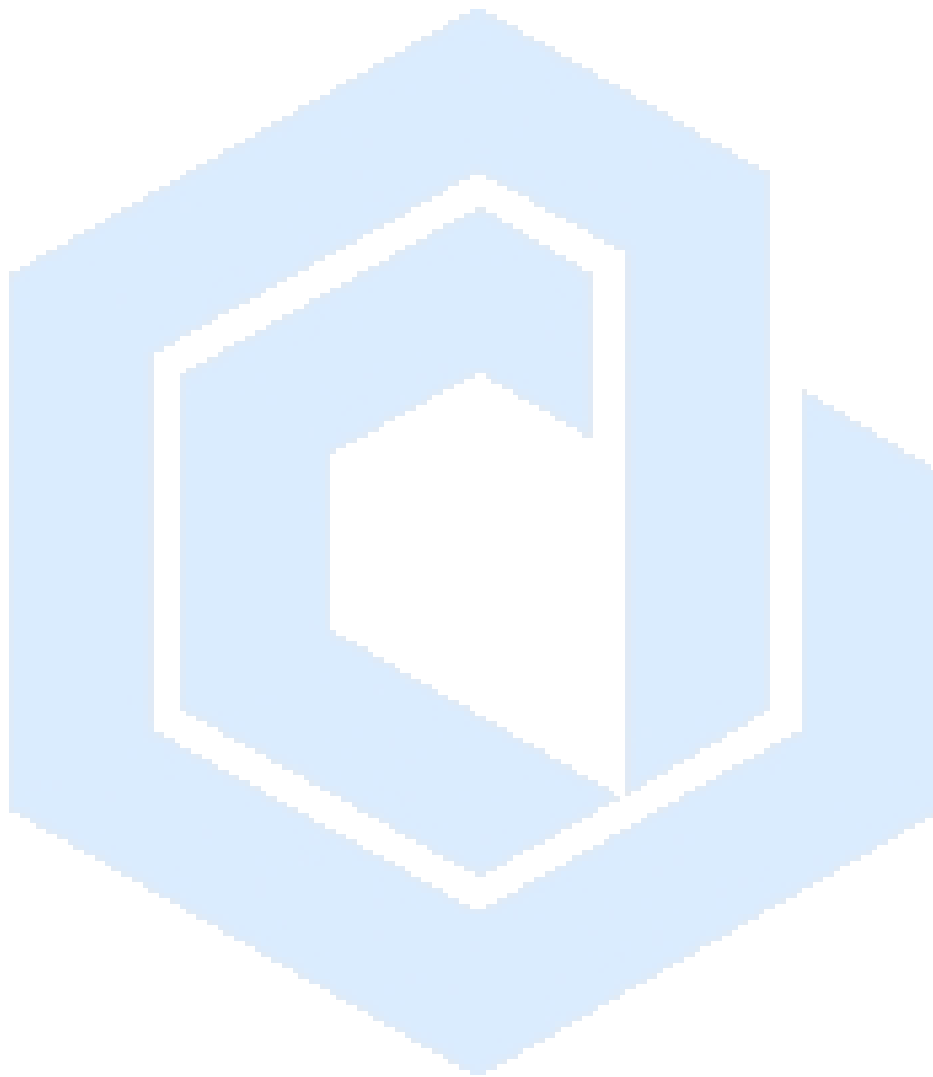


Intermediary Report

As of June 30, 2018



Intermediary report of the group CFE

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, 2017

Auditor's report

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
Net financial debt (NFD)	Non-current and current bonds + Non-current and current financial liabilities - Cash and cash equivalents
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 2018	June 2017
Revenue		1,860,146	1,455,872
Revenue from auxiliary activities	6	31,123	57,988
Purchases		(1,117,770)	(809,501)
Remuneration and social security payments		(334,784)	(281,781)
Other operating expenses		(233,825)	(189,435)
Depreciation and amortization		(126,150)	(116,844)
Income from operating activities		78,740	116,299
Earnings from associates and joint venture	11	(1,211)	(15,284)
Operating income		77,529	101,015
Cost of gross financial debt	7	(7,091)	(9,427)
Other financial expenses & income	7	29	(3,867)
Net financial income/expense		(7,062)	(13,294)
Pre-tax income		70,467	87,721
Income tax expense	9	(20,199)	(20,926)
Net income for the period		50,268	66,795
Attributable to owners of non-controlling interests	8	1,581	1,030
Net income share of the group		51,849	67,825
Net income of the group per share (EUR) (diluted and basic)		2.05	2.68

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period from January 1 st to June,30 th (In thousand Euro)	Note	June 2018	June 2017
Net income share of the group		51,849	67,825
Net income for the period		50,268	66,795
Changes in fair value related to hedging instruments		(4,505)	7,227
Currency translation differences		1,904	(19)
Deferred taxes		630	(1,439)
Other elements of the comprehensive income to be reclassified to profit or loss in subsequent periods		(1,971)	5,769
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		(1,971)	5,769
Comprehensive income:		48,297	72,564
- Attributable to owners of the parent		50,016	73,656
- Attributable to owners of non-controlling interests		(1,719)	(1,092)
Net income attributable to owners of the parent per share (EUR) (diluted and basic)		1.98	2.91

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the period ended June 30 th (In thousand Euro)	Notes	June 2018	December 2017 (*)	December 2017
Intangible assets		90,890	91,343	91,343
Goodwill		177,519	184,930	184,930
Property, plant and equipment	10	2,208,024	2,138,208	2,138,208
Investments in associates and joint ventures	11	138,778	140,510	140,510
Other non-current financial assets		154,258	147,719	147,719
Derivative instruments – Non-current assets	16	171	921	921
Other non-current assets		10,416	7,798	7,798
Deferred tax assets		99,300	104,022	104,022
Total non-current assets		2,879,356	2,815,451	2,815,451
Inventories	12	107,647	138,965	138,965
Trade and other operating receivables	13	1,330,838	1,120,306	1,132,306
Other current assets		39,608	32,963	32,963
Derivative instruments – Current assets	16	1,146	4,156	4,156
Current financial assets		19	34	34
Assets held for sale		0	0	0
Cash and cash equivalents	17	428,011	523,018	523,018
Total current assets		1,907,269	1,819,442	1,831,442
Total assets		4,786,625	4,634,893	4,646,893
Share capital		41,330	41,330	41,330
Share premium		800,008	800,008	800,008
Retained earnings		804,087	812,993	840,543
Defined benefits pension plans		(25,268)	(25,268)	(25,268)
Hedging reserves		(6,332)	(2,457)	(2,457)
Currency translation differences		(10,210)	(12,252)	(12,252)
Equity attributable to owners of the parent		1,603,615	1,614,354	1,641,904
Non-controlling interests		12,067	14,421	14,421
Equity		1,615,682	1,628,775	1,656,325
Retirement benefit obligations and employee benefits		53,231	53,149	53,149
Provisions	14	34,812	30,183	30,183
Other non-current liabilities		3,127	4,497	4,497
Bonds – non-current	17	29,531	231,378	231,378
Financial liabilities	17	694,409	419,093	419,093
Derivative instruments – Non-current liabilities	16	7,858	7,209	7,209
Deferred tax liabilities		116,985	126,946	130,023
Total non-current liabilities		939,953	872,455	875,532
Current provisions	14	75,454	82,530	82,530
Trade & other operating payables		1,345,716	1,295,073	1,276,446
Income tax payable		43,666	43,275	43,275
Bonds - current	17	201,097	99,959	99,959
Current financial liabilities	17	152,837	124,497	124,497
Derivative instruments – Current liabilities	16	7,472	7,445	7,445
Liabilities held for sale		0	0	0
Other current liabilities		404,748	480,884	480,884
Total current liabilities		2,230,990	2,133,663	2,115,036
Total equity and liabilities		4,786,625	4,634,893	4,646,893

