	3,291	1,156	8,321

(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) Information by geographical sectors

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

June 30, 2018 *(in thousands of euros except number of employees)*	France	Europe (excluding France)	USA	Asia	Africa & the Middle East	Total
Income statement						
Operating sales revenues	480,696	184,359	193,652	294,497	136,956	1,290,160
Inter- country eliminations	(7,879)	(202)	0	(23)	(795)	(8,899)
Consolidated net sales revenues	472,817	184,157	193,652	294,474	136,161	1,281,261
EBITDA (cf. 1.22 & 14)	62,008	34,864	34,765	46,797	18,344	196,778
EBIT (cf. 1.22 & 14)	33,138	21,555	20,852	25,831	2,408	103,784
Balance sheet						
Total non-current assets	679,520	552,469	442,820	952,370	573,953	3,201,132
Net capital employed [(1)]	762,934	493,139	366,852	1,046,707	569,384	3,239,016
Additional information						
Acquisitions of intangible and tangible assets	22,714	9,467	13,646	10,924	12,685	69,436
Net depreciation and amortization charges	27,363	13,001	13,537	19,973	14,686	88,560
Average number of employees	2,827	1,102	1,149	2,274	1,251	8,603

June 30, 2017 (in thousands of euros except number of employees)	France	Europe (excluding France)	USA	Asia	Africa & the Middle East	Total
Income statement						
Operating sales revenues	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 revenues	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	188,335
EBIT (cf. 1.22 & 14)	21,062	24,441	9,945	24,387	5,732	85,567
Balance sheet						
Total non-current assets	683,595	559,271	483,985	1,060,534	578,579	3,365,964
Net capital employed (1)	793,740	492,362	383,601	1,168,405	581,851	3,419,959
Additional information						
Acquisitions of intangible and tangible assets	29,437	8,302	23,506	11,824	25,498	98,567
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

(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 dependent on any of its major customers, and no single customer accounts for more than 10% of sales revenues.

NOTE 18 Net cash flows generated from operating activities

Net cash flows from operating activities conducted by the Group during the first semester 2018 were € 87 million, compared with € 33 million at June 30, 2017.

This increase in cash flows generated by operating activities between the first semesters 2017 and 2018 resulted from a growth from cash flow from operations of € 8 million and an increase in the variance of working capital requirement of nearly € 46 million.

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

(in thousands of euros)	WCR at Dec. 31, 2016	Change in WCR in 2017	Other changes (1)	WCR at Dec. 31, 2017	Change in WCR in 1st sem. 2018	Other changes (1)	WCR at June 30, 2018
Inventories	385,770	(11,292)	(23,175)	351,303	(6,829)	(3,308)	341,166
Other WCR components	29,434	14,726	(3,193)	40,967	67,911	(930)	107,948
WCR	**415,204**	**3,434**	**(26,368)**	**392,270**	**61,082**	**(4,238)**	**449,114**

(1) Exchange rates, consolidation scope and miscellaneous.

NOTE 19 Net cash flows from investing activities

Net cash flows from investing activities conducted by the Group during the first semester 2018 were € (103) million, compared with € (105) million at June 30, 2017.

Acquisitions of intangible and tangible assets

These reflect outflows for industrial investments (€ (78) million in the first semester 2018 and € (94) million in the first semester 2017), mainly corresponding to the following:

- as at June 30, 2018 to investments made in France, United States, Switzerland and Senegal;
- as at June 30, 2017 to investments made in France, Senegal and United States related primarily to exploitation materials and quarry rights.

Acquisition/disposal of shares in consolidated companies

These reflect net outflows for the acquisition/disposal of consolidated companies, which amounted to € (13) million in the first semester 2018 (total outflow of € (13) million during the first semester 2017).

The main disbursements made by the Group during the first semester 2018 were to acquire the minority interests of a Senegalese subsidiary.

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 through partnership agreements and/or equity investments.

NOTE 20 Analysis of net cash balances

	June 30, 2018	June 30, 2017
(in thousands of euros)	Net	Net
Cash and cash equivalents (see. note 6)	278,227	213,618
Bank overdrafts	(55,975)	(43,239)
NET CASH BALANCES	**222,252**	**170,379**

NOTE 21 Transactions with related companies

In addition to information required for related parties regarding the senior executives, related parties with which 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 2018 and all were on an arm's length basis.

These transactions have all been recorded in compliance with IAS 24 and their impact on the Group's consolidated financial statements at June 30, 2018 and 2017 is as follows, broken down by type and by related party:

	June 30, 2018				June 30, 2017			
(in thousands of euros)	Sales	Purchases	Receivables	Debts	Sales	Purchases	Receivables	Debts
Affiliated companies	192	1,728	2,176	2,242	302	572	3,027	1,680
Other related parties	28	523	-	-	28	767	-	-
TOTAL	**220**	**2,251**	**2,176**	**2,242**	**330**	**1,339**	**3,027**	**1,680**

NOTE 22 Subsequent events

No post balance sheet event has had a material impact on the consolidated financial statements as at June 30, 2018.

