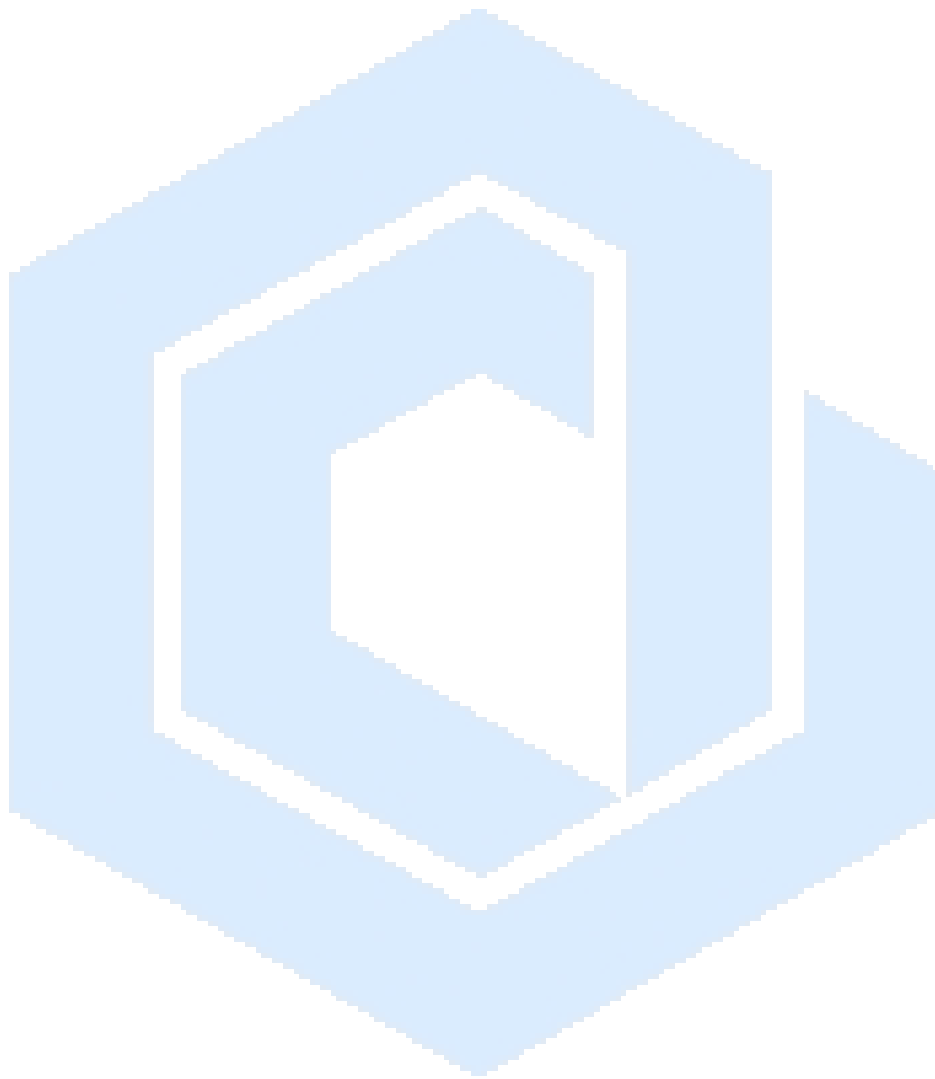


Intermediary Report

As of June 30, 2016



Intermediary report of the group CFE

Table of contents

[MANAGEMENT REPORT OF THE BOARD OF DIRECTORS](#)

[INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES](#)

[DEFINITIONS](#)

Condensed consolidated statement of income

Condensed consolidated statement of comprehensive income

Condensed consolidated statement of financial position

Condensed consolidated statement of cash flow

Condensed consolidated statement of changes in equity

Notes to the interim condensed consolidated financial statements for the period ended June 30, 2016

Auditor's report

Management report of board of directors

The management report should be read together with the interim condensed consolidated financial statements of the group CFE.

The Board of Directors of CFE examined and approved the H1 2016 financial statements at its meeting on August 25, 2016

1. Summary of the 1st semester

Key figures in the first half of 2016

In million €	1 st semester 2016	1 st semester 2015	Variation
Revenue	1,224.5	1,643.5	-25.5%
Self-financing capacity (EBITDA) % of revenue	182.2 14.9%	276.0 16.8%	-34.0%
Operating income on activities % of revenue	70.5 5.8%	143.0 8.7%	-50.7%
Operating income (*) (EBIT) % of revenue	75.5 6.2%	152.7 9.3%	-50.6%
Net income share of the group % of revenue	53.0 4.3%	110.9 6.7%	-52.2%
Net income share of the group per share (in EUR)	2.10	4.38	-52.1%

(*) including earnings from associates and joint ventures.

In million €	30 June 2016	31 December 2015	Variation
Equity share of the Group	1,416.7	1,423.3	-0.5%
Net financial debt	365.2	322.7	+13.2%
Order book	4,472.4	4,160.3	+7.5%

2. Analysis by division of the activity, results and order book

Dredging & Environment division

Key figures

In million €	1 st semester 2016	1 st semester 2015	Variation
Revenue	802.1	1,171.0	-31.5%
EBITDA	185.3	276.3	-32.9%
Operating income (**)	78.3	176.5	-55.6%
Net income share of the group	54.1	120.8	-55.2%

(*) Amounts restated to take account of the recognition at fair value of the identifiable assets and liabilities of DEME following the acquisition of an additional 50% of the DEME shares on 24 December 2013.

(**) Including results of associated companies and joint ventures.

In million €	30 June 2016	31 December 2015	Variation
Order book	3,625.0	3,185.0	13.8%
Net financial debt	329.6	275.0	19.9%

Key figures according to the economic approach

The key figures shown below are presented according to the economic approach whereby the jointly controlled companies are proportionally consolidated (accounting rules applicable before 1 January 2014).

In million € (Excluding restatements for DEME)	1 st semester 2016	1 st semester 2015	Variation
Revenue	803.1	1,218.7	-34.1%
EBITDA	195.2	302.6	-35.5%
Income from operating activities	84.7	183.8	-53.9%
Net income share of the group	54.0	119.8	-54.9%
Investments	112.6	291.9	-61.4%

Revenue

DEME realized a turnover of €803.1 million, or less than in the first half of 2015, which was marked by an exceptionally high level of activity, particularly in Egypt (widening of the Suez Canal).

The delayed start of certain major projects weighed on the fleet occupancy level.

In Singapore, the Jurong Island Westward Extension (JIWE) and Tuas Terminal Phase 1 projects are progressing according to schedule. DEME was also actively engaged in Panama (widening of the access to the Canal on the Pacific side), Africa, India and Europe.

In the North Sea, GeoSea finished the transport and installation of the monopile foundations for 54 wind turbines of the German Nordsee One wind farm ahead of schedule.

In the United Kingdom, the Galloper and Race Bank projects were started up. Those two projects will represent a substantial volume of activity in the second half of 2016.

Evolution of activity by business area (economic approach)

In %	1 st semester 2016	1 st semester 2015
Capital dredging	44%	55%
Maintenance dredging	14%	10%
Fallpipe and landfalls	4%	5%
Environment	13%	9%
Civil works	3%	0%
Marine works	22%	21%
Total	100%	100%

Evolution of activity by geographical area (economic approach)

En %	1 st semester 2016	1 st semester 2015
Europe (EU)	50%	33%
Europe (non-EU)	2%	0%
Africa	15%	40%
Americas	7%	6%
Asia-Pacific	16%	11%
Middle East	4%	6%
India and Pakistan	6%	4%
Total	100%	100%

EDITDA and operating income

DEME's EBITDA amounted to €195.2 million in the first six months of 2016, or 24.3% of the revenue. Despite the temporary decrease in activity, DEME was able to maintain a high level of profitability partly thanks to the successful completion of several projects.

Order book

The order book increased by 13.8% to a record level of €3.625 million during the first six months of 2016.

GeoSea won a contract worth €650 million for the construction of the Merkur wind farm with its 66 wind turbines of 6 MW; the financial close of this contract has been confirmed. Completion is due in March 2019. GeoSea will also be responsible for maintaining the foundations of the wind turbines for a 10-year period. Through its subsidiary DEME Concessions Wind, DEME holds a minority stake (12.5%) in the capital of the company operating the wind farm.

GeoSea also concluded an EPCI contract for the design, construction and installation of 71 monopiles for the Hohe See offshore wind farm situated approximately 90 km north of Borkum Island (Germany) in the North Sea. This contract is not yet included in the order book as at June 30, 2016.

DEME's subsidiary Tideway also won a major Design & Build contract from DONG Energy for the dredging and laying of high-voltage power cables using the new multipurpose vessel 'Living Stone' as part of the HornSea One project (1200 MW), the world's largest offshore wind farm, in the United Kingdom. This contract is not yet included in the order book as at June 30, 2016.

On May 30, the consortium Femern Link Contractors, which includes namely CFE and DEME as partners, signed conditional contracts with the Danish government for the design and construction of the world's longest road tunnel (18 km), the Fehmarnbelt link between Denmark and Germany. This project, worth an estimated €700 million for DEME/CFE, will only begin once the German authorities have delivered the necessary building permits. This contract is not yet included in the order book as at June 30, 2016.

Investments and net financial debt

The investments during the period amounted to €112.6 million. This figure primarily consists of the capitalized maintenance costs in pursuance of IAS 16 and down payments (€32 million) on the six vessels under construction : the self-propelled jack-up vessel 'Apollo', the multipurpose vessel 'Living Stone', the crane ship 'DP2 Gulliver' (in joint venture), and three trailing suction hopper dredgers ('Bonny River', 'Scheldt River' and 'Minerva'). Those vessels, worth a total of €500 million, will join DEME's fleet in 2017 and 2018.

The net financial debt amounted to €334.2 million (economic approach), an increase of €67.5 million.

Contracting division

Key figures

In million €	1 st semester 2016	1 st semester 2015 (*)	Variation
Revenue	400.5	332.7	+20.4 %
Operating income (**)	7.6	-4.6	-
Net Income share of the group	4.1	0.7	+485.7 %

(*) Pro forma figures according to the new definition of the segment applicable at 1st of January, 2016.

(**) Including results of associated companies and joint ventures.

Revenue

Revenue amounted to €400.5 million, or 20.4% up on the first six months of 2015.

Most entities of the Contracting division reported an increase in revenue, particularly in the international operations, with CFE Polska and CLE in Luxembourg recording a high level of activity.

Construction activity in Belgium, which represents just over half the division's revenue, is growing primarily in Flanders, buoyed by the 'Schools of Tomorrow' programme and several major projects such as AZ Sint-Maarten hospital in Mechelen and the Exxon industrial site in Antwerp. In Brussels, work on the 'Docks' shopping centre has entered the final stages, while the 'Grands Prés' project in Mons was completed in June 2016.

In million €	1 st semester 2016	1 st semester 2015 (*)	Variation
Construction	293.5	236.1	+24.3%
<i>Buildings, Belgium</i>	226.6	194.7	+16.4%
<i>Buildings, International (**)</i>	66.9	41.4	+61.6%
Multitechnics	76.2	66.5	+14.6%
Rail infra	30.8	30.1	+2.3%
Total Contracting	400.5	332.7	+20.4%

(*) Pro forma figures according to the new definition of the segment applicable at 1st of January, 2016.