(*) Amounts adjusted in accordance with the changes in accounting principle related to IFRS 15 “Revenue from contracts with customers” and IFRS 9 “Financial instruments and subsequent amendments” as explained in note 3.2.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the period from January 1 st to June 30 th (In thousand Euro)	Note	June 2018	June 2017
Operating activities			
Income from operating activities		78,740	116,299
Depreciation and amortization of intangible assets, property, plant & equipment and investment property		126,150	116,844
Net provision expense		(1,844)	3,135
Impairment on current and non-current assets and other non-cash items		(945)	(10,301)
Sales of non-current assets		(1,708)	(2,397)
Dividends from associates and joint-ventures		3,340	6,315
Cash flow from operating activities before changes in working capital		203,733	229,895
Decrease/(increase) in trade receivables and other current and non-current receivables		(228,409)	20,201
Decrease/(increase) in inventories		34,502	4,124
Increase/(decrease) in trade payables and other current and non-current payables		23,084	43,105
Income tax paid/received		(23,777)	(16,120)
Cash flow from operating activities		<u>9,133</u>	<u>281,205</u>
Investing activities			
Sales of non-current assets		2,534	4,654
Purchases of non-current assets		(226,739)	(267,774)
Acquisition of subsidiaries, net of cash acquired		336	0
Capital increase in investments in associates		(1,395)	(2,015)
Sale of subsidiaries		0	0
Loans granted		(10,568)	(4,216)
Cash flow from investing activities		<u>(235,832)</u>	<u>(269,351)</u>
Financing activities			
Interests paid		(16,657)	(17,877)
Interests received		5,112	6,970
Other financial expenses and income		(569)	(9,065)
Borrowings		390,239	78,672
Reimbursements of borrowings		(185,069)	(34,224)
Dividends paid		(60,715)	(54,426)
Cash flow from financing activities		<u>132,341</u>	<u>(29,950)</u>
Net Increase/(decrease) in cash position		(94,358)	(18,096)
Cash and cash equivalents at start of the year		523,018	612,155
Exchange rate effects		(649)	(1,106)
Cash and cash equivalents at end of period		428,011	592,953

Purchases and sales of subsidiaries net of cash acquired do not include entities that are not a business combination (segment real estate). 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, 2018

(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 2017	41,330	800,008	840,543	(25,268)	(2,457)	(12,252)	1,641,904	14,421	1,656,325
IFRS 15 & 9 restated			(27,550)				(27,550)		(27,550)
December 2017(*)	41,330	800,008	812,993	(25,268)	(2,457)	(12,252)	1,614,354	14,421	1,628,775
Comprehensive income for the period			51,849		(3,875)	2,042	50,016	(1,719)	48,297
Dividends paid to shareholders			(60,755)				(60,755)		(60,755)
Dividends from non-controlling interests								(518)	(518)
Other movements								(117)	(117)
June 2018	41,330	800,008	804,087	(25,268)	(6,332)	(10,210)	1,603,615	12,067	1,615,682

(*) Amounts adjusted in accordance with the changes in accounting principle related to IFRS 15 “Revenue from contracts with customers” and IFRS 9 “Financial instruments and subsequent amendments” as explained in note 3.2.

For the year ended June 30, 2017

(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 2016	41,330	800,008	714,527	(19,464)	(7,337)	(7,505)	1,521,559	14,918	1,536,477
Comprehensive income for the period			67,825		5,788	43	73,656	(1,092)	72,564
Dividends paid to shareholders			(54,426)				(54,426)		(54,426)
Dividends from non-controlling interests								(592)	(592)
Other movements								100	100
June 2017	41,330	800,008	727,926	(19,464)	(1,549)	(7,462)	1,540,789	13,334	1,554,123

CAPITAL AND RESERVES

The share capital on June 30, 2018 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 22, 2018 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 3, 2018. 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)

	2018	2017
Net income attributable to shareholders	51,849	67,825
Comprehensive income attributable to owners of the parent	50,016	73,656
Number of ordinary shares at closing date	25,314,482	25,314,482
Basic (diluted) income by share in Euro	2.05	2.68
Comprehensive income attributable to owners of parent by share in Euro	1.98	2.91

- 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
 - 3.2. CHANGES IN ACCOUNTING METHOD: APPLICATION OF IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS AND IFRS 9 FINANCIAL INSTRUMENTS AND SUBSEQUENT AMENDMENTS
- 4. SEGMENT REPORTING**
 - 4.1. CONDENSED CONSOLIDATED STATEMENT OF INCOME HIGHLIGHTS
 - 4.2. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 - 4.3. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 - 4.4. OTHER INFORMATION
 - 4.5. 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. CASH FLOWS RELATING TO FINANCIAL LIABILITIES
 - 17.4. CREDIT FACILITIES
 - 17.5. 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 27, 2018.

MAIN TRANSACTIONS FOR THE FIRST SIX MONTHS OF 2018 AND THE FIRST SIX MONTHS OF 2017 WITH EFFECT ON THE SCOPE OF THE GROUP CFE

TRANSACTIONS FOR THE FIRST SIX MONTHS OF 2018

1. Dredging and environment segment

During the first half year 2018, DEME acquired :

- A 100% stake in the company Dredeco PNG Ltd;
- A 100% stake in the company Middle East Marine Contracting Ltd;
- A 100% stake in the company Naviera Living Stone S.L.U.

The acquired companies listed here above are fully consolidated.

The group DEME has also acquired during the first semester 2018:

- A 50% stake in the newly created company Earth Moving Al Duqm LLC;
- A 15% stake in company BAAK Blankenburg-Verbinding BV.

The companies listed here above are integrated under equity method.

Finally, the companies Europ Agregats SARL owned at 100% and Ecoterres Holding owned at 74,90% were respectively absorbed by DEME Building Materials NV and DEME Environmental Contractors NV which are 100% owned by DEME.

2. Contracting segment

Nihil.

3. Real estate segment

On January 1st, 2018 CFE Group, through its subsidiary BPI Real Estate Belgium SA, increased its stake in D.H.B. SA from 75,33% to 100%. This entity was already fully integrated.

On May 14th, 2018, the company Foncière Sterpenich SA, subsidiary of BPI Real Estate Belgium SA, was rebranded as BPI Park West SA.

On May 30th, 2018 CFE Group, through its subsidiary BPI Real Estate Poland sp.z.o.o., acquired a 100% stake in company BPI Sadowa sp.z.o.o. which is fully consolidated.

On June 8th, 2018 CFE Group, through its subsidiaries BPI Real Estate Belgium SA and BPI Samaya SA, acquired a 100% stake in the newly created company Wolimmo SA which is fully consolidated.