NOTE 23 List of main consolidated companies as at June 30, 2018

Fully consolidated: France

Company	Country	City	% interest June 30, 2018	% interest December 31, 2017
VICAT	FRANCE	PARIS LA DEFENSE	-	-
ANNECY BETON CARRIERES	FRANCE	CRAN GEVRIER	49.98	49.97
LES ATELIERS DU GRANIER	FRANCE	PONTCHARRA	99.98	99.98
BETON CONTROLE CÔTE D'AZUR	FRANCE	NICE	99.97	99.97
BETON VICAT	FRANCE	L'ISLE D'ABEAU	99.98	99.97
BETON TRAVAUX	FRANCE	PARIS LA DEFENSE	99.98	99.98
CARRIERE DE BELLECOMBES	FRANCE	BELLECOMBE EN BAUGES	49.95	49.95
DELTA POMPAGE	FRANCE	CHAMBERY	99.98	99.98
GRANULATS VICAT	FRANCE	L'ISLE D'ABEAU	99.98	99.98
PARFICIM	FRANCE	PARIS LA DEFENSE	100.00	100.00
SATMA	FRANCE	L'ISLE D'ABEAU	100.00	100.00
SATM	FRANCE	CHAMBERY	99.98	99.98
SIGMA BETON	FRANCE	L'ISLE D'ABEAU	99.98	99.98
VICAT PRODUITS INDUSTRIELS	FRANCE	L'ISLE D'ABEAU	99.98	99.98

Fully consolidated: Rest of the world

Company	Country	City	% interest June 30, 2018	% interest December 31, 2017
SINAI CEMENT COMPANY	EGYPT	CAIRO	56.20	56.94
JAMBYL CEMENT PRODUCTION COMPANY LLP	KAZAKHSTAN	ALMATY	90.00	90.00
MYNARAL TAS COMPANY LLP	KAZAKHSTAN	ALMATY	90.00	90.00
BUILDERS CONCRETE	USA	CALIFORNIA	100.00	100.00
KIRKPATRICK	USA	ALABAMA	100.00	100.00
NATIONAL CEMENT COMPANY OF ALABAMA	USA	ALABAMA	100.00	100.00
NATIONAL CEMENT COMPANY INC	USA	DELAWARE	100.00	100.00
NATIONAL CEMENT COMPANY OF CALIFORNIA	USA	DELAWARE	100.00	100.00
NATIONAL READY MIXED	USA	CALIFORNIA	100.00	100.00
VIKING READY MIXED	USA	CALIFORNIA	100.00	100.00
WALKER CONCRETE	USA	GEORGIA	100.00	100.00
CEMENTI CENTRO SUD Spa	ITALY	GENOVA	100.00	100.00

Company	Country	City	% interest June 30, 2018	% interest December 31, 2017
CIMENTS & MATERIAUX DU MALI	MALI	BAMAKO	94.90	94.90
GECAMINES	SENEGAL	THIES	100.00	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	SWITZERLAND	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	INTERLAKEN (BERN)	75.42	75.42
BETONPUMPEN OBERLAND AG	SWITZERLAND	WIMMIS (BERN)	82.46	82.46
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
KIESTAG STEINIGAND AG	SWITZERLAND	WIMMIS (BERN)	98.55	98.55
KIESWERK NEUENDORF	SWITZERLAND	NEUENDORF (SOLEURE)	50.00	50.00
SABLES + GRAVIERS TUFFIERE SA	SWITZERLAND	HAUTERIVE (FRIBOURG)	50.00	50.00
SHB STEINBRUCH + HARTSCHOTTER BLAUSEE MITHOLZ AG	SWITZERLAND	FRUTIGEN (BERN)	98.55	98.55
SOLOTHURNER ENTSORGUNGS GESELLSCHAFT	SWITZERLAND	FLUMENTHAL (SOLOTHURN)	100.00	100.00
SONNEVILLE AG	SWITZERLAND	DEITINGEN (SOLOTHURN)	100.00	100.00
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

Company	Country	City	% interest June 30, 2018	% interest December 31, 2017
VIGIER RAIL	SWITZERLAND	MÜNTSCHEMIER (BERN)	100.00	100.00
VIGIER TRANSPORT AG (ex-GRANDY)	SWITZERLAND	LANGENDORF (SOLEURE)	100.00	100.00
VITRANS AG	SWITZERLAND	PERY (BERN)	100.00	100.00
BASTAS BASKENT CIMENTO	TURKEY	ANKARA	91.58	91.58
BASTAS HAZIR BETON	TURKEY	ANKARA	91.58	91.58
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	100.00	100.00
BHARATHI CEMENT	INDIA	HYDERABAD	51.02	51.02
KALBURGI CEMENT	INDIA	HYDERABAD	99.98	99.98

Equity method: France

Company	Country	City	% interest June 30, 2018	% interest December 31, 2017
CARRIÈRES BRESSE BOURGOGNE	FRANCE	EPERVANS	33.27	33.27
DRAGAGES ET CARRIÈRES	FRANCE	EPERVANS	49.98	49.98
SABLIÈRES DU CENTRE	FRANCE	LES MARTRES D'ARTIERE	49.99	49.99

Equity method: Rest of the world

Company	Country	City	% interest June 30, 2018	% interest December 31, 2017
HYDROELECTRA	SWITZERLAND	AU (ST. GALLEN)	50.00	50.00
SILO TRANSPORT AG	SWITZERLAND	BERN (BERN)	50.00	50.00
SINAI WHITE CEMENT	EGYPT	CAIRO	14.27	14.46

National Ready Mix concrete batching plant, Santa Clarita, California, USA

HALF-YEAR REPORT AS AT JUNE 30, 2018

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2.1 Consolidated sales

The Vicat Group's consolidated sales in the first half of 2018 came to € 1,281 million, up +2.7% by comparison with the same period of 2017.