(**) Exclusively Luxemburg, Poland and Tunisia.

Operating income

CFE Contracting reported an operating income of €7.6 million, compared to €-4.6 million at June 30, 2015.

The three segments (Construction, Multitechnics and Rail Infra) made a positive contribution to the division's operating income.

The contribution of CFE Bouw Vlaanderen and CFE Polska to the division's operating income increased considerably compared to the first six months of 2015.

The operating margin as a percentage of revenue improved significantly to nearly 2%.

Order book

In million €	30 June 2016	31 December 2015 (*)	Variation
Construction	571.6	671.2	-14.8%
<i>Buildings, Belgium</i>	415.0	494.6	-16.1%
<i>Buildings, International (**)</i>	156.6	176.6	-11.3%
Multitechnics	120.5	115.8	+4.1%
Rail infra	46.7	49.3	-5.3%
Total Contracting	738.8	836.3	-11.7%

(*) Pro forma figures according to the new definition of the segment applicable at 1st of January, 2016.

(**) Exclusively Luxemburg, Poland and Tunisia.

The order book of Contracting amounted to €738.8 million, which is €97.5 million down on January 1, 2016.

Market conditions in Belgium and a greater selectivity in the intake of new contracts weighed on the order intake of CFE Bâtiment Brabant Wallonie and CFE Bouw Vlaanderen. Nevertheless, both CFE Bouw Vlaanderen and CFE Polska were able to win some major new contracts in July 2016.

Cash flow

Due to a favourable evolution of the working capital requirement, the division's net cash position stood at €98.2 million, which is €23.4 million up on year-end 2015.

Real Estate division

Key figures

In million €	1 st semester 2016	1 st semester 2015	Variation
Revenue	7.6	13.4	-43.3%
Operating income (*)	0.5	2.7	-81.5%
Net income share of the group	-0.8	1.4	-

(*) Including results of associated companies and joint ventures.

Evolution of real estate projects

In million €	30 June 2016	31 December 2015
Unsold units post completion	16	14
Properties under construction	32	34
Properties in development	75	71
Total	123	119

Real Estate projects

The book value of real estate projects stood at €122.8 million at June 30, 2016, which is a 3.4% increase.

In Belgium, BPI successfully continued the marketing of residential units in the projects 'Erasmus Gardens' (Anderlecht), 'Ernest' (Ixelles) and 'Oosteroever' (Ostend). In the European district of Brussels, BPI finalized the acquisition of a land plot at the beginning of July for the development of 5,400 m² residential units.

In Luxemburg, satisfactory progress was made with the construction of the real estate complex 'Kons'; completion and transfer of the project to an institutional investor is scheduled for the end of the year.

In Poland, BPI Polska acquired a new plot of land in Warsaw (residential project of 3,500 m²). The construction and marketing of phases 3 and 4 of the residential project 'Ocean Four' in Gdansk continued at a steady pace.

Net result share part of the group

In the absence of major transactions during the six-month period under review, the net income of the division amounted to €-0.8 million (compared to €+1.4 million in the first six months of 2015). This figure does not reflect the division's expected performance over the whole year.

Holding, non-transferred activities and inter division eliminations

Key figures

In million €	1st semester 2016	1st semester 2015 (*)	Variation
Revenue	14.4	126.4	-88.6%
Operating income (**)	-10.9	-21.9	+50.2%
Net operating income share of the group	-4.3	-12.2	+64.8%

(*) Pro forma figures according to the new definition of the segment applicable at 1st of January 2016

(**) Including results of associated companies and joint ventures.

Revenue

Revenue amounted to €29.5 million for the non-transferred operations of CFE SA (€131.6 million in the first half of 2015) and €-15.1 million for interdivisional eliminations.

The substantial decrease in revenue is explained by the transfer of the marine civil engineering operations to DEME at year-end 2015 and by a sharply reduced level of activity in Africa following the completion in 2015 of several large-scale projects, more specifically in Algeria and Chad.

Operating income

The operating income (€-10.9 million) was adversely affected by the recognition of additional losses on the Brussels-South wastewater treatment plant project, of which the first of three phases was completed in July 2016.

Net result

The division's net result amounted to €-4.3 million (€-12.2 million in the first half of 2015).

The operating loss was partly offset by the capital gain realized on the disposal of CFE's stake in Locorail NV, the company responsible for maintaining and financing the Liefkenshoek rail tunnel in Antwerp.

In the first half of 2015, the net result had been favourably influenced by the sale of the road-building activity.

Order book

In million €	30 June 2016	31 December 2015	Variation
Order book	101.6	132.3	-23.2%

The main projects in progress are the Brussels-South wastewater treatment plant and the supply contract for three residential tower blocks in Lagos, Nigeria.

Receivables from Chad

The Chadian government received a proposal during the second quarter for a conditional refinancing of the outstanding receivables relating to the Grand Hotel in N'Djamena. This proposal is currently being examined by the Chadian authorities.

The exposure to this country remains unchanged at €60 million.

3. An overview of the results

Condensed consolidated statement of income

Year ended at June 30 (in thousands €)	2016	2015
Revenue	1,224,532	1,643,545
Revenue from auxiliary activities	31,227	63,755
Purchases	-591,732	-871,528
Wages, salaries & social charges	-291,942	-299,650
Other operating charges	-189,388	-262,744
Depreciations and amortization	-112,178	-130,353
Goodwill Impairment	0	0
Operating income on activities	70,519	143,025
Earnings from associates and joint ventures	4,938	9,674
Operating income	75,457	152,699
Cost gross financial debt	-13,265	-13,692
Other financial expenses and income	1,428	5,078
Financial result	-11,837	-8,614
Result before taxes	63,620	144,085
Income tax expense	-11,373	-35,804
Net income for the period	52,247	108,281
Attributable to owner of non-controlling interest	799	2,569
Net income share of the group	53,046	110,850

Condensed consolidated statement of comprehensive income

Year ended 30 June (in thousands €)	2016	2015
Net income for the period – Share of the group	53,046	110,850
Net income for the period	52,247	108,281
Change in fair values related to the hedging instruments	-5,253	-178
Currency translation differences	4,581	1,145
Deferred taxes	1,859	60
Other elements of the comprehensive income to be reclassified to profit or loss in subsequent period	1,187	1,027
Remeasurement on defined benefit plans	0	0
Deferred taxes	0	0
Other elements of the comprehensive income not to be reclassified to profit or loss in subsequent period	0	0
Total elements of the comprehensive income directly accounted in equity	1,187	1,027
Comprehensive income	53,434	109,308
- attributable to the group	54,294	111,794
- attributable to non-controlling interests	-860	-2,486
Net result share of the group per share (€) (basic and diluted)	2.10	4.38
Comprehensive income per share (€) (basic and diluted)	2.14	4.42

Consolidated statement of financial position

Year ended (in thousands €)	30 June 2016	31 December 2015
Intangible assets	97,556	97,886
Goodwill	175,169	175,222
Tangible assets	1,728,040	1,727,679
Associates and joint ventures	152,908	151,377
Other non-current financial assets	106,244	129,501
Non-current derivative instruments	2,190	1,381
Other non-current assets	18,566	19,280
Deferred tax assets	109,225	103,345
Total non-current assets	2,389,898	2,405,671
Inventories	98,524	77,946
Trade receivables and other operating receivable	1,135,129	1,192,977
Other current assets	74,871	125,029
Current derivative instruments	1,330	8,514
Current financial assets	56	70
Cash and cash equivalents	454,556	491,952
Total current assets	1,764,466	1,896,488
Total assets	4,154,364	4,302,159
Issued capital	41,330	41,330
Share premium	800,008	800,008
Retained earnings	599,162	607,012
Defined benefits plans	-7,448	-7,448
Hedging reserves	-14,104	-10,710
Translation differences	-2,273	-6,915
Equity – part of the group CFE	1,416,675	1,423,277
Non-controlling interests	9,927	11,123
Equity	1,426,602	1,434,400
Retirement benefit obligations and employee benefits	41,187	41,054
Provisions	38,694	44,854
Other non-current liabilities	6,296	17,145
Bonds	304,376	305,216
Financial debts	343,869	398,897
Non-current derivative instruments	28,941	33,359
Deferred tax liabilities	142,706	150,053
Total non-current liabilities	906,069	990,578
Current provisions	66,243	64,820
Trade & other operating payables	1,093,451	1,184,886
Income tax payable	53,809	88,215
Current financial debts	171,511	110,558
Current derivative instruments	34,077	35,146
Other current liabilities	402,602	393,556
Total current liabilities	1,821,693	1,877,181
Total equity and liabilities	4,154,364	4,302,159

Condensed consolidated cash flow statement

Year ended 30 June (in thousands €)	2016	2015
Cash flows relating to operating activities	133,719	149,085
Cash flows relating to investing activities	-114,983	-134,380
Cash flows relating to financing activities	-54,794	-327,377
Net increase/decrease in cash position	-36,058	-312,672

Figures per share

	30 June 2016	30 June 2015
Total number of shares	25,314,482	25,314,482
Operating result after deduction of the net financial charges per share (in €)	2.51	5.69
Net result share of the group per share (in €)	2.10	4.38

4. Information on business trends

Delayed phasing of several major projects will weigh on DEME's revenue in 2016, which will be down on 2015 despite the prospect of a high level of activity in the second half of the year, particularly in offshore wind. Nevertheless, the EBITDA margin as a percentage of revenue is expected to remain above the historical average.

The Contracting division is expected to report an increase in revenue and operating income in 2016.

5. Information related to the share

At 30 June 2016, CFE's share capital was divided into 25,314,482 shares.

Each share confers one vote. There has been no issue of convertible bonds or warrants. Financial institutions with which holders of financial instruments may exercise their financial rights are: BNP Paribas Fortis, Banque Degroof and ING Belgium. Banque Degroof has been appointed as the 'Main Paying Agent'.

6. Risks and uncertainties

Risks related to the sector of activity described in the annual report 2015 are still applicable during the second half year 2016.

7. Transactions with related parties

In the first half year of 2016, there was no significant variation in the nature of transactions with related parties compared to December 31st, 2015.

8. Corporate governance

The annual general meeting renewed the director's mandate of Philippe Delusinne for a period of four years, ending after the annual general meeting of May 2020. Philippe Delusinne meets the independence criteria defined in Article 526c of the Companies Code and in the 2009 Belgian Corporate Governance Code.

The annual general meeting renewed the director's mandate of Christian Labeyrie for a period of four years, ending after the annual general meeting of May 2020. Christian Labeyrie does not meet the independence criteria defined in Article 526c of the Companies Code and in the 2009 Belgian Corporate Governance Code.

The general meeting appointed Leen Geirnaerd as director for a period of four years, ending after the general meeting of May 2020. Leen Geirnaerd meets the independence criteria defined in Article 526c of the Companies Code and in the 2009 Belgian Corporate Governance Code.