On June 8th, 2018 CFE Group, through its subsidiaries BPI Real Estate Belgium SA and BPI Samaya SA, acquired a 100% stake in the newly created company Zen Factory SA which is fully consolidated.

4. Holding and non-transferred activities

Nihil.

TRANSACTIONS FOR THE FIRST SIX MONTHS OF 2017

1. Dredging and environment segment

In the first half year 2017, DEME acquired a 50% stake in the company K3 DEME which is consolidated under the equity method.

2. Contracting segment

On April 26th, 2017 CFE Group, through its subsidiary CFE Contracting SA, acquired a 100% stake in the newly created company CFE Senegal SASU which is fully consolidated.

3. Real estate segment

On June 29th, 2017 CFE Group, through its subsidiary BPI SA, acquired a 50% stake in the newly created company Ernest 11 SA which is integrated based on the equity method.

In the first half year 2017, BPI Luxembourg SA sold its stake in the company Pef Kons Investment SA (33,33%) which was integrated based on the equity method.

In the first half year 2017, BPI SA sold its stake in the companies Rederij Marleen BVBA, Rederij Ishtar BVBA and Oosteroever NV (50%) which were integrated based on the equity method.

4. Holding and non-transferred activities

Nihil.

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, 2017, except for the standards IFRS 15 and IFRS 9, applicable for annual periods beginning on or after 1 January 2018. We refer to the note 3.2. of the present report.

STANDARDS AND INTERPRETATIONS APPLICABLE FOR THE ANNUAL PERIOD BEGINNING ON JANUARY 1ST, 2018

- Amendments to IAS 40 *Transfers of Investment Property*
- IFRS 9 *Financial Instruments and subsequent amendments*
- Amendments to IFRS 2 *Classification and Measurement of Share-based Payment Transactions*
- Amendments to IFRS 4 *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
- Annual improvements to IFRS Standards 2014-2016 Cycle: Amendments to IFRS 1 and IAS 28
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration*
- IFRS 15 *Revenue from Contracts with Customers*

STANDARDS AND INTERPRETATIONS PUBLISHED, BUT NOT YET APPLICABLE FOR THE ANNUAL PERIOD BEGINNING ON JANUARY 1ST, 2018

The Company decided not to anticipate the application standards and interpretations here below that are not mandatory on June 30, 2018:

- Amendments to IAS 19 *Plan Amendment, Curtailment or Settlement* (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- Amendments to IAS 28 *Long term interests in Associates and Joint Ventures* (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- Amendments to IFRS 9 *Prepayment Features with Negative Compensation* (applicable for annual periods beginning on or after 1 January 2019)
- 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)
- Annual improvements to IFRS Standards 2015-2017 Cycle (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- IFRIC 23 *Uncertainty over Income Tax Treatments* (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- IFRS 14 *Regulatory Deferral Accounts* (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU)
- IFRS 16 *Leases* (applicable for annual periods beginning on or after 1 January 2019)
- IFRS 17 *Insurance Contracts* (applicable for annual periods beginning on or after 1 January 2021, 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 16.

The new IFRS 16 standard abolishes for the lessee the current distinction between operating leases recognized as expenses, and finance leases recognized as tangible assets against a financial debt, and requires for all leases the recognition of a right of use against a financial debt. IFRS 16 will replace the standard and interpretations IAS 17, IFRIC 4, SIC 15 and SIC 27. Where according to IAS 17 the accounting treatment of leases is determined by the assessment of the transfer of the risks and rewards incidental to ownership of the asset, IFRS 16 imposes a single recognition method for leases by lessees that has a similar impact on the balance sheet as finance leases. This standard will come into effect on 1 January 2019.

The implementation of IFRS 16 will thus have the following effects on the consolidated statement of financial position and on the consolidated income statement:

- an increase of assets and liabilities with the present value of future lease payments;
- an increase of the net financial debt; and
- an increase of the EBITDA as a consequence of the presentation of the expenses from leases as “depreciations and amortisations” and as “financial expenses” instead of as operating expenses.

Because of the specific features of certain leases (such as terms and conditions of extension), the time periods used for the measurement of leases under IFRS 16 may in some cases differ from those used for the measurement of off-balance-sheet commitments where only the firm period of

commitment was taken into account. The commitments mentioned in Note 27 *Operating leases* of the consolidated financial statements as of December 31, 2017 therefore cannot be entirely representative of the liabilities that are to be recognized in pursuance of IFRS 16.

The assessment of the potential impact on the group's financial statements is still in progress, since this is a complex task given the number of contracts to be reviewed and the decentralized management of the lease agreements.

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.

Evolution of the consolidation scope

Number of entities	June 2018	December 2017
Full consolidation	196	191
Equity method	124	124
Total	320	315

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; and
- 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 is 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 based on 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.

3.2. CHANGES IN ACCOUNTING METHOD: APPLICATION OF IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS AND IFRS 9 FINANCIAL INSTRUMENTS AND SUBSEQUENT AMENDMENTS

At 1st January 2018, the Group reduced its equity with €15,550 thousand, net of deferred tax in order to present the cumulative effect of the first time adoption of IFRS 15 “*Revenue from contracts with customers*”.

IFRS 15 is the new standard governing the principles of revenue recognition. This standard is applicable for the annual period beginning on January 1st, 2018 and replaces the standards IAS 11 “*Construction Contracts*” and IAS 18 “*Revenue*”, as well as the various existing interpretations, notably IFRIC 15 “*Agreements for the Construction of Real Estate*”. The recognition of revenue from contracts with customers is consequently governed by one single standard that will apply with effect from 1 January 2018.

The implementation of this standard as of 1st January 2018 has a limited impact on the accounting of the turnover that we resume as follows:

- The revenue from most of the construction and service contracts was recognized according former standard IAS 11 as a single performance obligation where the transfer of control takes place progressively. This approach remains in compliance with the provisions of the IFRS 15 standard. No significant changes are thus applicable for the preparation of consolidated financial statements of the first semester 2018.
- To measure the progress of contracts, the group uses a method according former standard IAS 11 based on percentage of completion by reference to costs. This approach also remains in compliance with the provisions of the IFRS 15 standard. No significant changes are thus applicable for the preparation of consolidated financial statements of the first semester 2018.
- For a limited number of “EPCI” contracts in the Dredging and Environment division, multiple performance obligations have been identified. Those performance obligations relate to *procurement* activities and to transport and installation activities. Since the revenue from those contracts is recognized as a single performance obligation under the old IAS 11 standard, the application of IFRS 15 will result in a restatement that diminishes the opening equity at 1 January 2018 with an estimated amount of €15,550 thousand.

At 1st January 2018, the Group reduced its equity by €12,000 thousand, net of deferred tax in order to present the cumulative effect of the first time adoption of IFRS 9 *Financial Instruments and subsequent amendments*.

The new IFRS 9 standard, which is due to replace the present standard IAS 39 *Financial Instruments*, contains new provisions regarding the classification and measurement of financial assets based on the corporate governance model and contractual features of the financial assets.

- Phase I - Classification and measurement of financial assets
IFRS 9’s arrangements for classifying and measuring financial assets are based on the company’s management method and the contractual characteristics of the financial assets. Because of the Group’s approach to manage its financial assets and because the Group does not hold any complex financial instruments, the Group concluded that all of its financial assets met the “Solely Payments of Principal and Interest (SSPI)” criterion as defined by IFRS 9. As a result, financial assets recognized at amortized cost under IAS 39 did not undergo any change in accounting method when IFRS 9 was adopted for the first time. No significant changes are thus applicable for the preparation of consolidated financial statements of the first semester 2018.