Growth in consolidated sales resulted from:

- a significant negative currency effect, which brought sales down by -7.2% or -€ 89 million in the first half of 2018, as all foreign currencies to which the Group is exposed fell against the euro, particularly the Turkish lira, the US dollar, the Indian rupee and the swiss francs;
- a very slight positive scope effect of +0.3% in Switzerland and France;
- and finaly +9.6% organic business growth, with progress in all regions except Egypt and Italy.

The change in consolidated sales as at June 30, 2018 by business segment compared with June 30, 2017 was as follows:

					Comprising		
(in millions of euros except %)	June 30, 2018	June 30, 2017	Change	Change *(%)*	Exchange change effect	Change in consideration scope	Organic growth
Cement	628	612	+16	+2.8%	(54)	-	+71
Concrete & Aggregates	480	480	0	0.0%	(30)	+4	+26
Other Products and Services	172	156	+16	+10.7%	(5)	-	+22
TOTAL	**1,281**	**1,248**	**+33**	**+2.7%**	**(89)**	**+4**	**+119**

During the first half of 2018, consolidated sales revenues in the Cement business increased by +11.6% at constant scope and exchange rates. This performance is the result of growth, at constant scope and exchange rates, in the Cement business in India (+28.0%), Turkey (+30.7%), the USA (+17.0%), Kazakhstan (+39.1%), France (+6.9%) and in West Africa (+3.8%). These results have enabled the Company to offset the contraction in sales revenues, at constant scope and exchange rates, recorded in Egypt (-53.0%), Switzerland (-5.1%) and Italy (-1.4%).

In the Concrete & Aggregates business, consolidated sales revenues were up +5.5% at constant scope and exchange rates, marked by an increase in sales in the USA (+10.4%), Turkey (+30.8%), France (+2.0%) and Senegal (+10.4%). Conversely, this business contracted in Switzerland (-6.6%).

Lastly, the Other Products and Services business, at constant scope and exchange rates, rose +14.2% over this half-year driven by strong growth in France (+15.0%) and Switzerland (+13.9%).

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

(as a percentage)	June 30, 2018	June 30, 2017
Cement	51.2	51.5
Concrete & Aggregates	33.7	34.4
Other Products and Services	15.0	14.1
TOTAL	**100.0**	**100.0**

The breakdown of first-half 2018 operational sales by business shows a stable overall contribution from the Cement business, which accounted for 51.2% of operational sales as opposed to 51.5% in the first half of 2017, a slight decrease in the contribution from the Concrete & Aggregates business, which was 33.7% versus 34.4% in the year-earlier period, and a higher contribution from Other Products and Services to 15.0%, as opposed to 14.1% in the first half of 2017.

The contribution to operational sales made by Vicat's main businesses – Cement and Concrete & Aggregates – was 84.9% versus 85.9% in the first half of 2017.

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

	June 30, 2018	June 30, 2016	Change
Cement *(thousand t)*	11,364	10,787	+5.3%
Béton *(thousand m^3)*	4,572	4,465	+2.4%
Granulats *(thousand t)*	11,468	11,621	-1.3%

For **Cement**, the hike in volumes (+5.3%) during the first half of 2018 was due to:

- a net increase in volumes sold in India (+34.1%), Kazakhstan (+27.9%), Turkey (+10.7%), West Africa (+5.9%), the USA (+7.0%) and France (+3.3%);
- a drop in volumes sold, particularly significant in Egypt (-62.4%), given the security conditions, in Switzerland (-10.9%) and in Italy (-3.4%).

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

- prices rose substantially in Turkey, Egypt, Kazakhstan and the USA;
- they also rose marginally in Switzerland and Italy and remained stable in France due to an unfavorable geographic mix at the beginning of the year;
- lastly, India reported a sharp decline in selling prices, which also edged downwards in West Africa.

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

- concrete volumes grew by +2.4% during the first half of 2018, whereas aggregates volumes fell (-1.3%):
  - the increase in concrete volumes in the USA (+5.6%), particularly in Alabama, and in Turkey (+10.0%), helped to offset the marked decline in volumes in Switzerland (-10.4%) and the contraction seen in France (-3.5%),
  - aggregates volumes fell in Switzerland (-12.5%) and in Turkey (-6.5%). This downturn was partially offset by growth in France (+2.6%) and India (+56.2%). Lastly, volumes remained stable in West Africa (-0.3%);
- regarding selling prices:
  - in concrete, Turkey, France and the USA saw a steep increase in selling prices. Selling prices were stable in Switzerland,
  - aggregates selling prices rose significantly in Turkey, France and Senegal. They grew marginally in Switzerland.

Breakdown of consolidated sales revenues by geographical region

(in millions of euros)	June 30, 2018	%	June 30, 2017	%
France	473	36.9%	444	35.6%
Europe (excluding France)	184	14.4%	197	15.8%
USA	194	15.1%	192	15.4%
Asia	294	23.0%	264	21.2%
Africa & Middle East	136	10.6%	150	12.1%
TOTAL	**1,281**	**100.0%**	**1,248**	**100.0%**

By geographical area and based on published figures, the share of consolidated sales revenues generated in France and Asia rose, despite a particularly significant negative exchange rate effect in the latter region. The share of sales revenues generated in the USA, given an unfavorable exchange rate effect, and in Europe (excluding France) fell slightly. The fall was more marked in Africa & Middle East, due to the sharp drop in business in Egypt related to the security environment during the first half of the year.