The general meeting renewed the auditor's mandate of Deloitte, Reviseurs d'Entreprises, SC s.f.d. SCRL, represented by Michel Denayer and Rik Neckebroek, for a period of three years, ending after the annual general meeting of 2019.

Luc Bertrand was appointed chairman of the board of directors of CFE with effect from 5 May 2016.

Interim condensed consolidated financial statements and notes

DEFINITIONS

Capital employed	Intangible assets + goodwill + property, plant and equipment + working capital requirement
Working capital requirement	Inventories + trade receivables and other operating receivables + other current assets + non-current assets held for sale - other current provisions - trade payables and other operating liabilities - tax payables - other current liabilities
Income from operating activities	Turnover + revenue from auxiliary activities + purchases + wages, salaries and social charges + other operational charges and depreciation and goodwill depreciation
Operating income (EBIT)	Income from operating activities + earnings from associates and joint venture
EBITDA	Income from operating activities + amortisation and depreciation + other non-cash items

CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the period from January 1 st to June,30 th (In thousand Euro)	Note	June 2016	June 2015
Revenue		1,224,532	1,643,545
Revenue from auxiliary activities	6	31,227	63,755
Purchases		(591,732)	(871,528)
Remuneration and social security payments		(291,942)	(299,650)
Other operating expenses		(189,388)	(262,744)
Depreciation and amortization		(112,178)	(130,353)
Income from operating activities		70,519	143,025
Earnings from associates and joint venture		4,938	9,674
Operating income		75,457	152,699
Cost of gross financial debt	7	(13,265)	(13,692)
Other financial expenses & income	7	1,428	5,078
Net financial income/expense		(11,837)	(8,614)
Pre-tax income		63,620	144,085
Income tax expense	9	(11,373)	(35,804)
Net income for the period		52,247	108,281
Attributable to owners of non-controlling interests	8	799	2,569
Net income share of the group		53,046	110,850
Net income of the group per share (EUR) (diluted and basic)		2.10	4.38

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period from January 1 st to June,30 th (In thousand Euro)	Note	June 2016	June 2015
Net income share of the group		53,046	110,850
Net income for the period		52,247	108,281
Changes in fair value related to hedging instruments		(5,253)	(178)
Currency translation differences		4,581	1,145
Deferred taxes		1,859	60
Other elements of the comprehensive income to be reclassified to profit or loss in subsequent periods		1,187	1,027
Re-measurement on defined benefit plans		0	0
Deferred taxes		0	0
Other elements of the comprehensive income not to be reclassified to profit or loss in subsequent periods		0	0
Other elements of the comprehensive income directly accounted in equity		1,187	1,027
Comprehensive income:		53,434	109,308
- Attributable to owners of the parent		54,294	111,794
- Attributable to owners of non-controlling interests		(860)	(2,486)
Net income attributable to owners of the parent per share (EUR) (diluted and basic)		2.14	4.42

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the period ended to (In thousand Euro)	Note	June 2016	December 2015
Intangible assets		97,556	97,886
Goodwill		175,169	175,222
Property, plant and equipment	10	1,728,040	1,727,679
Investments in associates and joint ventures	11	152,908	151,377
Other non-current financial assets		106,244	129,501
Derivative instruments – Non-current assets		2,190	1,381
Other non-current assets		18,566	19,280
Deferred tax assets		109,225	103,345
Total non-current assets		2,389,898	2,405,671
Inventories	12	98,524	77,946
Trade and other operating receivables	13	1,135,129	1,192,977
Other current assets		74,871	125,029
Derivative instruments – Current assets		1,330	8,514
Current financial assets		56	70
Cash and cash equivalents	17	454,556	491,952
Total current assets		1,764,466	1,896,488
Total assets		4,154,364	4,302,159
Share capital		41,330	41,330
Share premium		800,008	800,008
Retained earnings		599,162	607,012
Defined benefits pension plans		(7,448)	(7,448)
Hedging reserves		(14,104)	(10,710)
Currency translation differences		(2,273)	(6,915)
Equity attributable to owners of the parent		1,416,675	1,423,277
Non-controlling interests	8	9,927	11,123
Equity		1,426,602	1,434,400
Retirement benefit obligations and employee benefits		41,187	41,054
Provisions	14	38,694	44,854
Other non-current liabilities		6,296	17,145
Bonds	17	304,376	305,216
Financial liabilities	17	343,869	398,897
Derivative instruments – Non-current liabilities		28,941	33,359
Deferred tax liabilities		142,706	150,053
Total non-current liabilities		906,069	990,578
Current provisions	14	66,243	64,820
Trade & other operating payables		1,093,451	1,184,886
Income tax payable		53,809	88,215
Current financial liabilities	17	171,511	110,558
Derivative instruments – Current liabilities		34,077	35,146
Other current liabilities		402,602	393,556
Total current liabilities		1,821,693	1,877,181
Total equity and liabilities		4,154,364	4,302,159

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the period from January 1 st to June 30 th (In thousand Euro)	Note	June 2016	June 2015
Operating activities			
Net income share of the group		53,046	110,850
Depreciation and amortization of intangible assets, property, plant & equipment and investment property		112,178	130,353
Net provision expense		(83)	11,294
Impairment on current and non-current assets		(380)	(8,654)
Unrealized foreign exchange (gains)/losses		8,834	5,532
Interest income & income from financial assets		(15,447)	(15,289)
Interest expense		18,513	18,533
Change in fair value of derivative instruments		(2,994)	(3,144)
Income/(losses) from sales of property, plant & equipment		(723)	(13,052)
Tax expense		11,373	35,804
Income attributable to non-controlling interests		(799)	(2,569)
Earnings from associates and joint venture		(4,938)	(9,674)
Cash flow from operating activities before changes in working capital		178,580	259,984
Decrease/(increase) in trade receivables and other current and non-current receivables		134,638	(133,960)
Decrease/(increase) in inventories		(6,751)	2,891
Increase/(decrease) in trade payables and other current and non-current payables		(138,349)	39,051
Cash flow from operating activities		168,118	167,966
Interest paid		(18,513)	(18,532)
Interest received		6,647	3,509
Income tax paid/received		(22,533)	(3,858)
Net cash flow from operating activities		133,719	149,085
Investing activities			
Sales of non-current assets		1,876	21,868
Purchases of non-current assets		(109,296)	(133,049)
Change in percentage held in associates	5	0	(23,414)
Capital increase in investments in associates		(6,300)	(11,735)
Sale of subsidiaries	5	0	19,860
Loans granted		(1,263)	(7,910)
Cash flow from investing activities		(114,983)	(134,380)
Financing activities			
Borrowings		64,885	64,897
Reimbursements of borrowings		(58,924)	(341,645)
Dividends paid		(60,755)	(50,629)
Cash flow from financing activities		(54,794)	(327,377)
Net Increase/(Decrease) in cash position		(36,058)	(312,672)
Cash and cash equivalents at start of the year		491,952	703,501
Exchange rate effects		(1,338)	3,044
Cash and cash equivalents at end of period		454,556	393,873

Purchases and sales of subsidiaries net of cash acquired do not include entities that are not a business combination (segment real estate and concessions-PPP). They are not considered as investment operations and are directly reflected in cash flows from operating activities.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2016

(thousand Euro)	Share Capital	Share premium	Retained earnings	Defined benefits pension plans	Hedging reserves	Currency Translation differences	Equity attributable to owners of the parent	Non-controlling interests	Total
December 2015	41,330	800,008	607,012	(7,448)	(10,710)	(6,915)	1,423,277	11,123	1,434,400
Comprehensive income for the period			53,046		(3,394)	4,642	54,294	(860)	53,434
Dividends paid to shareholders			(60,755)				(60,755)		(60,755)
Dividends from non-controlling interests								(819)	(819)
Other movements			(141)				(141)	483	342
June 2016	41,330	800,008	599,162	(7,448)	(14,104)	(2,273)	1,416,675	9,927	1,426,602

For the year ended June 30, 2015

(thousand Euro)	Share Capital	Share premium	Retained earnings	Defined benefits pension plans	Hedging reserves	Currency Translation differences	Equity attributable to owners of the parent	Non-controlling interests	Total
December 2014	41,330	800,008	488,890	(8,350)	(6,127)	(2,124)	1,313,627	7,238	1,320,865
Comprehensive income for the period			110,850		(117)	1,061	111,794	(2,486)	109,308
Dividends paid to shareholders			(50,629)				(50,629)		(50,629)
Dividends from non-controlling interests								(2,203)	(2,203)
Other movements			(5,292)				(5,292)	5,292	0
June 2015	41,330	800,008	543,819	(8,350)	(6,244)	(1,063)	1,369,500	7,841	1,377,341

CAPITAL AND RESERVES

The share capital on June 30, 2016 is represented by 25,314,482 ordinary shares. These shares are without any nominal value. The shareholders of ordinary shares have the right to receive dividends and the right of one vote per share at the General Shareholders' Meeting.

On February 24, 2016 the Board of Directors proposed a dividend of 60,755 thousand Euro, corresponding to 2.40 Euro gross per share. The proposal has been approved by the General Shareholders Meeting on May 4, 2016. The dividend has been paid.

The basic income per share is the same as the diluted income per share due to the absence of potential dilutive ordinary shares in circulation.

It is calculated as follows :

NET RESULT PER SHARE (In thousand Euro)	2016	2015
Net income attributable to shareholders	53,046	110,850
Comprehensive income attributable to owners of the parent	54,294	111,794
Number of ordinary shares at closing date	25,314,482	25,314,482
Basic (diluted) income by share in Euro	2.10	4.38
Comprehensive income attributable to owners of parent by share in Euro	2.14	4.42

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE EXERCISE ENDED AT JUNE 30, 2016

- 1. GENERAL POLICIES**
- 2. CONSOLIDATION METHODS**
 - 2.1. SCOPE OF CONSOLIDATION
 - 2.2. INTRAGROUP TRANSACTIONS
 - 2.3. TRANSLATION OF THE FINANCIAL STATEMENTS OF FOREIGN COMPANIES AND ESTABLISHMENT.
 - 2.4. FOREIGN CURRENCIES TRANSACTIONS
- 3. RULES AND EVALUATION METHODS**
 - 3.1. RECOURSE TO ESTIMATES
- 4. SEGMENT REPORTING**
 - 4.1 CONDENSED CONSOLIDATED STATEMENT OF INCOME HIGHLIGHTS – COMPARATIVE PRO FORMA INFORMATION AT JUNE 30, 2015
 - 4.2 CONDENSED CONSOLIDATED STATEMENT OF INCOME HIGHLIGHTS – COMPARATIVE PUBLISHED INFORMATION AND PRO FORMA INFORMATION AT JUNE 30, 2015
 - 4.3 CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 - 4.4. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 - 4.5. OTHER INFORMATION
 - 4.6. GEOGRAPHICAL SECTOR
- 5. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES**
- 6. REVENUE FROM AUXILIARY ACTIVITIES**
- 7. NET FINANCIAL INCOME/EXPENSE**
- 8. NON-CONTROLLING INTERESTS**
- 9. INCOME TAX**
- 10. PROPERTY, PLANT & EQUIPMENT**
- 11. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE**
- 12. INVENTORIES**
- 13. TRADE AND OTHER RECEIVABLES**
- 14. PROVISIONS OTHER THAN THOSE RELATING TO RETIREMENT BENEFIT OBLIGATIONS AND NON- CURRENT EMPLOYEE BENEFITS**
- 15. CONTINGENT ASSETS AND LIABILITIES**
- 16. FINANCIAL INSTRUMENTS**
- 17. NET FINANCIAL DEBT**
 - 17.1. THE NET FINANCIAL DEBT
 - 17.2. DEBT MATURITY SCHEDULE
 - 17.3. CREDIT FACILITIES AND LONG TERM BANK LOANS
 - 17.4. FINANCIAL COVENANTS
- 18. FINANCIAL RISK MANAGEMENT**
 - 18.1. INTEREST RATE RISK
 - 18.2. LONG TERM FINANCIAL DEBTS BY CURRENCY
 - 18.3. BOOK VALUE AND FAIR VALUE BY ACCOUNTING CATEGORY
- 19. OTHER COMMITMENTS GIVEN**
- 20. OTHER COMMITMENTS RECEIVED**
- 21. LITIGATION**
- 22. RELATED PARTIES**
- 23. SUBSEQUENT EVENTS**
- 24. IMPACT OF FOREIGN CURRENCIES**
- 25. RESEARCH AND DEVELOPMENT**
- 26. SEASONAL NATURE OF THE BUSINESS**
- 27. STATUTORY AUDITORS REPORT**

Preamble

The Board of Directors authorized the issue of the interim condensed consolidated financial statements on August 25, 2016.