The matching between the categories as defined by the standards IAS 39 and IFRS 9 are summarized as follows:

Categories of financial assets and liabilities - (Note 18.3)	IAS 39	IFRS 9
<i>Financial assets</i>		
Investments	Financial instruments available for sales	Financial assets or financial liabilities measured at amortised cost
Financial loans and receivables	Loans and trade receivables at amortized costs	Financial assets or financial liabilities measured at amortised cost
Derivatives	Financial instruments not designated as hedging instruments OR Derivatives designated as hedging instruments	Financial assets mandatorily measured at fair value - derivatives, non-hedging instruments OR hedging instruments
Trade and other receivables	Loans and trade receivables at amortized costs	Financial assets or financial liabilities measured at amortised cost
Cash equivalents	Loans and trade receivables at amortized costs	Financial assets or financial liabilities measured at amortised cost
Cash at bank and in hand	Loans and trade receivables at amortized costs	Financial assets or financial liabilities measured at amortised cost
<i>Financial liabilities</i>		
Bonds	Loans and trade receivables at amortized costs	Financial assets or financial liabilities measured at amortised cost
Financial debts	Loans and trade receivables at amortized costs	Financial assets or financial liabilities measured at amortised cost
Trade payables and other operating	Loans and trade receivables at amortized costs	Financial assets or financial liabilities measured at amortised cost
Derivatives	Financial instruments not designated as hedging instruments OR Derivatives designated as hedging instruments	Financial liabilities at fair value through profit or loss - derivatives, non-hedging instruments OR hedging instruments

- Phase II – Financial asset impairment model

IFRS 9 has also changed the Group's principles regarding the impairment of financial assets, as it now requires a model based on expected losses. The evaluation of the Group financial assets considers the present value of expected losses if the borrower defaults on its obligations. Expected credit losses are calculated based on a weighted average of expected credit losses arising from multiple scenario's. Implementation of this model on the receivables owned by the Group on the Chadian Government leads to a decrease of the opening equity at 1st January 2018 with an estimated amount of €12,000 thousand.

The "simplified retrospective" transition method has been applied by Group for the implementation of standards IFRS 15 and IFRS 9. Consequently, the consolidated statement of financial position for comparative period 2017 has been restated, without presentation of a restated 2017 condensed consolidated statement of comprehensive income. The condensed consolidated statement of comprehensive income is presented according to the accounting rules applicable in 2017.

The consolidated statement of financial position for the fiscal year ended on 31 December 2017 has been impacted as follows :

	December 2017, published	Impact IFRS 15	Impact IFRS 9	December 2017, after restatement
Current assets, including :				
<i>Trade and other operating receivables</i>	1,132,306		(12,000)	1,120,306
Equity attributable to owners of the parent, including :				
<i>Retained earnings</i>	840,543	(15,550)	(12,000)	812,993
Non current liabilities, including :				
<i>Deferred tax liabilities</i>	130,023	(3,077)		126,946
<i>Trade & other operating payables</i>	1,276,446	18,627		1,295,073

If the standard IFRS 15 had not been implemented at 1st January 2018 the net result of the Group of the first semester 2018 would have been lower by €5,767 thousand in the dredging and environmental segment.

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.

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 offshore 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 NV, Green Offshore NV and in two Design Build Finance and Maintenance contracts in Belgium.
- 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).

4.1 CONDENSED CONSOLIDATED STATEMENT OF INCOME HIGHLIGHTS

At June 30	Revenue		Income from operating activities				Operating income (EBIT)				Financial income	
	2018	2017	2018	%Turnover	2017	%Turnover	2018	%Turnover	2017	%Turnover	2018	2017
Dredging and environment	1,329,416	1,097,715	68,895	5.18%	85,135	7.76%	66,997	5.04%	72,339	6.59%	(4,587)	(12,822)
<i>Correction DEME</i>			(2,294)		(2,734)		(2,636)		(3,223)		1,450	2,109
Contracting	468,116	351,202	7,247	1.55%	14,819	4.22%	7,244	1.55%	14,819	4.22%	(79)	(45)
Real Estate	75,474	7,140	9,652	12.79%	20,106	281.60%	11,651	15.44%	19,252	269.64%	(2,130)	(363)
Holding & non-transferred activities	13,706	19,312	(4,169)		(1,295)		(5,136)		(2,440)		(1,716)	(2,173)
<i>Eliminations between segments</i>	(26,566)	(19,497)	(591)		268		(591)		268			
Total consolidated	1,860,146	1,455,872	78,740	4.23%	116,299	7.99%	77,529	4.17%	101,015	6.94%	(7,062)	(13,294)

At June 30	Taxes		Net income of the group				Non-cash items		EBITDA			
	2018	2017	2018	%Turnover	2017	%Turnover	2018	2017	2018	%Turnover	2017	%Turnover
Dredging and environment	(1,531)	(14,417)	48,425	3.64%	46,130	4.20%	118,205	110,265	187,100	14.07%	195,400	17.80%
<i>Correction DEME</i>	192	110	(994)		(1,004)		2,294	2,734				
Contracting	(3,091)	(5,929)	4,075	0.87%	8,845	2.52%	7,619	(3,904)	14,866	3.18%	10,915	3.11%
Real Estate	(1,741)	(91)	7,815	10.35%	18,798	263.28%	(1,028)	4,188	8,624	11.43%	24,294	340.26%
Holding & non-transferred activities	(70)	(528)	(6,923)		(5,141)		(3,729)	(3,605)	(7,898)		(4,900)	
<i>Eliminations between segments</i>	42	(71)	(549)		197				(591)		268	
Total consolidated	(20,199)	(20,926)	51,849	2.79%	67,825	4.66%	123,361	109,678	202,101	10.86%	225,977	15.52%

4.2 CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At June 30 th , 2018 (thousand euro)	Dredging and environment	Contracting	Real Estate	Holding & non- transferred activities	Eliminations between segments	Total consolidated
ASSETS						
Goodwill	155,959	21,560	0	0	0	177,519
Property, plant and equipment	2,144,100	62,351	523	1,050	0	2,208,024
Non-current loans to consolidated group companies	0	0	0	20,000	(20,000)	0
Other non-current financial assets	103,355	1	30,112	20,790	0	154,258
Other non-current assets	272,563	13,376	32,241	1,267,243	(1,245,868)	339,555
Inventories	14,649	23,283	69,710	1,630	(1,625)	107,647
Cash and cash equivalents	343,204	51,995	8,763	24,049	0	428,011
Internal cash position - cash pooling – assets	0	41,256	0	871	(42,127)	0
Other current assets	837,522	338,509	87,176	117,540	(9,136)	1,371,611
Total assets	3,871,352	552,331	228,525	1,453,173	(1,318,756)	4,786,625
EQUITY AND LIABILITIES						
Equity	1,543,439	71,941	66,586	1,181,209	(1,247,493)	1,615,682
Non-current borrowings from consolidated group companies	0	0	20,000	0	(20,000)	0
Bonds – non-current	0	0	29,531	0	0	29,531
Non-current financial liabilities	544,599	10,665	19,145	120,000	0	694,409
Other non-current liabilities	167,660	16,525	8,770	23,058	0	216,013
Bonds – current	201,097	0	0	0	0	201,097
Current financial liabilities	151,493	1,344	0	0	0	152,837
Internal cash position - cash pooling - liabilities	0	0	10,475	31,652	(42,127)	0
Other current liabilities	1,263,064	451,856	74,018	97,254	(9,136)	1,877,056
Total equity and liabilities	3,871,352	552,331	228,525	1,453,173	(1,318,756)	4,786,625