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	Oher Products and Services	Operational sales	Inter-segments eliminations	Consolidated sales
France	190	232	143	565	(92)	473
Europe (excluding France)	72	74	61	206	(22)	184
USA	105	118	0	224	(30)	194
Asia	264	43	14	321	(26)	294
Africa & Middle East	113	23	0	136	(0)	136
Operational sales	**743**	**490**	**218**	**1,452**	**(170)**	**1,281**
Inter-segments eliminations	(115)	(9)	(46)	(170)	170	
CONSOLIDATED SALES	**628**	**480**	**172**	**1,281**	**0**	**1,281**

2.2 Operating income

(in millions of euros)	June 30, 2018	June 30, 2017	Change	Change at constant consolidation scope and exchange rates
Sales	1,281	1,248	+2.7%	+9.6%
EBITDA	197	188	+4.5%	+12.3%
EBIT	104	86	+21.3%	+31.1%

The Group's consolidated EBITDA came to € 197 million, up +12.3% at constant scope and exchange rates and up +4.5% on a reported basis. First-half 2018 EBITDA includes € 10.6 million received as settlement of a compensatory relating to the US Cement business before 2018. Excluding that item, the Group's EBITDA would have risen +6.0% at constant scope and exchange rates.

During the first half, exchange-rate movements dragged down EBITDA by -€ 15 million.

At constant scope and exchange rates, Group EBITDA rose +12.3%, mainly because of:

- a +63.1% jump in the United States, driven by solid growth in volumes and average selling prices in both Cement and Concrete. Excluding the aforementioned € 10.6 million settlement payment, US EBITDA would have risen by +13.4% at constant scope and exchange rates;
- a +135.5% surge in Turkey, with weather conditions much more favourable than in the first half of 2017 and strong business momentum in the Group's client sectors. in this environment, volumes and average selling prices improved substantially in both the Cement and Concrete & Aggregates businesses;
- a +19.3% increase in France resulting from a sharp improvement in the Concrete & Aggregates business, supported in particular by an upturn in Concrete prices combined with solid EBITDA growth in the Cement business;
- +45.4% growth in Kazakhstan, based on a significant increase in volumes and selling prices.

Those positive developments compensated for:

- a -21.9% decrease in EBITDA in India, which was affected by a substantial fall in selling prices, partly offset by strong growth in volumes, against the background of higher energy costs;
- a -14.5% decline in West Africa, where Cement selling prices fell slightly while production costs rose sharply;
- a -10.7% fall in Switzerland, where volumes were lower in both the Cement and Concrete & Aggregates businesses;
- lower EBITDA in Italy (-11.7%) and Egypt (-13.9%).

Overall, the EBITDA margin on consolidated sales rose during the first half of the year to 15.4% from 15.1% in the first half of 2017.

EBIT came to € 104 million, up +21.3% on a reported basis and up +31.1% at constant scope and exchange rates on the € 86 million reported in the first half of 2017.

The EBIT margin on consolidated sales came to 8.1% compared with 6.9% during the first half of 2017.

2.2.1 Income statement broken down by geographical region

2.2.1.1 Income statement, France

			Change *(%)*	
(in millions of euros)	June 30, 2018	June 30, 2017	Reported	Change at constant consolidation scope and exchange rates
Consolidated sales	473	444	+6.4%	+6.2%
EBITDA	62	52	+19.2%	+19.3%
EBIT	33	21	+57.3%	+57.3%

Consolidated sales in France for the six months to June 30, 2018 grew by +6.2% at constant scope to € 473 million. Although weather conditions remained difficult, the economic and sector context continued to improve.

EBITDA rose by +19.3% at constant scope to € 62 million in the first half of 2018. As a result, the EBITDA margin rose to 13.1% from 11.7% in the first six months of 2017.

- In **the Cement business**, operational sales grew +3.5% over the first half as a whole. Consolidated sales were up +6.9%. The improvement in business levels was driven by volumes, which rose more than +3%. Average selling prices were stable during the first half of 2018, owing to a less favourable geographical mix. As a result, the Group's Cement business achieved strong EBITDA growth of +10.8%, with EBITDA margin on operational sales up 160 basis points.
- **The Concrete & Aggregates business** increased its operational sales by +1.9% at constant scope (+2.4% on a reported basis). Consolidated sales rose +2.0% at constant scope and +2.5% on a reported basis. This performance flowed from a substantial rise in Concrete prices, which offset a decline of more than -3% in volumes, and from an increase of almost +3% in Aggregates volumes combined with a significant increase in prices. As a result of these factors, the EBITDA generated by this business in France was up sharply (+136.2% at constant scope and exchange rates) compared with the first half of 2017, and EBITDA margin on operational sales was up 230 basis points.
- In **the Other Products and Services business**, operational sales advanced by +12.2% (+15.0% on a consolidated basis). EBITDA in this business grew by a more modest +2.3%, with progress in transport activities offsetting lower profitability in the paper and construction chemicals segments. As a result, the EBITDA margin on operational sales fell slightly by 40 basis points.