MAIN TRANSACTIONS FOR THE FIRST SIX MONTHS OF 2016 AND THE FIRST SIX MONTHS OF 2015 WITH EFFECT ON THE SCOPE OF THE GROUP CFE

TRANSACTIONS FOR THE FIRST SIX MONTHS OF 2016

1. Dredging and environment segment

During the first half year 2016, DEME acquired :

- A 100% stake in the newly created companies GeoSea Infra Solutions GMBH, DEME Concessions Wind BV and DEME Concessions Merkur BV which are fully consolidated;
- A 49.94% stake in the newly created company Blue Open NV which is integrated under the equity method;
- A 37.45% stake in the newly created company Top Wallonie SA which is integrated under the equity method;
- A 25.47% stake in the newly created company Blue Gate Antwerp Development BV which is integrated under the equity method;
- A 17.5% stake in the newly created company Kriegers Flak APS which is integrated under the equity method;
- A 12.48% stake in the newly created company La Vélorie which is integrated under the equity method;

Moreover, the companies Geka Bouw BV and CFE Nederland BV, which are 100% held by DEME Group have been merged and renamed "Dimco BV".

2. Contracting segment

On June 29, 2016 CFE Group, through its subsidiary CFE Contracting, increased its stake in Groep Terryn NV from 77.5% to 100%. Groep Terryn remains fully integrated.

3. Real estate segment

On April 7, 2016 CFE Group, through its subsidiary BPI, acquired a 100% stake in BPI Barska sp z.o.o. which is fully integrated.

On May 20, 2016 CFE Group, through its subsidiary BPI, increased its stake in Foncière Sterpenich from 50% to 100%. This entity is now fully integrated.

On June 30, 2016 the company Sogesmaint Luxembourg, 100% held by Sogesmaint SA was sold.

The companies C.I.W. and P.R.N.E., 100% held by BPI Luxembourg were dissolved.

The company Immomax, a 47% subsidiary of BPI, bought 100% of the shares in Immomax II where 47% were bought from CFE Polska and 53% from a third party. Immomax II remains integrated under the equity method.

4. Holding and non-transferred activities

On June 29, 2016 CFE SA sold its 25% stake in Locorail NV.

TRANSACTIONS FOR THE FIRST SIX MONTHS OF 2015

5. Dredging and environment segment

During the first half year 2015, DEME acquired :

- A 100% stake in the newly created companies DEME Cyprus Ltd which is fully consolidated;
- A 25% stake in the company Merkur Offshore GmbH which is integrated under the equity method;
- Since May 13, 2015 an additional 50% stake in the company HGO InfraSea Solutions GmbH & Co increasing its stake from 50% to 100%. HGO InfraSea Solutions GmbH & Co is now fully consolidated.

6. Contracting segment

On March 2, 2015 the subsidiary IFCC SA was renamed CFE Contracting SA. In the near future, this company will become the leading company of the Contracting Division.

Construction:

On February 10, 2015 the company BPC Design & Engineering (“BDE”) was created. This company is owned by CFE Bâtiment Brabant Wallonie – CFE BBW SA (99%) and CFE Bouw Vlaanderen NV (1%). CFE group has a 100% stake in both companies. BDE is fully consolidated.

On April 16, 2015 CFE Contracting SA, subsidiary of CFE group, acquired a 100% stake in the newly created company CFE Infra NV. This company is fully consolidated.

On June 30, 2015 CFE acquired a 50% stake of the non-controlling interests of the group Terryn at December 2014. The stake of CFE group increases therefore from 55.04% to 77.51%.

Multitechnics:

On June 12, 2015 VMA NV, a 100% subsidiary of CFE group, acquired 100% of the newly created company VMA Midlands Limited. This company is fully consolidated.

Rail:

On February 25, 2015 the sale of the road activity in Aannemingen Van Wellen NV was finalised and the stake (100%) is fully transferred to Aswebo, subsidiary of Group Willemen.

On March 25, 2015 the company “Société de Gestion de Chantiers” (SOGECH SA), subsidiary of CFE group at 100% is dissolved.

7. Real estate segment

Given that BPI will become the leading company of the Real Estate Division, during the first semester of 2015, the stakes in the group real estate companies and the real estate assets owned by CFE Immo, branch of CFE SA are progressively transferred to BPI SA. For this purpose, the share capital of BPI was increased on June 25, 2015.

On March 31, 2015 through its subsidiaries BPI and Espace Midi, CFE group sold its stake in the company South City Hotel (20%). This company was integrated under the equity method.

On May 22, 2015 BPI, subsidiary of CFE group, acquired a 31.2% stake in the company Goodways BVBA with the purpose to develop a real estate project in Anderlecht. This entity is integrated under the equity method.

On June 25, 2015 BPI, subsidiary of CFE group, acquired 50% of the newly created companies in Luxemburg M1 SA and M7 SA. These companies are integrated under the equity method.

8. PPP Concessions

During the first six month of 2015, the stake of PPP Branch in Bizerte Cap 3000 SA was diluted from 25% to 20.01%.

ACCOUNTING PRINCIPLES AND EVALUATION METHOD

1. GENERAL POLICIES

IFRS AS ADOPTED BY THE EUROPEAN UNION

The retained accounting principles are the same that the principles used for the yearly consolidated financial statement at December 31, 2015.

STANDARDS AND INTERPRETATIONS APPLICABLE FOR THE ANNUAL PERIOD BEGINNING ON JANUARY 1ST, 2016

- Improvements to IFRS (2010-2012) (applicable to yearly periods after February 1st, 2015)
- Improvements to IFRS (2012-2014) (applicable to periods after January 1st, 2016)
- Amendments to IFRS 11 Joint arrangements – Accounting for acquisition of interests in joint operations (applicable to yearly periods after January 1st, 2016)
- Amendments to IAS 1 Presentation of Financial Statements – Disclosure initiative (applicable to yearly periods after January 1st, 2016)
- Amendments to IAS 16 and IAS 38 Tangible and intangible assets – Clarification of acceptable methods of depreciation and amortisation (applicable to yearly periods after January 1st, 2016)
- Amendments to IAS 19 Employee benefits – Employees contributions (applicable to yearly periods after February 1st, 2015)
- Amendments to IAS 27 Separate financial statements – Equity method (applicable to yearly periods after January 1st, 2016)

STANDARDS AND INTERPRETATIONS PUBLISHED, BUT NOT YET APPLICABLE FOR THE ANNUAL PERIOD BEGINNING ON JANUARY 1ST, 2016

The Company decided not to anticipate the application standards and interpretations here below that are not mandatory on June 30, 2016:

- IFRS 9 Financial Instruments and subsequent amendments (applicable for annual periods beginning on or after January 1st, 2018, but not yet endorsed in the EU)
- IFRS 14 Regulatory Deferral Accounts (applicable for annual periods beginning on or after January 1st, 2016 but not yet endorsed in the EU)
- IFRS 15 Revenue from Contracts with Customers (applicable for annual periods beginning on or after January 1st, 2018 but not yet endorsed in the EU)
- IFRS 16 Leases (applicable for annual periods beginning on or after January 1st, 2019 but not yet endorsed in the EU)
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions (applicable for annual periods beginning on or after January 1st, 2018 but not yet endorsed in the EU)
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception (applicable for annual periods beginning on or after January 1st, 2016 but not yet endorsed in the EU)
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (the effective date has been deferred indefinitely, and therefore the endorsement in the EU has been postponed)
- Amendments to IAS 7 Statement of Cash Flows – Disclosure Initiative (applicable for annual periods beginning on or after January 1st, 2017 but not yet endorsed in the EU)
- Amendments to IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses (applicable for annual periods beginning on or after January 1st, 2017 but not yet endorsed in the EU)

The potential impacts of these standards and interpretations on the group's consolidated financial statements are being determined. The group does not expect any material changes resulting from the application of the standards and interpretations except for IFRS 9, IFRS 15 and IFRS 16.

2. CONSOLIDATION METHODS

2.1. SCOPE OF CONSOLIDATION

Companies in which the Group holds, whether directly or indirectly, the majority of voting rights enabling control to be exercised, are fully consolidated. Companies over which the Group exercises a joint control with others shareholders are integrated under equity method. This mainly concerns Rent-A-Port and some companies in the segments Dredging and environment and real estate. Companies over which the Group exercises a significant influence are integrated under equity method. This mainly concerns Coentunnel Company BV, PPP Schulen Eupen SA, Van Maerlant Property I & II SPRL, Van Maerlant Residential SA and C-Power NV, Rentel NV and Otary NV in DEME Group.

Evolution of the consolidation scope

Number of entities	June 2016	December 2015
Full consolidation	177	177
Equity method	124	108
Total	301	285

2.2. INTRAGROUP TRANSACTIONS

Reciprocal operations and transactions relating to assets and liabilities and income and expenses between companies that are consolidated are eliminated in the consolidated financial statements. This is done:

- for the full amount if the transaction is between two controlled subsidiaries;
- applying the percentage owned of a company accounted for under the equity method with respect to internal profits or losses between a fully consolidated company and a company accounted for under the equity method.

2.3. TRANSLATION OF THE FINANCIAL STATEMENTS OF FOREIGN COMPANIES AND ESTABLISHMENT.

In main cases, the functional currency of companies and establishments correspond to the currency of the related country.

Financial statements of foreign companies whereas the functional currency is different from the consolidated accounts reporting currency of the group are translated at the closing rate for the balance sheet elements, and at the average rate of the period for the results elements. Exchange differences are recorded in "translation differences" in the consolidated reserves.