At December 31st, 2017(*) (thousand euro)	Dredging and environment	Contracting	Real Estate	Holding & non-transferred activities	Eliminations between segments	Total consolidated
ASSETS						
Goodwill	163,370	21,560	0	0	0	184,930
Property, plant and equipment	2,073,436	63,736	526	510	0	2,138,208
Non-current loans to consolidated group companies	0	0	0	20,000	(20,000)	0
Other non-current financial assets	94,138	754	34,981	17,846	0	147,719
Other non-current assets	278,749	10,894	32,889	1,267,880	(1,245,818)	344,594
Inventories	15,714	24,020	99,216	1,640	(1,625)	138,965
Cash and cash equivalents	434,687	59,234	3,324	25,773	0	523,018
Internal cash position - cash pooling - assets	0	47,985	0	1,928	(49,913)	0
Other current assets	727,178	290,454	26,723	124,074	(10,970)	1,157,459
Total assets	3,787,272	518,637	197,659	1,459,651	(1,328,326)	4,634,893
EQUITY AND LIABILITIES						
Equity	1,554,953	74,226	64,433	1,182,605	(1,247,442)	1,628,775
Non-current borrowings from consolidated group companies	0	0	20,000	0	(20,000)	0
Bonds	201,900	0	29,478	0	0	231,378
Non-current financial liabilities	401,559	11,134	6,400	0	0	419,093
Other non-current liabilities	174,527	18,241	8,846	20,370	0	221,984
Bonds – current	0	0	0	99,959	0	99,959
Current financial liabilities	118,889	5,608	0	0	0	124,497
Internal cash position - cash pooling - liabilities	0	0	16,293	33,620	(49,913)	0
Other current liabilities	1,335,444	409,428	52,209	123,097	(10,971)	1,909,207
Total equity and liabilities	3,787,272	518,637	197,659	1,459,651	(1,328,326)	4,634,893

(*) Amounts adjusted in accordance with the changes in accounting principle related to IFRS 15 “Revenue from contracts with customers” and IFRS 9 “Financial instruments and subsequent amendments” as explained in note 3.2.

4.3. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

At June 30 th , 2018 (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	187,649	15,379	10,153	(9,448)	203,733
Cash flow from operating activities	25,336	16,981	(2,083)	(31,101)	9,133
Cash flow from investing activities	(228,604)	(3,907)	325	(3,646)	(235,832)
Cash flow from financing activities	111,676	(19,781)	7,410	33,036	132,341
Net increase/(decrease) of cash	(91,592)	(6,707)	5,652	(1,711)	(94,358)

At June 30 th , 2017 (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	196,519	8,672	29,674	(4,970)	229,895
Cash flow from operating activities	259,796	17,288	4,262	(141)	281,205
Cash flow from investing activities	(264,362)	(2,038)	(2,362)	(589)	(269,351)
Cash flow from financing activities	(1,534)	(11,438)	(3,456)	(13,522)	(29,950)
Net increase/(decrease) of cash	(6,100)	3,812	(1,556)	(14,252)	(18,096)

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 Dredging and environment, Real Estate, Holding and non-transferred activities. The dredging and environment segment is not part of the cash pooling of the group CFE.

4.4. OTHER INFORMATION

At June 30 th , 2018 (In thousand Euro)	Dredging & environment	Contracting	Real Estate	Holding & non-transferred activities	Total consolidated
Amortizations	(120,548)	(5,383)	(137)	(82)	(126,150)
Investments	186,229	4,575	185	673	191,662
At June 30 th , 2017 (In thousand Euro)	Dredging & environment	Contracting	Real Estate	Holding & non-transferred activities	Total consolidated
Amortizations	(112,988)	(3,651)	(91)	(114)	(116,844)
Investments	261,214	5,485	350	583	267,632

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 2018	June 2017
Capital dredging	274,474	259,115
Environmental contracting	84,064	81,740
Fallpipe and landfalls	225,744	65,858
Maintenance dredging	146,957	136,001
Marine works	538,682	523,416
Civil works	59,495	31,585
Total	1,329,416	1,097,715

REVENUE BREAKDOWN GENERATED BY THE CONTRACTING DIVISION

(In thousand Euro)	June 2018	June 2017
Construction	343,370	242,864
Multitechnics	86,156	74,897
Rail Infra & Utilities Networks	38,590	33,441
Total	468,116	351,202

4.5. GEOGRAPHICAL SECTOR

REVENUE OF CFE GROUP AT JUNE 30

(In thousand Euro)	June 2018	June 2017
Belgium	566,710	509,289
Other Europe	930,721	611,772
Middle East	8,669	7,109
Asia	195,729	135,180
Oceania	18,067	17,914
Africa	110,558	136,044
Americas	29,692	38,564
Total consolidated	1,860,146	1,455,872

5. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

ACQUISITIONS AS OF JUNE 30, 2018

Acquisitions of first semester 2018 classified as business combination according standard IFRS 3 have no materiel impacts during the period ended 30 June.

During the first semester 2018, GeoSea, subsidiary of DEME has finalized the assessment of fair value of assets and liabilities of the subsidiaries G-Tec and A2Sea A/S, acquired in 2017. The definitive acquisition price and the definitive fair value assigned to the assets and liabilities are summarized as follows:

Acquisitions GeoSea 2017 (In thousand Euro)	Provisional fair value December 2017	Definitive fair value June 2018
Property, plant and equipment	186,675	190,964
Cash and cash equivalents	38,945	38,945
Dettes non courantes	(14,279)	(14,279)
Other current and non-current assets and liabilities	(9,192)	(7,281)
Total net assets acquired	202,149	208,349
Non-controlling interests	699	869
Total net assets acquired – share of the group	202,848	209,218
Goodwill	7,410	704
Acquisition price	210,258	209,922

DISPOSALS AS OF JUNE 30, 2018

Nihil.

Acquisitions and disposals of subsidiaries in the Real Estate division are not business combinations. Therefore, the consideration paid is allocated to the land and buildings in stock. The main acquisitions and sales which occur in the real estate division are described here above in the preamble.

COMPREHENSIVE INCOME

6. REVENUE FROM AUXILIARY ACTIVITIES

Revenues from auxiliary activities amount to 31,123 thousand Euro (June 2017 : 57,988 thousand Euro) and include gains on disposals of property, plant and equipment for 1,828 thousand Euro (June 2017: 2,838 thousand Euro), as well as rent income, recharges of costs and other compensation for 29,295 thousand Euro (June 2017 : 21,823 thousand Euro). In 2017, the income from the sale of subsidiaries within the real estate segment for an amount of 33,327 thousands euro were included in the revenue from auxiliary activities.