2.2.1.2 Income statement for Europe excluding France

(in millions of euros)	June 30, 2018	June 30, 2017	Change (%)	
			Reported	Change at constant consolidation scope and exchange rates
Consolidated sales	184	197	-6.4%	+0.1%
EBITDA	35	42	-16.9%	-10.8%
EBIT	22	24	-11.8%	-5.4%

First-half 2018 consolidated sales in Europe excluding France were stable (+0.1%) at constant scope and exchange rates but fell -6.4% on a reported basis compared with the first six months of 2017. EBITDA fell back -10.8% at constant scope and exchange rates and -16.9% on a reported basis.

In **Switzerland**, the Group's consolidated sales dropped -6.5% on a reported basis in the first half of 2018. At constant scope and exchange rates, they were stable (+0.1%). EBITDA was down -10.7% at constant scope and exchange rates and -17.1% on a reported basis, triggering a contraction of around 250 basis points in the EBITDA margin on consolidated sales.

- In the **Cement business**, operational sales moved -6.1% lower at constant scope and exchange rates and -13.6% lower on a reported basis. Consolidated sales fell -5.1% at constant scope and exchange rates and -12.7% on a reported basis. Harsh winter weather conditions, fewer business days than in the year-earlier period and the completion of some major projects were behind the close to -11% drop in volumes in the first half of 2018. The impact of lower volumes on sales was partly offset by a slight improvement in average selling prices in the first half as a whole. Given these factors and the increase in production costs, the EBITDA generated by this business fell -12.1% at constant scope and exchange rates during the period (-19.1% on a reported basis). The EBITDA margin on operational sales suffered a decline of 200 basis points.
- In the **Concrete & Aggregates business**, operational sales moved -6.0% lower at constant scope and exchange rates and fell -10.5% on a reported basis over the first half as a whole. Consolidated sales contracted by -6.6% at constant scope and exchange rates and by -10.8% on a reported basis. In this business as well, adverse weather conditions, fewer business days and the absence of major projects led to a sharp fall in volumes, amounting to more than -10% in Concrete and more than -12% in Aggregates. Average selling prices in the first half as a whole were stable in Concrete and rose slightly in Aggregates. As a result, and taking into account cost-cutting efforts, the decline in EBITDA was limited to -1.7% at constant scope and exchange rates and -7.0% on a reported basis. The EBITDA margin on operational sales improved by around 60 basis points.
- In the **Precast business**, consolidated sales grew +13.9% at constant scope and exchange rates (+4.8% on a reported basis). The increase was driven by volume growth of +8%, with an encouraging start to the year in rail products and civil engineering. However, increased local competition meant that prices fell in the first half of 2018. In this context of increasing volumes and lower prices, EBITDA in the Precast business fell back -25.1% at constant scope and exchange rates and -31.1% on a reported basis in the first half of 2018. As a result, the EBITDA margin on operational sales contracted by more than 300 basis points.

In **Italy**, consolidated sales fell -1.4%. Volumes were down more than -3% in the first half as a whole because of adverse weather conditions in the first quarter, while the domestic market continued to be affected by a macroeconomic and sector context providing limited visibility. Although consolidated sales fell sharply in the first quarter (-8.5%), they returned to growth in the second (+5.2%). Selling prices posted a solid increase over the first half as a whole. EBITDA fell -11.7% in the first half, with the EBITDA margin declining more than 200 basis points.

2.2.1.3 Income statement for the United States

(in millions of euros)	June 30, 2018	June 30, 2017	Change (%)	
			Reported	Change at constant consolidation scope and exchange rates
Consolidated sales	194	192	+0.9%	+12.9%
EBITDA	35	24	+45.8%	+63.1%
EBIT	21	10	+109.6%	+134.5%

Business in the United States continued to benefit from a firm macroeconomic environment, providing further support for the construction sector in the regions where the Group is present. As a result, the Group's consolidated sales grew +12.9% at constant scope and exchange rates and +0.9% on a reported basis.

EBITDA totalled € 35 million in the first half, up +63.1% compared with the first half of 2017 at constant scope and exchange rates (+45.8% on a reported basis).

First-half 2018 EBITDA in the United States includes the € 10.6 million received as compensatory settlement relating to loss of business arising in the Cement business before 2018. Excluding that item, EBITDA was up +13.4% at constant scope and exchange rates in the first half.

- In the **Cement business**, operational sales grew +12.5% at constant scope and exchange rates and by +0.6% on a reported basis. Consolidated sales rose +17.0% at constant scope and exchange rates and +4.6% on a reported basis. Volumes continued to grow in the first half as a whole (+7%), including a solid upturn in the South-East region, which had for a long time been affected by adverse weather conditions. Average selling prices rose across both US regions fully benefiting from price hikes introduced in 2017 and those announced during the first half of 2018. Given these factors and the € 10.6 million settlement payment, the EBITDA generated by this business grew by +66.9% at constant scope and exchange rates in the first half. The EBITDA margin improved substantially, rising to 31.4% from 21.2% in the first six months of 2017.
- In the **Concrete business,** consolidated and operational sales advanced +10.4% at constant scope and exchange rates (-1.3% on a reported basis). Volumes grew by almost +6%. Prices posted a solid increase and rose more in California than in the South-East. The EBITDA generated by the Concrete business was up +14.1% at constant scope and exchange rates (+2.0% on a reported basis) in the first half. On that basis, the EBITDA margin on operational sales improved by 10 basis points.