Goodwill related to foreign companies is considered to be included in the acquired assets and liabilities and are therefore translated at the closing rate.

2.4. FOREIGN CURRENCIES TRANSACTIONS

Foreign currencies transactions are converted into Euro using the conversion rate at the date of the operation. At closing period, the financial assets and monetary liabilities denominated in foreign currencies are converted into Euro at the exchange closing rate of the period. The exchange losses and gains coming from these operations are recognized in the section "exchange result" and are presented in other financial revenues and other financial expenses in the income statement.

The exchange gains and losses on loans denominated in foreign currencies or on exchange derivative instruments used for hedging investments in foreign subsidiaries are recorded under translation differences in equity.

3. RULES AND EVALUATION METHODS

3.1. RECOURSE TO ESTIMATES

The preparation of financial statements under IFRS requires estimates to be used and assumptions to be made that affect the amounts shown in those financial statements, particularly with regards the following items:

- the period over which non-current assets are depreciated or amortized;
- the measurement of provisions and pension obligations;
- the measurement of income or losses on construction contracts using the percentage of completion method;
- estimates used in impairment tests;
- the measurement of financial instruments at fair value;
- the assessment of control;
- the qualification of a company acquisition as a business combination or as an acquisition of assets; and
- the qualification, when a partnership enters into force, of the Joint Arrangement into a joint venture or a joint operation.

These estimates assume the operation is a going concern and are made on the basis of the information available at the time. Estimates may be revised if the circumstances on which they were based alter or if new information becomes available. Actual results may be different from these estimates.

4. SEGMENT REPORTING

Segment reporting is presented in respect of the group's operating segments. Segment profits, losses, assets and liabilities include items that can be attributed directly to a segment or allocated on a reasonable basis.

During the second semester 2015, the activities Multitechnics, Rail-infra and Building Belgium, Luxemburg, Poland and Tunisia were transferred under CFE Contracting SA, a 100% subsidiary of CFE SA and head of the segment. This internal reorganization goes with a change of scope within the segment Contracting as from January 1st, 2016. This segment only includes the activities performed by CFE Contracting SA and its subsidiaries.

CFE Group is made of four operating segments, which are :

- **Dredging & Environment**

The Dredging & Environment division – through DEME – operates in dredging (investment dredging and maintenance dredging), the treatment of polluted earth, installation of off-shore wind turbines and sludge, and marine civil engineering.

- **Contracting**

The construction activities reported in the Contracting Segment include :

- buildings (offices, industrial buildings, housing, renovation and refurbishment work) in Belgium, Luxemburg, Poland and Tunisia;
- electricity projects in the service sector (offices, hospitals, car parks etc.) in Belgium and Luxemburg;
- installation of overhead contact lines and rail signalling in Belgium.

- **Real Estate**

The Real Estate segment develops real estate projects in Belgium, Luxemburg and Poland.

- **Holding and non-transferred activities**

Besides the usual holding activities, this segment includes:

- the participations in Rent-A-Port, Rent-A-Port Energy and in three Design Build Finance and Maintenance contracts in Benelux.
- the contracting activities non-transferred to CFE Contracting SA and DEME including a number of civil engineering projects in Belgium and building projects in Africa (except Tunisia) and in central Europe (except Poland).

At June 30	Revenue		Income from operating activities				Operating income (EBIT)				Financial income	
	2016	2015 Pro forma (*)	2016	%Turnover	2015 Pro forma (*)	%Turnover	2016	%Turnover	2015 Pro forma (*)	%Turnover	2016	2015 Pro forma (*)
Dredging and environment	802,069	1,171,037	79,361	9.89%	168,689	14.41%	81,402	10.15%	180,269	15.39%	(20,790)	(23,018)
<i>Correction DEME</i>			(2,638)		(3,273)		(3,127)		(3,762)		3,515	5,510
Contracting	400,490	332,706	7,609	1.90%	(4,631)	(1.39%)	7,609	1.90%	(4,631)	(1.39%)	(331)	(225)
Real Estate	7,592	13,382	(390)	(5.14%)	1,051	7.85%	518	6.82%	2,720	20.33%	(1,290)	(1,137)
Holding & non-transferred activities	29,514	131,630	(13,548)		(18,687)		(11,070)		(21,773)		7,059	10,256
<i>Eliminations between segments</i>	(15,133)	(5,210)	125		(124)		125		(124)			
Total consolidated	1,224,532	1,643,545	70,519	5.76%	143,025	8.70%	75,457	6.16%	152,699	9.29%	(11,837)	(8,614)

At June 30	Taxes		Net income of the group				Non-cash items		EBITDA			
	2016	2015 Pro forma (*)	2016	%Turnover	2015 Pro forma (*)	%Turnover	2016	2015 Pro forma (*)	2016	%Turnover	2015 Pro forma (*)	%Turnover
Dredging and environment	(7,051)	(37,556)	54,009	6.73%	119,828	10.23%	105,944	107,600	185,305	23.10%	276,289	23.59%
<i>Correction DEME</i>	(335)	(704)	53		1,044		2,638	3,273				
Contracting	(3,597)	3,059	4,068	1.02%	746	0.22%	5,028	21,108	12,637	3.16%	16,477	4.95%
Real Estate	(33)	(143)	(805)	(10.60%)	1,439	10.75%	1,429	(314)	1,039	13.69%	737	5.51%
Holding & non-transferred activities	(324)	(495)	(4,371)		(12,117)		(3,324)	1,326	(16,872)		(17,361)	
<i>Eliminations between segments</i>	(33)	35	92		(90)				125		(124)	
Total consolidated	(11,373)	(35,804)	53,046	4.33%	110,850	6.74%	111,715	132,993	182,234	14.88%	276,018	16.79%

(*) Amounts adjusted in accordance with the internal organisation as of January 1st, 2016 as described here above.

4.2 CONDENSED CONSOLIDATED STATEMENT OF INCOME HIGHLIGHTS – COMPARATIVE PUBLISHED INFORMATION AND PRO FORMA INFORMATION AT JUNE 30, 2015

At June 30	Revenue		Income from operating activities				Operating income (EBIT)				Financial income	
	2015 Pro forma (*)	2015	2015 Pro forma (*)	%Turnover	2015	%Turnover	2015 Pro forma (*)	%Turnover	2015	%Turnover	2015 Pro forma (*)	2015
Dredging and environment	1,171,037	1,171,037	168,689	14.41%	168,689	14.41%	180,269	15.39%	180,269	15.39%	(23,018)	(23,018)
<i>Correction DEME</i>			(3,273)		(3,273)		(3,762)		(3,762)		5,510	5,510
Contracting	332,706	463,668	(4,631)	(1.39%)	(19,775)	(4.26%)	(4,631)	(1.39%)	(23,254)	(5.02%)	(225)	(669)
Real estate	13,382	13,382	1,051	7.85%	1,051	7.85%	2,720	20.33%	2,720	20.33%	(1,137)	(1,137)
PPP-Concessions	n.a.	668	n.a.		(2,058)		n.a.		(1,665)		n.a.	3,532
Holding & non-transferred activities	131,630	n.a.	(18,687)		n.a.		(21,773)		n.a.		10,256	n.a.
Holding	n.a.	0	n.a.		(1,485)		n.a.		(1,485)		n.a.	7,168
<i>Eliminations between segments</i>	(5,210)	(5,210)	(124)		(124)		(124)		(124)			
Total consolidated	1,643,545	1,643,545	143,025	8.70%	143,025	8.70%	152,699	9.29%	152,699	9.29%	(8,614)	(8,614)

At June 30	Taxes		Net income of the group				Non-cash items		EBITDA			
	2015 Pro forma (*)	2015	2015 Pro forma (*)	%Turnover	2015	%Turnover	2015 Pro forma (*)	2015	2015 Pro forma (*)	%Turnover	2015	%Turnover
Dredging and environment	(37,556)	(37,556)	119,828	10.23%	119,828	10.23%	107,600	107,600	276,289	23.59%	276,289	23.59%
<i>Correction DEME</i>	(704)	(704)	1,044		1,044		3,273	3,273				
Contracting	3,059	2,613	746	0.22%	(18,871)	(4.07%)	21,108	18,666	16,477	4.95%	(1,109)	(0.24%)
Real estate	(143)	(143)	1,439	10.75%	1,439	10.75%	(314)	(314)	737	5.51%	737	5.51%
PPP-Concessions	n.a.	0	n.a.		1,866		n.a.	3,407	n.a.		1,349	
Holding & non-transferred activities	(495)	n.a.	(12,117)		n.a.		1,326	n.a.	(17,361)		n.a.	
Holding	n.a.	(49)	n.a.		5,634		n.a.	361	n.a.		(1,124)	
<i>Eliminations between segments</i>	35	35	(90)		(90)				(124)		(124)	
Total consolidated	(35,804)	(35,804)	110,850	6.74%	110,850	6.74%	132,993	132,993	276,018	16.79%	276,018	16.79%

(*) Amounts adjusted in accordance with the internal organisation as of January 1st, 2016 as described here above.

4.3 CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At June 30 th , 2016 (thousand euro)	Dredging and environment	Contracting	Real Estate	Holding & non- transferred activities	Eliminations between segments	Total consolidated
ASSETS						
Goodwill	155,960	19,209	0	0	0	175,169
Property, plant and equipment	1,694,615	31,715	227	1,483	0	1,728,040
Non-current loans to consolidated group companies	0	0	0	40,000	(40,000)	0
Other non-current financial assets	64,666	176	33,466	7,936	0	106,244
Other non-current assets	305,074	6,527	54,481	1,261,617	(1,247,254)	380,445
Inventories	28,606	20,640	49,857	1,022	(1,601)	98,524
Cash and cash equivalents	369,730	49,085	3,446	32,295	0	454,556
Internal cash position - cash pooling - assets	0	59,526	0	55,714	(115,240)	0
Other current assets	740,161	302,952	32,970	178,952	(43,649)	1,211,386
Total assets	3,358,812	489,830	174,447	1,579,019	(1,447,744)	4,154,364
EQUITY AND LIABILITIES						
Equity	1,373,665	61,204	20,932	1,218,686	(1,247,885)	1,426,602
Non-current borrowings from consolidated group companies	0	0	40,000	0	(40,000)	0
Bonds	204,418	0	0	99,958	0	304,376
Non-current financial liabilities	324,602	9,269	(1)	9,999	0	343,869
Other non-current liabilities	203,272	9,877	21,573	23,977	(875)	257,824
Current financial liabilities	170,331	1,170	0	10	0	171,511
Internal cash position - cash pooling - liabilities	0	0	65,858	49,429	(115,287)	0
Other current liabilities	1,082,524	408,310	26,085	176,960	(43,697)	1,650,182
Total equity and liabilities	3,358,812	489,830	174,447	1,579,019	(1,447,744)	4,154,364

At December 31 st , 2015 - Pro Forma (*) (thousand euro)	Dredging and environment	Contracting	Real Estate	Holding & Non- Transferred activities	Eliminations between segments	Total consolidated
ASSETS						
Goodwill	155,959	19,210	53	0	0	175,222
Property, plant and equipment	1,693,799	31,573	207	2,100	0	1,727,679
Non-current loans to consolidated group companies	0	875	0	40,000	(40,875)	0
Other non-current financial assets	58,058	176	43,986	27,281	0	129,501
Other non-current assets	299,100	7,284	52,430	1,260,637	(1,246,182)	373,269
Inventories	11,259	23,268	44,965	55	(1,601)	77,946
Cash and cash equivalents	378,405	37,116	4,473	71,958	0	491,952
Internal cash position - cash pooling - assets	0	49,798	0	49,751	(99,549)	0
Other current assets	837,265	290,309	16,580	236,663	(54,227)	1,326,590
Total assets	3,433,845	459,609	162,694	1,688,445	(1,442,434)	4,302,159
EQUITY AND LIABILITIES						
Equity	1,381,998	58,899	21,769	1,219,422	(1,247,688)	1,434,400
Non-current borrowings from consolidated group companies	0	0	40,875	0	(40,875)	0
Bonds	205,257	0	0	99,959	0	305,216
Non-current financial liabilities	339,249	9,653	(5)	50,000	0	398,897
Other non-current liabilities	225,416	9,073	18,179	33,797	0	286,465
Current financial liabilities	108,901	1,644	4,732	13	(4,732)	110,558
Internal cash position - cash pooling - liabilities	0	777	48,974	45,113	(94,864)	0
Other current liabilities	1,173,024	379,563	28,170	240,141	(54,275)	1,766,623
Total equity and liabilities	3,433,845	459,609	162,694	1,688,445	(1,442,434)	4,302,159

(*) Amounts adjusted in accordance with the internal organisation as of January 1st, 2016 as described here above.