7. NET FINANCIAL INCOME/EXPENSE

As of June 30 (in thousand Euro)	2018	2017
Cost of financial debt	(7,091)	(9,427)
Derivative instruments - fair value adjustments through profit and loss	0	0
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 – interests income	5,376	3,642
Assets and liabilities at amortized cost - interest expenses	(12,467)	(13,069)
Other financial income and expense	29	(3,867)
Realized / unrealized translation gains/(losses)	2,459	(5,491)
Dividends received from non-consolidated companies	43	3,330
Defined benefit plan financial cost	0	0
Impairment of financial assets	0	0
Other	(2,473)	(1,706)
Financial result	(7,062)	(13,294)

The evolution of the exchange gain/(loss) realized/not realized in the first half year of 2018 compared to the same period in 2017 is mostly explained by the valuation of the Euro against other foreign currencies in DEME.

8. NON-CONTROLLING INTERESTS

As of June 30, 2018 the part of non-controlling interests in the result amounts to 1,581 thousand Euro (June 2017 : 1,030 thousand Euro).

9. INCOME TAX

The tax expense amounts to 20,199 thousand Euro for the first half year 2018 (June 2017 : 20,926 thousand Euro). The effective tax rate amounts to 28.18% (June 2017 : 20.32%). 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, 2018 (In thousand Euro)	Land & buildings	Installations & equipments	Furniture & fittings	Under construction	Total
Acquisition cost					
Balance at the end of the previous period	144,888	3,435,161	76,181	428,074	4,084,304
Effect of foreign currency fluctuations	131	667	32	58	888
Acquisitions	2,309	71,225	3,803	113,319	190,656
Transfers from one asset to another	(1,328)	3,500	1,909	(5,136)	(1,055)
Disposals	(967)	(22,263)	(2,751)	0	(25,981)
Acquisitions through business combinations	187	788	527	0	1,502
Balance at the end of the year	145,220	3,489,078	79,701	536,315	4,250,314
Depreciations & impairment					
Balance at the end of the previous period	(58,599)	(1,823,759)	(63,738)	0	(1,946,096)
Effect of foreign currency fluctuations	(112)	(344)	7	0	(449)
Depreciations	(2,700)	(118,667)	(2,987)	0	(124,354)
Transfers from one asset to another	4,124	213	(3,667)	0	670
Disposals	967	21,591	2,594	0	25,152
Acquisitions through business - combinations	(187)	3,501	(527)	0	2,787
Balance at the end of the period	(56,507)	(1,917,465)	(68,318)	0	(2,042,290)
Net carrying amount					
At January 1st, 2018	86,289	1,611,402	12,443	428,074	2,138,208
At June 30, 2018	88,713	1,571,613	11,383	536,315	2,208,024

The net carrying amount of tangible assets amounts to 2,208,024 thousand Euro on June 30, 2018 (December 31, 2017: 2,138,208 thousand Euro).

On June 30, 2018, the acquisitions of tangible assets amount to 190,656 thousand Euro, and are mainly related to DEME (185,497 thousand Euro).

The caption "acquisitions through business combinations" concerns the evaluation of assets of A2Sea for which the valorisation was finalized during the first semester 2018.

Of the eight vessels commissioned in 2015 and 2016, worth a total of one billion euros, the trailing suction hopper dredgers Minerva and Scheldt River, with a capacity of 3,500 m³ and 8,400 m³ respectively had previously been delivered. In 2018, the vessels Living Stone, Apollo, and Gulliver are fully operational.

DEME's board of directors approved the construction of four new vessels for a total amount of €133 million. They include two trailing suction hopper dredgers with a capacity of 2,300 m³ and 8,000 m³ respectively, and two self-propelled barges with a capacity of 3,500 m³ each.

The net value of the fixed assets held in leasing amounts to 60,958 thousand Euro on June, 30 2018 (December 31, 2017: 65,599 thousand Euro). Those contracts relate mainly to the vessels held by DEME, the buildings of the subsidiaries Louis Stevens & Co NV, Engema and Vandendorpe NV; the trucks of the subsidiary Benelmat and the equipment of Compagnie Tunisienne d'Entreprises and José-Coghe-Werbrouck NV.

The amount of property, plant, and equipment constituting a guarantee for some borrowing amounts to 112,024 thousand Euro (December 31, 2017 : 113,231 thousand Euro).

As of June 30, 2017 (In thousand Euro)	Land & buildings	Installations & equipments	Furniture & fittings	Under construction	Total
Acquisition cost					
Balance at the end of the previous period	130,770	3,022,471	60,273	129,115	3,342,629
Effect of foreign currency fluctuations	(175)	(3,623)	(264)	2	(4,060)
Acquisitions	1,829	55,769	2,641	203,191	263,430
Transfers from one asset to another	153	1,612	11	(1,849)	(73)
Disposals	(1,957)	(16,277)	(1,828)	(686)	(20,748)
Acquisitions through business combinations	0	0	0	0	0
Balance at the end of the year	130,620	3,059,952	60,833	329,773	3,581,178
Depreciations & impairment					
Balance at the end of the previous period	(58,215)	(1,551,879)	(49,231)	0	(1,659,325)
Effect of foreign currency fluctuations	128	1,677	152	0	1,957
Depreciations	(2,327)	(105,460)	(2,244)	0	(110,031)
Transfers from one asset to another	(478)	490	61	0	73
Disposals	1,720	14,975	1,808	0	18,503
Acquisitions through business - combinations	0	0	0	0	0
Balance at the end of the period	(59,172)	(1,640,197)	(49,454)	0	(1,748,823)
Net carrying amount					
At January 1st, 2017	72,555	1,470,592	11,042	129,115	1,683,304
At June 30, 2017	71,448	1,419,755	11,379	329,773	1,832,355

11. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE

On June 30, 2018 investments in associates amount to 138,778 thousand Euro (December 2017: 140,510 thousand Euro) in the statement of financial position. The decrease is mainly explained by the earnings from associates and joint ventures which amounts to (1,211) thousand Euro (June 2017: (15,284) thousand Euro).

12. INVENTORIES

On June 30, 2018 the inventories amount to 107,647 thousand Euro (December 2017: 138,965 thousand Euro) and are detailed as follows:

(In thousand Euro)	June 30, 2018	December 31, 2017
Raw materials and consumables	42,349	40,727
Raw material and consumables (impairment losses)	(231)	(324)
Finished products and goods purchased for resale	67,253	101,182
Finished products (impairment losses)	(1,724)	(2,620)
Inventories	107,647	138,965

The drastic decrease of inventories is mainly explained by the sales of several real estate projects in Poland.

13. TRADE AND OTHER RECEIVABLES

On June 30, 2018, the trade and other receivables amount to 1,330,838 thousand Euro (December 2017(*): 1,120,306 thousand Euro). The increase during the 1st half year 2018 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. It consists of the construction of the "Grand Hôtel" and of the building for the Ministry of Finance. The "Grand Hôtel" operational maintenance and management were transferred in June 2017 to the operator appointed by the Chadian government while the official opening took place on July 1st, 2017.

Negotiations continued in the first half of 2018 with the Chadian authorities and the Afrexim Bank to refinance the receivables relating to the Grand Hotel. In July 2018, the Chadian government settled old receivables relating to the Ministry of Finance project and the Grand Hotel for an amount of €7.5 million.

Accordingly, CFE's exposure to Chad has diminished by €12 million following the recognition of the partial impairment loss, and by €7.5 million to the extent that the sums received locally can be converted into euros and transferred to Belgium.