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

(in millions of euros)	June 30, 2018	June 30, 2017	Change (%)	
			Reported	Change at constant consolidation scope and exchange rates
Consolidated sales	294	264	+11.4%	+29.8%
EBITDA	47	48	-2.8%	+14.3%
EBIT	26	24	+5.9%	+26.4%

Sales across Asia as a whole came to € 294 million in the first half of 2018, up +29.8% at constant scope and exchange rates and up +11.4% on a reported basis.

EBITDA grew +14.3% at constant scope and exchange rates but fell -2.8% on a reported basis.

In **Turkey**, sales came to € 95 million, up +30.7% at constant scope and exchange rates and up +3.9% on a reported basis.

First-half EBITDA grew very sharply to € 15 million, up +135.5% at constant scope and exchange rates and up +87.1% on a reported basis.

- In the **Cement business**, operational sales moved up +29.2% at constant scope and exchange rates and up +2.7% on a reported basis. Consolidated sales rose +30.7% at constant scope and exchange rates and +3.8% on a reported basis. This top-line growth in the first half of the year flowed from a pick-up of almost +11% in volumes. Selling prices rose substantially over the first half as a whole.

Driven by these factors, EBITDA in this business posted a significant increase of +65.2% at constant scope and exchange rates (+31.3% on a reported basis), with the EBITDA margin on operational sales widening by 380 basis points.

- Operational sales in the **Concrete & Aggregates business** rose by +29.4% in the period at constant scope and exchange rates and by +2.8% on a reported basis. Consolidated sales rose +30.8% at constant scope and exchange rates and +3.9% on a reported basis. Over the first half as a whole, volumes rose in Concrete but fell in Aggregates. Selling prices rose substantially over the period as a whole, in both Concrete and Aggregates. EBITDA rose very sharply in the first half, turning positive at +€ 2.8 million as opposed to a loss of -€ 1.2 million in the year-earlier period.

In **India**, the Group posted consolidated sales of € 171 million in the first half of 2018, up +27.8% at constant scope and exchange rates and +14.4% on a reported basis. Volumes rose by more than +34% during the first half to approximately 3.3 million tonnes. However, producers sought to take full advantage of strong market growth in the first half of the year, which put strong pressure on selling prices. Given the decline in average selling prices and the increase in production costs arising from energy cost inflation, first-half EBITDA amounted to € 22.7 million, down -21.9% at constant scope and exchange rates. The EBITDA margin on consolidated sales therefore fell significantly to 13.3% compared with 22.0% during the first half of 2017.

In **Kazakhstan**, consolidated sales moved +39.1% higher at constant scope and exchange rates and +21.4% higher on a reported basis. A buoyant domestic market and strong export markets caused shipped volumes to rise almost +28% during the period. Selling prices improved sharply over the first six months of the year. As a result, the EBITDA generated during the period posted very strong growth of +45.4% at constant scope and exchange rates, coming in at € 9.1 million. The EBITDA margin improved to 32.1% from 30.7% in the first half of 2017.

2.2.1.5 Income statement for Africa and the Middle East

(in millions of euros)	June 30, 2018	June 30, 2017	Change *(%)*	
			Reported	Change at constant consolidation scope and exchange rates
Consolidated sales	136	150	-9.5%	-8.0%
EBITDA	18	22	-18.0%	-19.3%
EBIT	2	6	-58.0%	-69.1%

In the Africa and Middle East region, consolidated sales came to € 136 million, down -8.0% at constant scope and exchange rates and down -9.5% on a reported basis. The sales decline across the region as a whole resulted from a very sharp fall in sales in Egypt, caused by operational constraints resulting from military operations to restore security in its production region, which was only partly offset by business growth at constant exchange rates in West Africa.

As a result, and taking into account higher production costs across the region, EBITDA fell back -19.3% at constant scope and exchange rates.

- In **Egypt**, consolidated sales came to € 14.4 million, down -53.0% at constant scope and exchange rates and down -57.4% on a reported basis, due to serious disruption to operations following military operations intended to restore security in the Sinai region in February. Those operations continued into the second quarter, but the curfew was loosened slightly, allowing the Group very gradually to resume limited sales activities. Volumes in the first half as a whole were down more than -62%. Selling prices rose significantly in the first half, taking into account the security situation's impact on supply against a background of rising demand. Against this backdrop, the Group recorded a loss at the EBITDA level of -€3.9 million in the first half, in line with the loss of the first half of 2017.
- In **West Africa**, consolidated sales rose +5.0% at constant scope and exchange rates (+4.3% on a reported basis). Cement volumes rose by close to +6% across the region as a whole. Selling prices edged lower during the first half but, importantly, rose in the second quarter. In Senegal, the Aggregates business maintained its progress with consolidated sales growth of +10.4%. Taking into account the increase in costs, and especially energy costs, total EBITDA came to € 22.2 million, down -14.5% 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, 2018	June 30, 2017	Change *(%)* Reported	Change at constant consolidation scope and exchange rates
Volume *(thousands of tons)*	11,364	10,787	+5.3%	
Operational sales	743	734	+1.3%	+9.7%
Consolidated sales	628	612	+2.8%	+11.6%
EBITDA	153	153	+0.2%	+8.5%
EBIT	88	83	+6.1%	+15.3%

In the first half of 2018, the Cement business posted a +9.7% increase in operational sales at constant scope and exchange rates, and a +1.3% increase on a reported basis.

Selling price trends varied from one region to another, with improvements in Turkey, Egypt, the United States, Kazakhstan, Italy and Switzerland. Selling prices were broadly stable in France but fell significantly in India, and marginally in Senegal. Overall, the price effect was positive in the first half taken as a whole.