4.4. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

At June 30 th , 2016 (In thousand Euro)	Dredging & environment	Contracting	Real Estate	Holding, non-transferred activities and eliminations	Total consolidated
Cash flow from operating activities before changes in working capital	182,205	(2,170)	1,087	(2,542)	178,580
Cash flow from operating activities	117,762	17,603	1,427	(3,073)	133,719
Cash flow from investing activities	(112,493)	(3,448)	1,497	(539)	(114,983)
Cash flow from financing activities	(13,183)	(5,790)	(3,908)	(31,913)	(54,794)
Net increase/(decrease) of cash	(7,914)	8,365	(984)	(35,525)	(36,058)

At June 30 th , 2015 (In thousand Euro)	Dredging & environment	Contracting	Real Estate	PPP-Concessions	Holding and eliminations	Total consolidated
Cash flow from operating activities before changes in working capital	259,913	(1,407)	738	2,230	(1,490)	259,984
Cash flow from operating activities	179,414	(2,761)	(253)	(7,194)	(20,121)	149,085
Cash flow from investing activities	(149,401)	(4,120)	(375)	(2,646)	22,162	(134,380)
Cash flow from financing activities	(286,190)	(8,664)	2,479	9,169	(44,171)	(327,377)
Net increase/(decrease) of cash	(256,177)	(15,545)	1,851	(671)	(42,130)	(312,672)

Cash flows from financing activities include cash pooling loans and borrowing with other segments. A positive amount means a use of liquidities in the cash pooling. This section is also influenced by external financing, especially and primarily in the segments Real Estate, Holding, and Dredging and environment. The dredging and environment segment is not part of the cash pooling of the group CFE.

4.5. OTHER INFORMATION

At June 30 th , 2016 (In thousand Euro)	Dredging & environment	Contracting	Real Estate	Holding & non-transferred activities	Total consolidated
Amortizations	(108,582)	(3,824)	(57)	285	(112,178)
Investments	108,904	4,006	161	16	113,087
At June 30 th , 2015 (In thousand Euro)	Dredging & environment	Contracting	Real Estate	Holding & non-transferred activities	Total consolidated
Amortizations	(110,869)	(17,173)	(27)	(2,284)	(130,353)
Investments	179,786	4,757	75	1,176	185,794

The investments include the acquisitions done for the purpose of the group investments and the acquisitions done by the segments Real Estate and PPP-concessions for their operational activities. Acquisitions through business combinations are not disclosed in those amounts.

REVENUE BREAKDOWN GENERATED BY THE DREDGING DIVISION

(In thousand Euro)	June 2016	June 2015
Capital dredging	356,584	638,863
Environmental contracting	103,791	101,875
Fall pipe and landfalls	32,804	56,755
Maintenance dredging	112,260	125,844
Marine works	173,272	247,700
Civil works	23,358	0
Total	802,069	1,171,037

REVENUE BREAKDOWN GENERATED BY THE CONTRACTING DIVISION (*)

(In thousand Euro)	June 2016	June 2015
Construction	293,468	236,070
Multitechnics	76,246	66,526
Railway	30,776	30,110
Total	400,490	332,706

(*) Amounts adjusted in accordance with the internal organisation as of January 1st, 2016 as described here above.

4.6. GEOGRAPHICAL SECTOR

REVENUE OF CFE GROUP AT JUNE 30

(In thousand Euro)	June 2016	June 2015
Belgium	464,304	476,660
Other Europe	344,382	346,642
Middle East	34,215	40,163
Asia	170,216	108,755
Oceania	10,471	81,172
Africa	141,399	527,528
Americas	59,545	62,625
Total consolidated	1,224,532	1,643,545

5. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

ACQUISITIONS AS OF JUNE 30, 2016

On June 29th, 2016 through its subsidiary CFE Contracting SA, CFE increased its stake in Groep Terryn from 77.5% to 100%. Groep Terryn remains fully integrated.

DISPOSALS AS OF JUNE 30, 2016

On June 29th, 2016 CFE SA sold its 25% stake in Locorail NV.

COMPREHENSIVE INCOME

6. REVENUE FROM AUXILIARY ACTIVITIES

Revenues from auxiliary activities amount to 31,227 thousand Euro (June 2015 : 63,755 thousand Euro) and include gains on disposals of property, plant and equipment for 783 thousand Euro (June 2015: 13,052 thousand Euro), as well as rent income, recharges of costs and other compensation for 30,444 thousand Euro (June 2015 : 50,703 thousand Euro). The substantial decrease in the revenue of auxiliary activities is mainly due to the decrease of revenues from auxiliary activities in the segment Dredging and environment.

7. NET FINANCIAL INCOME/EXPENSE

As of June 30 (in thousand Euro)	2016	2015
Cost of financial debt	(13,265)	(13,692)
Derivative instruments - fair value adjustments through profit and loss	183	154
Derivative instruments used as hedging instruments	0	0
Assets measured at fair value	0	0
Available-for-sale financial instruments	0	0
Assets and liabilities at amortized cost - income from availabilities	5,249	4,686
Assets and liabilities at amortized cost - interest charges	(18,697)	(18,532)
Other financial income and expense	1,428	5,078
Realized / unrealized translation gains/(losses)	(8,834)	(1,184)
Dividends received from non-consolidated companies	64	3,628
Impairment of financial assets	0	(1,393)
Other	10,198	4,027
Financial result	(11,837)	(8,614)

The evolution of the exchange gain/(loss) realized/not realized in the first half year of 2016 compared to the same period in 2015 is mostly explained by the valuation of the Euro against other foreign currencies in DEME.

The caption "Other" includes the capital gain related to the sale of CFE's participation in the company Locorail NV, in charge for the maintenance and the financing of the railway connection Liefkenshoek in Antwerp.

8. NON-CONTROLLING INTERESTS

As of June 30, 2016 the part of non-controlling interests in the result amounts to 799 thousand Euro (June 2015 : 2,569 thousand Euro).

9. INCOME TAX

The tax expense amounts to 11,373 thousand Euro for the first half year 2016 (June 2015 : 35,804 thousand Euro). The effective tax rate amounts to 19.38 % (June 2015 : 26.64%). The effective tax rate is defined as the income tax expense over the pre-tax income from which the earnings from associates and joint ventures are deducted.

STATEMENT OF FINANCIAL POSITION

10. PROPERTY, PLANT & EQUIPMENT

As of June 30, 2016 (In thousand Euro)	Land & buildings	Installations & equipments	Furniture & fittings	Under construction	Total
Acquisition cost					
Balance at the end of the previous period	113,239	3,070,912	58,355	90,422	3,332,928
Effect of foreign currency fluctuations	(382)	(799)	(526)	55	(1,652)
Acquisitions	4,169	74,644	1,530	31,025	111,368
Transfers from one asset to another	12,994	17,984	(180)	(28,096)	2,702
Disposals	(1,690)	(10,359)	(1,437)	(9)	(13,495)
Acquisitions through business combinations	0	(5)	(1)	0	(6)
Balance at the end of the year	128,330	3,152,377	57,741	93,397	3,431,845
Depreciations & impairment					
Balance at the end of the previous period	(54,244)	(1,503,845)	(47,160)	0	(1,605,249)
Effect of foreign currency fluctuations	308	1,042	391	0	1,741
Depreciations	(1,478)	(106,011)	(2,462)	0	(109,951)
Transfers from one asset to another	(2,924)	51	173	0	(2,700)
Disposals	1,261	9,694	1,394	0	12,349
Acquisitions through business - combinations	0	4	1	0	5
Balance at the end of the period	(57,077)	(1,599,065)	(47,663)	0	(1,703,805)
Net carrying amount					
At January 1st, 2016	58,995	1,567,067	11,195	90,422	1,727,679
At June 30, 2016	71,253	1,553,312	10,078	93,397	1,728,040

The net carrying amount of tangible assets amounts to 1,728,040 thousand Euro on June 30, 2016 (December 31, 2015: 1,727,679 thousand Euro).

On June 30, 2016, the acquisitions of tangible assets amount to 111,368 thousand Euro, and are mainly related to DEME (107,517 thousand Euro).

The net value of the fixed assets held in leasing amounts to 124,125 thousand Euro (December 31 2015: 123,542 thousand Euro). Those contracts relate mainly to the vessels held by DEME, the building of the subsidiary Louis Stevens & Co NV, the building of the subsidiary Engema, the trucks of the subsidiary ETEC and the buildings and equipment of Groep Terryyn and its subsidiaries.

The amount of property, plant, and equipment constituting a guarantee for some borrowing amounts to 264,919 thousand Euro (December 31, 2015 : 313,244 thousand Euro).

As of June 30, 2015 (In thousand Euro)	Land & buildings	Installations & equipments	Furniture & fittings	Under construction	Total
Acquisition cost					
Balance at the end of the previous period	123,862	2,802,541	57,561	2,274	2,986,238
Effect of foreign currency fluctuations	132	6,089	57	60	6,338
Acquisitions	792	128,475	4,288	51,906	185,461
Transfers from one asset to another	(3,882)	106	(268)	(345)	(4,389)
Disposals	(9,044)	(80,107)	(3,126)	(108)	(92,385)
Acquisitions through business combinations	0	254,607	(84)	0	254,523
Balance at the end of the year	111,860	3,111,711	58,428	53,787	3,335,786
Depreciations & impairment					
Balance at the end of the previous period	(50,613)	(1,385,290)	(47,060)	0	(1,482,963)
Effect of foreign currency fluctuations	(230)	(5,943)	(56)	0	(6,229)
Depreciations	(9,382)	(115,825)	(2,458)	0	(127,665)
Transfers from one asset to another	2,965	258	268	0	3,491
Disposals	5,589	75,297	2,715	0	83,601
Acquisitions through business - combinations	0	(50,706)	30	0	(50,676)
Balance at the end of the period	(51,671)	(1,482,209)	(46,561)	0	(1,580,441)
Net carrying amount					
At January 1st, 2015	73,249	1,417,251	10,501	2,274	1,503,275
At June 30th, 2015	60,189	1,629,502	11,867	53,787	1,755,345

11. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE

On June 30, 2016 investments in associates amount to 152,908 thousand Euro (December 2015: 151,377 thousand Euro) in the statement of financial position. The decrease is mainly explained by the earnings from associates and joint ventures which amounts to 4,938 thousand Euro (June 2015: 9,674 thousand Euro).