(*) Amounts adjusted in accordance with the changes in accounting principle related to IFRS 15 "Revenue from contracts with customers" and IFRS 9 "Financial instruments and subsequent amendments" as explained in note 3.2.

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

On June 30, 2018 these provisions amount 110,266 thousand Euro, which represents a decrease of 2,447 thousand Euro compared to the end of December 2017 (112,713 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	14,898	67,632	19,179	11,004	112,713
Effect of foreign currency fluctuations	(79)	(179)	0	0	(258)
Actualization effect	0	0	0	0	0
Transfer from one category to another	(4)	(5,757)	2,924	2,573	(264)
Provisions recognized	1,332	8,335	0	33	9,700
Provisions used	(1,526)	(6,284)	0	(901)	(8,711)
Provisions reversed	0	(2,914)	0	0	(2,914)
Closing balance	14,621	60,833	22,103	12,709	110,266
of which current:	75,454 thousand Euro				
non-current:	34,812 thousand Euro				

The provision for after-sale service decreased by 277 thousand Euro to reach 14,621 thousand Euro on June 30, 2018.

The provision for other current risks decreased by 6,799 thousand Euro and amounts to 60,833 thousand Euro at June 30, 2018. This category includes :

- provisions for customer claims (12,511 thousand Euro), for social litigation (1,155 thousand Euro) and provisions for other risks (24,297 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 at completion (22,870 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 at completion are used up when the related contracts are performed.

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.

Provisions for other non-current liabilities include provisions for liabilities not directly related to site operations in progress.

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, 2018 the derivative financial instruments have been estimated at their fair values.

17. NET FINANCIAL DEBT

17.1. THE NET FINANCIAL DEBT

(In thousand Euro)	30/06/2018			31/12/2017		
	Non-current	Current	Total	Non-current	Current	Total
Bank loans and other financial debt	519,602	141,911	661,513	373,667	110,236	483,903
Bonds	29,531	201,097	230,628	231,378	99,959	331,337
Drawings on credit facilities	133,000	0	133,000	0	0	0
Borrowings under finance leases	41,807	7,863	49,670	45,426	7,920	53,346
Total long-term financial debt	723,940	350,871	1,074,811	650,471	218,115	868,586
Short-term financial debt	0	3,063	3,063	0	6,341	6,341
Cash equivalents	0	(9,624)	(9,624)	0	(9,650)	(9,650)
Cash	0	(418,387)	(418,387)	0	(513,368)	(513,368)
Net short-term financial debt/(cash)	0	(424,948)	(424,948)	0	(516,677)	(516,677)
Total net financial debt	723,940	(74,077)	649,863	650,471	(298,562)	351,909
Derivative instruments used as interest-rate hedges	5,735	3,130	8,865	5,250	3,453	8,703

The bank loans and other financial debts (€661,513 thousand) mainly relate to the corporate credit line and project financing granted to DEME which are allocated to the financing of vessels.

The bonds (€230,628 thousand) are the bonds subscribed by DEME NV and BPI Real Estate Belgium SA. On 14 February 2013, DEME issued €200 million of bonds maturing on 14 February 2019 and paying a coupon of 4.145%. On 19 December 2017, BPI Real Estate Belgium issued €30 million of bonds maturing on 19 December 2022 and paying a coupon of 3.75%.

The finance leases (€49,670 thousand) mainly relate to DEME, and the buildings of the subsidiaries Louis Stevens & Co NV and Engema NV and the equipment's of the subsidiary José Coghe-Werbrouck NV.

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	141,911	118,325	115,786	186,133	99,358	0	661,513
Bonds	201,097	0	0	29,531	0	0	230,628
Drawings on credit facilities	0	0	13,000	120,000	0	0	133,000
Borrowings under finance leases	7,863	8,013	6,592	13,760	10,560	2,882	49,670
Total long-term financial debt	350,871	126,338	135,378	349,424	109,918	2,882	1,074,811
Short-term financial debt	3,063	0	0	0	0	0	3,063
Cash equivalents	(9,624)	0	0	0	0	0	(9,624)
Cash	(418,387)	0	0	0	0	0	(418,387)
Net short-term financial debt	(424,948)	0	0	0	0	0	(424,948)
Total net financial debt	(74,077)	126,338	135,378	349,424	109,918	2,882	649,863

The present value of finance lease obligations amounted to €7,863 thousand (2017: €7,920 thousand).

17.3. CASH FLOWS RELATING TO FINANCIAL LIABILITIES

At 30 June 2018, CFE's financial liabilities amounted to €1,077,874 thousand, or an increase by €202,947 thousand relative to 31 December 2017.

This increased debt is primarily explained by a net positive cash flow (+€205,170 thousand) from bank loans granted (+ €390,239 thousand) and repaid (€185,069 thousand). The item 'Other changes' mainly concerns the reclassification in current financial liabilities of the retail bond of DEME NV which matures in February 2019 as well as the effect of foreign exchange rates.

(in €thousands)	December 2017	Cash flow	Other changes	June 2018
Non-current financial liabilities				
Bonds	231.378	(750)	(201.097)	29.531
Other non-current financial liabilities	419.093	309.699	(34.383)	694.409
Current financial liabilities				
Bonds	99.959	(99.959)	201.097	201.097
Other current financial liabilities	124.497	(3.820)	32.160	152.837
Total	874.927	205.170	(2.223)	1.077.874

17.4. CREDIT FACILITIES

At June, 30 2018 CFE SA has confirmed long-term bank credit facilities of €150 million on which €120 million were drawn at half-end 2018.

At June, 30 2018 BPI Real Estate Belgium SA has confirmed long-term bank credit facilities of €20 million on which €13 million were drawn at half-end 2018.

DEME has confirmed bank credit facilities “revolving credit facilities” of €120 million, and bank credit facilities “term loans” of €40 million and has also the opportunity to issue commercial paper for a total amount of €125 million. At 30 June 2018, none of those financing facilities is used.

17.5. 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 at June, 30 2018.

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 2017 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	326	0.12%	5.37%	661,187	83.00%	0.69%	661,513	61.55%	0.70%
Bonds	230,628	82.89%	4.09%	0	0.00%	0.00%	230,628	21.46%	4.09%
Drawing on credit facilities	0	0.00%	0.00%	133,000	16.70%	0.77%	133,000	12.37%	0.77%
Borrowings under finance leases	47,270	16.99%	1.12%	2,400	0.30%	2.50%	49,670	4.62%	1.19%
Total	278,224	100%	3.59%	796,587	100%	0.71%	1,074,811	100%	1.46%

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	655,343	64.68%	0.080%	6,170	10.02%	0.68%	0	0.00%	0.00%	661,513	61.55%	0.80%
Bonds	230,628	22.76%	4.09%	0	0.00%	0.00%	0	0.00%	0.00%	230,628	21.46%	4.09%
Drawing on credit facilities	80,000	7.90%	0.57%	53,000	86.08%	0.82%	0	0.00%	0.00%	133,000	12.37%	0.67%
Borrowings under finance leases	47,270	4.66%	1.12%	2,400	3.90%	2.50%	0	0.00%	0.00%	49,670	4.62%	1.19%
Total	1,013,241	100%	1.55%	61,570	100%	0.87%	0	0.00%	0.00%	1,074,811	100%	1.51%