Shipped volumes rose +5.3% in the first half, with almost 11.4 million tonnes shipped. All regions contributed to the increase in volumes except for Europe (excluding France) and Egypt. Growth was particularly strong in India, Kazakhstan, Turkey, West Africa, the United States and France.

EBITDA in the Cement business moved up +8.5% at constant scope and exchange rates and +0.2% on a reported basis. The EBITDA margin on operational sales was broadly stable at 20.6%, as opposed to 20.8% in the first six months of 2017.

Excluding the positive impact of the settlement payment in the United States, EBITDA rose +0.7% at constant scope and exchange rates.

2.2.2.2 Concrete & Aggregates

(in millions of euros)	June 30, 2018	June 30, 2017	Change *(%)* Reported	Change at constant consolidation scope and exchange rates
Concrete volumes *(thousands of m³)*	4,572	4,465	+2.4%	
Aggregate volumes *(thousands of tons)*	11,468	11,621	-1.3%	
Operational sales	490	490	-0.1%	+5.4%
Consolidated sales	480	480	0.0%	+5.5%
EBITDA	34	24	+38.1%	+45.0%
EBIT	13	1	+1,165.1%	+1,207.5%

Operational sales in the Concrete & Aggregates business grew +5.4% at constant scope and exchange rates, whereas they were stable on a reported basis (-0.1%). Those movements reflected growth in this business at constant scope and exchange rates in all countries in which the Group operates, except Switzerland, and particularly in the United States, Turkey and France.

Concrete volumes rose by more than +2% while Aggregates volumes fell more than -1%. Concrete selling prices firmed up in France, the United States and Turkey, and were stable in Switzerland. In Aggregates, selling prices rose across all countries.

EBITDA in this business amounted to € 34 million, up +45.0% at constant scope and exchange rates and +38.1% on a reported basis compared with the first half of 2017. The EBITDA margin on operational sales improved by 190 basis points from 5.0% in the first half of 2017 to 6.9% in the first half of 2018.

2.2.2.3 Other Products and Services

(in millions of euros)	June 30, 2018	June 30, 2017	Change (%)	
			Reported	Change at constant consolidation scope and exchange rates
Operational sales	218	202	+8.4%	+12.5%
Consolidated sales	172	156	+10.7%	+14.2%
EBITDA	10	11	-10.6%	-7.1%
EBIT	3	2	+73.1%	+75.7%

Operational sales moved up +12.5% at constant scope and exchange rates and +8.4% on a reported basis.

Business levels grew in all regions in which the Group has Other Products and Services operations.

EBITDA in this business totalled € 10 million, down -7.1% at constant scope and exchange rates compared with the first half of 2017.

2.3 Financial income

(in millions of euros)	June 30, 2018	June 30, 2017	Change
Cost of net borrowings and financial liabilities	(11.0)	(12.8)	+1.8
Other financial income and expenses	(0.7)	(0.1)	(0.6)
FINANCIAL INCOME (EXPENSES)	**(11.7)**	**(12.9)**	**+1.2**

Net interest expense improved by +€ 1.2 million to -€ 11.7 million, mainly because of:

- a € 1.8 million decrease in the cost of net debt ;
- a slight degradation in other financial income and expenses, primarily resulting from a +€ 1.1 million improvement in net foreign exchange gains/losses and an increase of -€ 1.8 million in the negative net impact of fair-value adjustments relating to derivative instruments.

2.4 Income taxes

(in millions of euros)	June 30, 2018	June 30, 2017	Change
Current taxes	(25.2)	(35.5)	+10.3
Deferred taxes	(1.8)	+9.7	(11.5)
TOTAL INCOME TAXES	**(27.0)**	**(25.8)**	**(1.2)**

Current tax expense fell € 10.3 million, due in particular to a € 1.1 million decrease in withholding taxes on intra-group dividends and a € 4.7 million adjustment to the French tax provision.

Deferred tax decreased by -€ 11.5 million compared with the first half of 2017. This was partly because of changes in tax rates, mainly in the United States (from 35% to 21%) where earnings grew strongly thereby using a large amount of tax loss carryforwards.

On that basis, total tax expense rose € 1.2 million compared with the year-earlier period to -€ 27.0 million.

2.5 Net income and cash flow

At constant scope and exchange rates, consolidated net income totalled € 62 million, up +49.6% at constant scope and exchange rates and up +37.3% on a reported basis. Net income, Group share rose +59.4% at constant scope and exchange rates and +47.2% on a reported basis to € 59 million.

Cash flow from operations came to € 148 million, up +13.9% at constant scope and exchange rates and up +5.6% on a reported basis.

2.6 Financial position

At June 30, 2018, the Group had a solid financial position, with equity of € 2,339 million compared with € 2,405 million at June 30, 2017. The decrease was caused mainly by the negative impact of exchange rate variations. Net debt totalled € 895 million, down from € 1,006 million at June 30, 2017.

The Group's financial ratios improved, with gearing of 38.29% at June 30, 2018 as opposed to 41.83% at June 30, 2017, while its leverage ratio fell to 1.98x from 2.29x at June 30, 2017.