12. INVENTORIES

On June 30, 2016 the inventories amount to 98,524 thousand Euro (December 2015: 77,946 thousand Euro) and are detailed as follows:

(In thousand Euro)	June 30, 2016	December 31, 2015
Raw materials and consumables	53,835	31,543
Raw material and consumables (impairment losses)	0	(91)
Finished products and goods purchased for resale	46,657	47,873
Finished products (impairment losses)	(1,968)	(1,379)
Inventories	98,524	77,946

13. TRADE AND OTHER RECEIVABLES

On June 30, 2016, the trade and other receivables amount to 1,135,129 thousand Euro (December 2015: 1,192,977 thousand Euro). The decrease during the 1st half year 2016 is mainly due to DEME's activities.

In order to reduce the current risk, the group CFE monitors regularly its outstanding clients and adapts its position towards them. Regarding this matter, it should be noted that CFE is involved in two projects in Chad. One project consists of the construction of the "Grand Hôtel" which was delivered in 2016 to client's satisfaction; the other project consists in the building for the Ministry of Finance. The Chadian government received a proposal during the second quarter for a conditional refinancing of the outstanding receivables relating to the Grand Hôtel in N'Djamena. This proposal is currently being examined by the Chadian authorities.

The exposure to this country remains unchanged at €60 million.

14. PROVISIONS OTHER THAN THOSE RELATING TO RETIREMENT BENEFIT OBLIGATIONS AND NON-CURRENT EMPLOYEE BENEFITS

On June 30, 2016 these provisions amount 104,937 thousand Euro, which represents a decrease of 4,737 thousand Euro compared to the end of December 2015 (109,674 thousand Euro).

(In thousand Euro)	After - sale service	Other current risks	Negative equity method	Other non- current risks	Total
Balance at the end of the previous period	14,012	50,808	30,258	14,596	109,674
Effect of foreign currency fluctuations	(80)	(102)	0	0	(182)
Actualization effect	0	0	0	0	0
Transfer from one category to another	20	(1,519)	(3,839)	996	(4,342)
Provisions recognized	2,038	21,692	0	1,328	25,058
Provisions used	(929)	(19,546)	0	(4,645)	(25,120)
Provisions reversed	0	(151)	0	0	(151)
Closing balance	15,061	51,182	26,419	12,275	104,937
of which current:	66,243				
non-current:	38,694				

The provision for after-sale service increased by 1,049 thousand Euro to reach 15,061 thousand Euro on June 30, 2016.

The provision for other current risks increased by 374 thousand Euro and amounts to 51,182 thousand Euro at June 30, 2016. This category includes :

- provisions for customer claims (9,886 thousand Euro), for social litigation (1,037 thousand Euro), for remaining work to be completed (148 thousand Euro) and provisions for other risks (11,615 thousand Euro). Since negotiations with customers are still in progress, we cannot give more information about the considered assumptions, nor on the time of the probable cash outflow.
- provisions for losses on completion (28,496 thousand Euro) are recognised when the expected economic benefits of certain contracts are lower than the inevitable costs attendant on compliance with obligations under those contracts. Provisions for losses on completion are used up when the related contracts are performed.

The other non-current risks which amount 12,275 thousand Euro at the end of June 2016 include, among others, provisions for restructuring.

If the share of CFE group in the economic losses of associates and joint ventures exceeds the carrying amount of investment, the carrying amount is limited to zero. Losses higher than the carrying amount are not recognised, except for the amount of commitments of CFE as regards to some of those associates and joint ventures. The amounts of those commitments are accounted as non-current provisions to the extent that the group considers it has an obligation to support those subsidiaries and their projects.

15. CONTINGENT ASSETS AND LIABILITIES

Based on available information at the date on which the financial statements were approved by the Board of Directors, we are not aware of any contingent assets or liabilities, with the exception of contingent assets or liabilities related to construction contracts (for example, the group's claims against customers or claims by subcontractors) that can be described as normal in the construction and the dredging sector and which are treated by applying the percentage-of-completion method during the recognition of revenue.

16. FINANCIAL INSTRUMENTS

CFE group uses derivatives financial instruments mainly in order to reduce the risks linked to unfavourable movements of interests rates, exchange rate, price of commodities and other market risks. The company does not hold or does not sell any financial instruments for trading purposes. However, derivatives which are not eligible to be considered as hedging instruments are disclosed as financial instruments held for trading.

On June 30, 2016 the derivative financial instruments have been estimated at their fair values.

17. NET FINANCIAL DEBT

17.1. THE NET FINANCIAL DEBT

(In thousand Euro)	30/06/2016			31/12/2015		
	Non-current	Current	Total	Non-current	Current	Total
Bank loans and other financial debt	(281,862)	(120,410)	(402,272)	(253,749)	(95,406)	(349,155)
Bonds	(304,376)	0	(304,376)	(305,216)	0	(305,216)
Drawings on credit facilities	(10,000)	0	(10,000)	(50,000)	0	(50,000)
Borrowings under finance leases	(52,007)	(51,090)	(103,097)	(95,148)	(15,136)	(110,284)
Total long-term financial debt	(648,245)	(171,500)	(819,745)	(704,113)	(110,542)	(814,655)
Short-term financial debt	0	(11)	(11)	0	(16)	(16)
Cash equivalents	0	9,705	9,705	0	13,863	13,863
Cash	0	444,851	444,851	0	478,089	478,089
Net short-term financial debt/(cash)	0	454,545	454,545	0	491,936	491,936
Total net financial debt	(648,245)	283,045	(365,200)	(704,113)	381,394	(322,719)
Derivative instruments used as interest-rate hedges	(12,178)	(7,102)	(19,280)	(8,517)	(7,611)	(16,128)

17.2. DEBT MATURITY SCHEDULE

(In thousand Euro)	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Between 5 and 10 years	More than 10 years	Total
Bank loans and other financial debt	(120,410)	(133,167)	(55,680)	(56,915)	(36,100)	0	(402,272)
Bonds	(1,752)	(101,710)	(200,914)	0	0	0	(304,376)
Drawings on credit facilities	0	(10,000)	0	0	0	0	(10,000)
Borrowings under finance leases	(51,090)	(9,983)	(7,305)	(12,576)	(18,713)	(3,430)	(103,097)
Total long-term financial debt	(173,252)	(254,860)	(263,899)	(69,491)	(54,813)	(3,430)	(819,745)
Short-term financial debt	(11)	0	0	0	0	0	(11)
Cash equivalents	9,705	0	0	0	0	0	9,705
Cash	444,851	0	0	0	0	0	444,851
Net short-term financial debt	454,545	0	0	0	0	0	454,545
Change in net financial debt	281,293	(254,860)	(263,899)	(69,491)	(54,813)	(3,430)	(365,200)

17.3. CREDIT FACILITIES AND LONG TERM BANK LOANS

At June 30th, 2016 the CFE group had confirmed long-term bank credit facilities of 125 million Euro, of which 10 million Euro were drawn at the end of June 2016.

On June 2012, 21st CFE issued 100 million Euro of bond maturing on June 21st, 2018 and paying a coupon of 4.75%.

On February 14th, 2013 DEME issued 200 million Euro of bond maturing on February 14th, 2019 and paying a coupon of 4.145%.

Bank loans and other financial debts mainly concern DEME and loans relating to real-estate projects and are without recourse against CFE.

17.4. FINANCIAL COVENANTS

Bilateral loans are subject to specific covenants that take into account factors such as financial debt and the ratio of debt to equity or non-current assets, as well as cash flow. The group complied with all these covenants.

18. FINANCIAL RISK MANAGEMENT

18.1. INTEREST RATE RISK

The policy and the risk management procedures defined by the group are the same as the one's declared in the 2015 annual report.

Effective average interest rate before considering derivative products

Type of debts	Fixed rate			Floating rate			Total		
	Amounts	Quota	Rate	Amounts	Quota	Rate	Amounts	Quota	Rate
Bank loans and other financial debts	274	0.07%	1.32%	401,998	97.12%	0.62%	402,272	49.07%	0.62%
Bonds	304,376	75.00%	4.34%	0	0.00%	0.00%	304,376	37.13%	4.34%
Credit line used	0	0.00%	0.00%	10,000	2.42%	1.45%	10,000	1.22%	1.45%
Loans related to finance lease	101,178	24.93%	0.29%	1,919	0.46%	0.07%	103,097	12.58%	0.29%
Total	405,828	100%	3.33%	413,917	100%	0.64%	819,745	100%	1.97%

Effective average interest rate after considering floating derivative products

Type of debts	Fixed rate			Floating rate			Floating rate capped + inflation			Total		
	Amounts	Quota	Rate	Amounts	Quota	Rate	Amounts	Quota	Rate	Amounts	Quota	Rate
Bank loans and other financial debts	400,594	49.69%	1.89%	1,678	12.34%	1.69%	0	0.00%	0.00%	402,272	49.07%	1.89%
Bonds	304,376	37.76%	4.34%	0	0.00%	0.00%	0	0.00%	0.00%	304,376	37.13%	4.34%
Credit line used	0	0.00%	0.00%	10,000	73.54%	1.45%	0	0.00%	0.00%	10,000	1.22%	1.45%
Loans related to finance lease	101,178	12.55%	0.29%	1,919	14.12%	0.07%	0	0.00%	0.00%	103,097	12.58%	0.29%
Total	806,148	100%	2.62%	13,597	100%	1.29%	0	0.00%	0.00%	819,745	100%	2.60%

18.2. LONG TERM FINANCIAL DEBTS BY CURRENCY

The outstanding debts by currency are:

(In thousand Euro)	June 2016	December 2015
Euro	819,745	814,655
US Dollar	0	0
Other currencies	0	0
Total long term debts	819,745	814,655