18.2. LONG TERM FINANCIAL DEBTS BY CURRENCY

The outstanding debts, excluding finance leases, can be split by currency as follows:

(In thousand Euro)	June 2018	December 2017
Euro	1,025,141	815,240
US Dollar	0	0
Other currencies	0	0
Total long term debts	1,025,141	815,240

18.3. BOOK VALUE AND FAIR VALUE BY ACCOUNTING CATEGORY

June 30, 2018 (In € thousands)	FAMMFV/ FLFVPL (3): Derivatives not designated as hedging instruments	FAMMFV/ FLFVPL (3): Derivatives designated as hedging instruments	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		171	145,941	146,112		146,112
Investments (1)			7.163	7,163	Level 2	7,163
Financial loans and receivables (1)			138.778	138,778	Level 2	138,778
Derivatives		171		171	Level 2	171
Current financial assets	1,032	114	1,758,849	1,759,995		1,759,995
Trade and other receivables			1.330.838	1,330,838	Level 2	1,330,838
Derivatives	1.032	114		1,146	Level 2	1,146
Cash equivalents (2)			9.624	9,624	Level 2	9,624
Cash at bank and in hand (2)			418.387	418,387	Level 2	418,387
Total assets	1,032	285	1,904,790	1,906,107		1,906,107
Non-current financial debts	2,122	4,638	723,940	730,700		737,303
Bonds			29.531	29,531	Level 1	29,531
Financial debts			694.409	694,409	Level 2	701,012
Derivatives	2.122	4.638		6,760	Level 2	6,760
Current financial liabilities	4,200	3,272	1,699,650	1,707,122		1,714,903
Trade payables and other operating debts			1.345.716	1.345.716	Level 2	1,345,716
Bonds			201.097	201.097	Level 1	204,640
Financial debts			152.837	152.837	Level 2	157,075
Derivatives	4.200	3.272		7.472	Level 2	7,472
Total liabilities	6,322	7,910	2,423,590	2,437,822		2,452,206

December, 31 2017 (*) (In € thousands)	FAMMFV/ FLFVPL (3): Derivatives designated as hedging instruments	FAMMFV/ FLFVPL (3): Derivatives designated as hedging instruments	Loans and trade receivables at amortized costs	Total of carrying amount	Fair value measurements of financial assets by level	Fair value of the class
Non-current financial assets		921	147,719	148,640		148,640
Investments (1)			7,101	7,101	Level 2	7,101
Financial loans and receivables (1)			140,618	140,618	Level 2	140,618
Derivatives		921		921	Level 2	921
Current financial assets	2,320	1,836	1,643,324	1,647,480		1,647,480
Trade and other receivables			1,120,306	1,120,306	Level 2	1,120,306
Derivatives	2,320	1,836		4,156	Level 2	4,156
Cash equivalents (2)			9,650	9,650	Level 2	9,650
Cash at bank and in hand (2)			513,368	513,368	Level 2	513,368
Total assets	2,320	2,757	1,791,043	1,796,120		1,796,120
Non-current financial debts	1,960	5,249	650,471	657,680		671,253
Bonds			231,378	231,378	Level 1	235,599
Financial debts			419,093	419,093	Level 2	428,445
Derivatives	1,960	5,249		7,209	Level 2	7,209
Current financial liabilities	401	7,044	1,519,529	1,526,974		1,530,825
Trade payables and other operating debts			1,295,073	1,295,073	Level 2	1,295,073
Bonds			99,959	99,959	Level 1	101,168
Financial debts			124,497	124,497	Level 2	127,139
Derivatives	401	7,044		7,445	Level 2	7,445
Total liabilities	2,361	12,293	2,170,000	2,184,654		2,202,078

(*) Amounts adjusted in accordance with the changes in accounting principle related to IFRS 15 “Revenue from contracts with customers” and IFRS 9 “Financial instruments and subsequent amendments” as explained in note 3.2.

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

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

(3) FAMMFV: Financial assets mandatorily measured at fair value

FLFVPL: Financial liabilities at fair value through profit or loss

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 has 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, BPI 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, 2018 amount to 1,143,033 thousand Euro (December 2017: 1,168,439 thousand Euro) and is detailed by nature as follows:

(In thousand Euro)	June 2018	December 2017
Performance guarantees and performance bonds (a)	979,778	997,687
Bid bonds (b)	12,966	16,902
Repayment of advance payments (c)	2,452	2,683
Retentions (d)	15,006	12,300
Deferred payments to subcontractors and suppliers (e)	51,523	51,317
Other commitments given - including 60,858 thousand Euro of corporate guarantees at DEME	81,308	87,550
Total	1,143,033	1,168,439

- a) 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.
- b) Guarantees provided as part of tenders relating to work contracts.
- c) Guarantees provided by a bank to a customer guaranteeing the repayment of advance payments in relation to contracts (mainly at DEME).
- d) Security provided by a bank to a client to replace the use of retention money.
- e) Guarantee covering the settlement of a liability to a supplier or subcontractor.

20. OTHER COMMITMENTS RECEIVED

(In thousand Euro)	June 2018	December 2017
Performance guarantees and performance bonds	436,007	393,592
Other commitments received	2,226	2,515
Total	438,233	396,107

The commitments received are essentially related to the commitments received in the context of the extension of the dredging fleet.

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 2018, being therefore the main shareholder of the CFE group with a stake of 60.40%.
- Dredging Environmental and Marine Engineering NV and CFE SA concluded a service contract with Ackermans & van Haaren NV respectively on 26 December 2001 and on 11 June 2018. The amounts due by Dredging Environmental and Marine Engineering NV, 100% subsidiary of CFE SA, and CFE SA in accordance with this contract amounts respectively to 1,191 thousand euro and 650 thousand during the full year 2018.
- 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, 8822 SPRL, D2C Partners, Almacon BVBA and Artist Valley SA, without prejudice to the invoicing of these companies relating to the redeems of services. Loans were granted to some members of the steering committee of CFE Contracting in the frame of the stock options granted to these members.
- At June 30, 2018 CFE has a joint control on Rent-A-Port NV, Green Offshore NV 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 2018, there was no significant variation in the nature of transactions with related parties compared to December 31, 2017. 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, 2018	December 31, 2017
Assets with related parties	478,409	445,634
Non-current financial assets	151,513	143,203
Trade receivables and other operating trades	305,051	281,761
Other current assets	21,845	20,670
Liabilities with related parties	104,459	106,555
Other non-current liabilities	1,578	3,542
Trade payables and other operating trades	102,881	103,013
(In thousand Euro)	June 30, 2018	June 30, 2017
Expenses and incomes with related parties	266,002	318,386
Turnover and incomes from auxiliary activities	281,934	322,004
Purchases and other operating expenses	(20,453)	(9,069)
Expenses and financial incomes	4,521	5,451

23. SUBSEQUENT EVENTS

Nihil.

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. Consequently, 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 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

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 2018, 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 Accounting Standard (IAS) 34, "Interim Financial Reporting" as adopted by the European Union.

The consolidated condensed statement of financial position shows total assets of 4 786 625 (000) EUR and the consolidated condensed income statement shows a consolidated profit (group share) for the period then ended of 51 849 (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 conclusion 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.

Zaventem, 27 August 2018

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