(in millions of euros)	June 30, 2018	June 30, 2017
Gross financial debt	1,174	1,220
Cash	(279)	(214)
Net financial debt (excluding option)	**895**	**1,006**
Consolidated shareholders' equity	**2,339**	**2,405**
Gearing ratio	*38.29%*	*41.83%*
EBITDA (last 12 months)	453	440
Leverage ratio	*X 1.98*	*X 2.29*

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 "covenant" does not represent a risk to the Group's financial position. As at June 30, 2018, the Group is compliant with all ratios required by "covenants" included in financing agreements.

As at June 30, 2018, the Group had € 306 million in unused confirmed lines of credit that have not been allocated to the hedging of liquidity risk on commercial paper (€ 311 million as at June 30, 2017).

The Group also has a € 550 million commercial paper issue program. As at June 30, 2018, € 540 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.

2.7 Recent events

No significant recent events.

2.8 Risk factors

The main risks and uncertainties that the Group could face in the second semester of 2018 are those described in Section 5.1 “Risk factors” of the 2017 Registration Document of March 2, 2018, filed with the French financial markets authority (Autorité des Marchés Financiers) under number D.18-0094. For the specific point of financial instruments, see Note 10 to the consolidated financial statements at June 30, 2018 page 26 of this document.

2.9 Outlook for 2018

In 2018, the macroeconomic environment is likely to be characterised by brisk economic growth, mitigated by political uncertainties in certain emerging markets and appreciation in the euro against most currencies. In addition, energy prices are expected to continue heading higher. The same is likely to apply to US and, to a lesser extent, European interest rates.

Against this backdrop, the Group has set itself the primary objective of improving its operating performance by implementing a proactive, but balanced commercial policy. More specifically, it will focus on expanding its sales volumes, raising its selling prices where the competitive environment permits, and continuing to pursue its policy of optimising production costs.

The Group is providing the following outlook concerning its regional markets:

- In **France**, Cement consumption is expected to continue to recover in an improving macroeconomic and industry environment. Against this backdrop, cement volumes in the domestic market are expected to move higher, with selling prices firming up slightly. In the Concrete and Aggregates business, the improvements seen in 2017 are likely to continue in 2018, especially in terms of pricing.
- In **Switzerland**, the Group expects volumes to decrease slightly over the year as a whole and selling prices to edge higher in the Cement business against the backdrop of a macroeconomic environment forecast to grow very slightly and a still fiercely competitive industry environment. Pressure is likely to remain visible in the Concrete & Aggregates business, but to a lesser extent than in 2017.
- In **Italy**, the Group will continue to pursue its selective business strategy in market conditions likely to improve very gradually. Against this backdrop, selling prices and volumes are expected to edge higher.
- In the **United States**, the improvement in market conditions should continue in 2018 amid a supportive macroeconomic and industry environment. Accordingly, the increase in volumes should be accompanied by new rises in selling prices in both Cement and Concrete in California as in the South-East.
- In **Turkey**, the construction sector, especially infrastructure, is expected to remain buoyant and support the increase in cement volumes in 2018 amid favourable pricing conditions.
- In **India**, the effects of the reforms undertaken by the government should show up gradually and benefit the entire economy. The Group expects cement volumes to grow amid an industry environment benefiting from the vast infrastructure and housing projects set in motion. Amid persistently fierce competition, selling prices are expected to remain highly volatile.
- In **Kazakhstan**, the sector’s strong momentum should continue, underpinned by public investment and export market openings.
- In **Egypt**, the Group expects business performance to improve during the second half in an economic environment that is improving, even as the security context remains volatile.
- In **West Africa**, the construction market is expected to grow amid a still competitive but stable environment. Against this backdrop, the Group expects cement volumes to gradually improve across the market at large, and selling prices that should be better oriented.

Incity Tower, Lyons, France

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

“I hereby declare that, to the best of my knowledge, the consolidated accounts compiled for the ending half-year have been drawn up in accordance with the applicable accounting standards and are a true reflection 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 page 39, 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 6, 2018

Guy Sidos

Chairman and CEO

Givors retirement home, Rhône, France

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STATUTORY AUDITORS' REVIEW REPORT
ON THE 2018 HALF-YEAR FINANCIAL INFORMATION

This is a free translation into English of the statutory auditors' review report on the half-year 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, 2018

To the shareholders,

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

- the review of the accompanying half-yearly consolidated financial statements of Vicat S.A., for the period from January 1, 2018 to June 30, 2018,
- the verification of the information presented in the half-yearly management report.

These half-yearly condensed 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 half-yearly condensed consolidated financial statements do not give a true and fair view of the assets and liabilities and of the financial position of the Group as at June 30, 2018 and of the results of its operations for the period then ended in accordance with IFRSs as adopted by the European Union.

Without qualifying our conclusion, we draw your attention on the note 1.1 "Statement of compliance" to the half-yearly consolidated financial statements which sets out the impacts of the first application as at January 1, 2018 of IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers".

II – Specific verification

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

The statutory auditors
French original signed by

Paris-La Défense, August 3, 2018	Chamalières, August 3, 2018
KPMG Audit	**Wolff & Associés**
A division of KPMG S.A.	
Philippe Grandclerc	Patrick Wolff
Partner	*Partner*

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under the number 057 505 539

Copies of the Registration Document
are available free of charge from Vicat,
as well as on the Vicat websites (www.vicat.fr)
and on the Autorité des marchés financiers (AMF),
French market regulator website (www.amf.france.org)

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BICENTENARY OF THE INVENTION
OF ARTIFICIAL CEMENT BY LOUIS VICAT