18.3. BOOK VALUE AND FAIR VALUE BY ACCOUNTING CATEGORY

June 30, 2016 (In € thousands)	Financial instruments not designated as hedging instruments	Derivatives designated as hedging instruments	Financial instruments available for sales	Loans and trade receivables at amortised costs	Total of carrying amount	Fair value measurements of financial assets by level	Fair value of the class
Non-current financial assets	2,190		4,672	101,572	108,434		108,434
Investments (1)			4,672		4,672	Level 2	4,672
Financial loans and receivables (1)				101,572	101,572	Level 2	101,572
Interest rate derivatives – cash flow hedges	2,190				2,190	Level 2	2,190
Current financial assets	1,330			1,589,685	1,591,015		1,591,015
Interest rate derivatives – non hedge							
Trade and other receivables				1,135,129	1,135,129	Level 2	1,135,129
Cash management financial assets	1,330				1,330	Level 2	1,330
Cash equivalents (2)				9,705	9,705	Level 2	9,705
Cash at bank and in hand (2)				444,851	444,851	Level 2	444,851
Total assets	3,520		4,672	1,691,257	1,699,449		1,699,449
Non-current financial debts		28,941		648,245	677,186		703,138
Bonds				304,376	304,376	Level 1	314,899
Financial debts				343,869	343,869	Level 2	359,298
Interest rate derivatives – cash flow hedges		28,941			28,941	Level 2	28,941
Current financial liabilities	26,975	7,102		1,264,962	1,299,039		1,307,046
Interest rate derivatives – highly probable projected cash flow hedges		104			104	Level 2	104
Interest rate derivatives – cash flow hedges		6,998			6,998	Level 2	6,998
Exchange rate derivatives – non cash flow hedges	14,485				14,485	Level 2	14,485
Other derivatives instruments – non hedge	12,490				12,490	Level 2	12,490
Trade payables and other operating debts				1,093,451	1,093,451	Level 2	1,093,451
Financial debts				171,511	171,511	Level 2	179,518
Total liabilities	26,975	36,043		1,913,207	1,976,225		2,010,184

December 31 st , 2015 (In € thousands)	Financial instruments not designated as hedging instruments	Derivatives designated as hedging instruments	Financial instruments available for sales	Loans and trade receivables at amortised costs	Total of carrying amount	Fair value measurements of financial assets by level	Fair value of the class
Non-current financial assets	1,381		2,811	126,690	130,882		130,882
Investments (1)			2,811		2,811	Level 2	2,811
Financial loans and receivables (1)				126,690	126,690	Level 2	126,690
Interest rate derivatives – cash flow hedges	1,381				1,381	Level 2	1,381
Current financial assets	8,514			1,684,929	1,693,443		1,693,443
Interest rate derivatives – non hedge							
Trade and other receivables				1,192,977	1,192,977	Level 2	1,192,977
Cash management financial assets	8,514				8,514	Level 2	8,514
Cash equivalents (2)				13,863	13,863	Level 2	13,863
Cash at bank and in hand (2)				478,089	478,089	Level 2	478,089
Total assets	9,895		2,811	1,811,619	1,824,325		1,824,325
Non-current financial debts		33,359		704,113	737,472		762,424
Bonds				305,216	305,216	Level 1	315,824
Financial debts				398,897	398,897	Level 2	413,241
Interest rate derivatives – cash flow hedges		33,359			33,359	Level 2	33,359
Current financial liabilities	27,535	7,611		1,295,444	1,330,590		1,346,326
Interest rate derivatives – highly probable projected cash flow hedges		288			288	Level 2	288
Interest rate derivatives – cash flow hedges		7,323			7,323	Level 2	7,323
Exchange rate derivatives – non cash flow hedges	4,795				4,795	Level 2	4,795
Other derivatives instruments – non hedge	22,740				22,740	Level 2	22,740
Trade payables and other operating debts				1,184,886	1,184,886	Level 2	1,184,886
Financial debts				110,558	110,558	Level 2	126,294
Total liabilities	27,535	40,970		1,999,557	2,068,062		2,108,750

(1) Included in items “Other non-current financial assets” and “Other noncurrent assets”.

(2) Included in item “Cash and cash equivalents”.

The fair value of financial instruments can be classified into three levels based on the degree to which the inputs to the fair value measurements are observable:

- Fair value measurements of level 1 are based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Fair value measurements of level 2 are based on inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly (through prices) or indirectly (through input derived from prices);
- Fair value measurements of level 3 are based on valuation techniques comprising inputs which are unobservable for the asset or liability.

The fair value of financial instruments have been determined using the following methods :

- For short-term financial instrument, such as trade receivables and payables, the fair value is considered not to be significantly different from the carrying amount measured at amortised cost;
- For floating rate liabilities, the fair value is considered not to be significantly different from the carrying amount measured at amortised cost;
- For derivative financial instruments (foreign currency, interest rate or forecasted cash flows), the fair value is determined using valuation models discounting future cash flows based on futures interest rate curves, foreign currency curves or other forward prices;
- For the other derivative instruments, the fair value is determined by discounting future estimated cash flows;
- For the quoted bonds issued by CFE and DEME, the fair value is based on the quoted price at reporting date.
- For fixed rate liabilities, the fair value is based on the discounted cash flows based on the market interests rates at the closing date.

19. OTHER COMMITMENTS GIVEN

The total amount of commitments granted other than guarantees for the period ended June 30th, 2016 is 992,408 thousand Euro (December 2015: 1,268,387 thousand Euro) and is detailed by nature as follows:

(In thousand Euro)	June 2016	December 2015
Performance guarantees and performance bonds (a)	690,016	905,798
Bid bonds (b)	17,630	11,292
Repayment of advance payments (c)	20,224	21,241
Retentions (d)	25,112	41,985
Deferred payments to subcontractors and suppliers (e)	51,016	77,405
Other commitments given - including 132,866 thousand Euro of corporate guarantees at DEME	188,410	210,666
Total	992,408	1,268,387

- Guarantees given in relation to the performance of works contracts. If the construction entity fails to perform, the bank (or insurance company) undertakes to compensate the customer to the extent of the guarantee.
- Guarantees provided as part of tenders relating to work contracts.
- Guarantees provided by a bank to a customer guaranteeing the repayment of advance payments in relation to contracts (mainly at DEME).
- Security provided by a bank to a client to replace the use of retention money.
- Guarantee covering the settlement of a liability to a supplier or subcontractor.

20. OTHER COMMITMENTS RECEIVED

(In thousand Euro)	June 2016	December 2015
Performance guarantees and performance bonds	109,700	102,720
Other commitments received	2,634	2,110
Total	112,334	104,830

21. LITIGATION

The CFE group has a number of claims that we qualify as normal for the construction and the dredging industry. In most of the cases, the group CFE expects to conclude a transactional convention with the counterparty, which substantially reduces the number of procedures. Currently, negotiations are on-going regarding some receivables. At the moment, it is not possible to assess the potential asset.

22. RELATED PARTIES

- Ackermans & van Haaren (AvH) owns 15,289,521 shares of CFE at the end of June 2016, being therefore the main shareholder of the CFE group with a stake of 60.40%. CFE concluded a service contract with its main shareholder AvH. The yearly amount due by CFE related to this contract reaches 150 thousand euro.
- Dredging Environmental and Marine Engineering NV concluded a service contract with Ackermans & van Haaren NV on November 26th 2001. The amounts related to this contracts due by Dredging Environmental and Marine Engineering NV, a 100% subsidiary of CFE, amount 1,126 thousand euro each year.
- There were no transactions with the Managing Directors other than relating to remuneration, There are no transactions with the companies Trorema SPRL, Frédéric Claes SA or Artist Valley SA, without prejudice to the remuneration of executives representing these companies.
- At June 30, 2016 CFE has a joint control on Rent-A-Port NV, Rent-A-Port Energy and their subsidiaries.
- The transactions with related parties concern mainly the operations with the entities in which CFE has a significant influence or a joint control. The transactions between related parties are executed at arm's length;
- In the first half year of 2016, there was no significant variation in the nature of transactions with related parties compared to December 31, 2015. The trade transactions or financial transactions between the group and the joint ventures integrated under equity method are as follows:

(In thousand Euro)	June 30, 2016	December 31, 2015
Assets with related parties	333,763	333,963
Non-current financial assets	103,705	129,966
Trade receivables and other operating trades	206,306	195,383
Other current assets	23,752	8,614
Liabilities with related parties	102,721	121,433
Other non-current liabilities	5,550	11,461
Trade payables and other operating trades	97,171	109,972

(In thousand Euro)	June 30, 2016	June 30, 2015
Expenses and incomes with related parties	85,602	34,164
Turnover and incomes from auxiliary activities	90,715	69,946
Purchases and other operating expenses	(4,881)	(37,788)
Expenses and financial incomes	(232)	2,006

23. SUBSEQUENT EVENTS

None.

24. IMPACT OF FOREIGN CURRENCIES

The international activities of the group CFE for the contracting and real estate segments are mainly within the Euro zone. As a consequence, the exposure to exchange risk and the impact on financial statements are limited. However, the dredging and environment segment realize a large part of its business internationally. These activities are mainly in US Dollars or in currencies strictly related to the US Dollar. DEME uses financial instruments to hedge exchange rate risk.

25. RESEARCH AND DEVELOPMENT

For DEME, the research and development relate to the improvement of the efficiency of the maritime-equipment. This company also lead a program in partnership with Belgian universities and the Flemish Region in order to develop the production of eco-friendly energy in the maritime-environment.

26. SEASONAL NATURE OF THE BUSINESS

The activity of construction is seasonal and depends on the climatic conditions of the winter.

Turnover and results achieved in the first half year cannot be extrapolated over the full year. The seasonal effect on the business is reflected in a higher use of cash in the first half year.

No adjustments were made to take account of the impact of seasonal factors on the group's financial statements for the first half year.

Income and expenses of the group from normal business operations which are subject to a seasonal, cyclical or occasional nature were recognized following the same valuation as at year end. They were therefore neither anticipated nor deferred in the interim financial statements.

27. STATUTORY AUDITORS REPORT

To the board of directors

In the context of our appointment as the company's statutory auditor, we report to you on the consolidated interim financial information. This consolidated interim financial information comprises the consolidated condensed statement of financial position as at 30 June 2016, the consolidated condensed income statement, the consolidated condensed statement of comprehensive income, the consolidated condensed statement of changes in equity and the consolidated condensed statement of cash flows for the period of six months then ended, as well as selective notes 1 to 26.

Report on the consolidated interim financial information

We have reviewed the consolidated interim financial information of Compagnie d'Entreprises CFE SA ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standard IAS 34 – Interim Financial Reporting as adopted by the European Union.

The consolidated condensed statement of financial position shows total assets of 4.154.364 (000) EUR and the consolidated condensed income statement shows a consolidated profit (group share) for the period then ended of 53.046 (000) EUR.

The board of directors of the company is responsible for the preparation and fair presentation of the consolidated interim financial information in accordance with IAS 34 – Interim Financial Reporting as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of review

We conducted our review of the consolidated interim financial information in accordance with International Standard on Review Engagements (ISRE) 2410 – Review of interim financial information performed by the independent auditor of the entity. 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 performed in accordance with the International Standards on Auditing (ISA) 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 on the consolidated interim financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information of Compagnie d'Entreprises CFE SA has not been prepared, in all material respects, in accordance with IAS 34 – Interim Financial Reporting as adopted by the European Union.

Emphasis of matter

Without modifying the unqualified opinion expressed above, we draw your attention to the Note 13 of the consolidated interim financial information which describes the uncertainties regarding the amount due by the State of Chad and the undertaken actions in order to facilitate its payment.

Diegem, 26 August 2016

The statutory auditors

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Michel Denayer

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Rik Neckebroeck