June 30,

2017

Séché Environnement

Interim activity report

A French limited liability company (SA)
with share capital of EUR 1 571 546.40
Company registration: B 306 915 535 RCS Laval

Les Hêtres - CS 20020 - 53811 Changé Cedex 09 - France

Séché environnement
Séché global solutions

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CERTIFICATION OF THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

CERTIFICATION OF THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

“I hereby certify that, to the best of my knowledge, the summary accounts for the half-year reporting period have been drawn up in accordance with applicable accounting standards and provide a faithful and accurate image of the financial situation and income of the Company and all companies included in the consolidation scope, and that the attached interim activity report provides an accurate description of the major events that occurred during the first six months of the financial year, their impact on the accounts, the main transactions with affiliates and a description of the principal risks and uncertainties for the remaining six months of the year."

The Chairman of the Board of Directors,

Joël Séché

Changé, September 5, 2017

CONSOLIDATED INTERIM ACTIVITY REPORT AT JUNE 30, 2017

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CONSOLIDATED INTERIM ACTIVITY REPORT AT JUNE 30, 2017

2.1. HIGHLIGHTS of the period

In the course of the first half of 2017, Séché Environnement actively pursued its development on waste treatment and recovery markets, confirming its organic growth dynamic and continuing to initiate significant acquisition projects, in France on non-hazardous waste markets, and internationally on hazardous waste markets.

Over the period, the Group made financial investments amounting to EUR 72.0 million.

In France, Séché Environnement acquired the environmental activities of the family-owned Charier group.

This acquisition concerned three companies specializing in the treatment of industrial and domestic waste in Western France, as well as several sites operating under public service delegation contracts.

This operation enables Séché Environnement to consolidate its position in Brittany and the Loire Valley.

The Group thus strengthens its offerings to local customers in the areas of:

- materials recovery, with sites located at Croix-Irtelle (Morbihan), Nivillac (Morbihan), Vallet (Loire-Atlantique) and Redon (Ille-et-Vilaine): packaging sorting centers, centers for the transfer of household waste, clinker recovery platform, wood recovery platform, green waste composing center, grouping and sorting center for business waste;
- energy recovery at the Ecosite of Croix-Irtelle (Morbihan), where a specialist company, Energécie, recovers biogas in the form of electricity and hot water (cogeneration);
- treatment of final waste on sites located at Croix-Irtelle (Morbihan), Hautes-Gayeulles (Ille-et-Vilaine), Bellevue at St-Flaive-des-Loups (Vendée), L'Etrolle at Les Pineaux (Vendée) and La Chevrenière at Tallud-Ste-Gemme (Vendée).

These new sites complement Séché Environnement's services offerings aimed at local authorities and economic actors in Western France at its existing sites operated by Séché Eco-Industries at La Dominelais (Ille-et-Vilaine), Triadis Services at Saint-Jacques-de-la-Lande (Ille-et-Vilaine), Alcéa at Nantes (Loire-Atlantique), Séché Healthcare for infectious medical waste at Saint-Gilles (Ille-et-Vilaine) and Carquefou (Loire-Atlantique), as well as the Changé site (Mayenne).

This cluster of activities, now renamed Séché Environnement Ouest, generated revenue of some EUR 14 million in 2016.

Internationally, Séché Environnement made several successive acquisitions in the areas of the treatment of hazardous waste and in services to industry.

1. In Latin America, Séché Environnement acquired two companies specializing in hazardous waste treatment: Soluciones Ambientales del Norte SA (SADN) in Chile and Befesa Peru in Peru, now renamed Taris.

Through these acquisitions, Séché Environnement is now positioned to offer local solutions for the treatment and safeguarding of hazardous waste to industrial companies in its core target market in the mineral extraction and oil exploration sectors:

- In Chile, SADN specializes in the treatment and storage of hazardous waste, principally from the mining industry. The company provides sorting and recovery services, and also treats non-hazardous waste products of industrial origin. With its 52 employees, the company manages a hazardous waste storage site with an authorized annual capacity of 40 Kt. The company was created in 2008 and holds ISO 9001, ISO 14001 and OHSAS 18001 certifications;
- In Peru, Taris manages hazardous waste treatment and recovery facilities, dealing with waste mainly from the mining and energy sectors. This company is the only one in Peru able to offer completely integrated hazardous waste treatment and recovery services, with its own analysis laboratory, incinerator, water treatment unit and a storage site for ultimate waste with an authorized annual capacity of 55 Kt.

  Created in 2003 and employing 75 people, the company holds ISO 9001, ISO 14001 and OHSAS 18001 certifications.

Following Séché Environnement's acquisition in 2015 of a 49% interest in Kanay in Peru, a company specializing in the treatment of infectious medical waste (IMW), these acquisitions complement each other perfectly, and strengthen Séché Environnement's presence in Latin America on hazardous waste treatment and recovery markets, serving customers in core target industrial companies.

The two companies considered together achieved revenues of the order of EUR 10 million in 2016.

2. Séché Environnement acquired 76% of the capital of Solarca, a Spanish company specializing in industrial maintenance services by chemical cleaning. By taking a controlling interest in this company, Séché Environnement reinforces its position in high-value-added services to industrial customers in its core target segments, particularly in the chemical, petrochemical and energy sectors.

Solarca, created some thirty years ago, has become a world leader in industrial maintenance and process decontamination services, thanks to its high levels of expertise and use of clean technologies.

Positioned on a highly technical niche market with high barriers to entry, Solarca operates principally in Tarragona, Spain, but also serves its customers in other parts of Europe such as France, the United Kingdom and Portugal, as well as in several other world regions such as Latin America and Asia.

With the acquisition of Solarca, Séché Environnement strengthens its technological expertise and is favorably poised to serve a large international customer base in the chemical and energy sectors, upstream of industrial cycles, to capture new flows of industrial hazardous waste.

Also by means of the Solarca acquisition, the Group has acquired new bases from which to lead its development in its chosen target territories on international markets.

In 2016, Solarca employed around 110 people and posted revenue of the order of EUR 17 million.

The founding shareholder, Joan Enric Carreres, becomes a member of the Séché Environnement team and will continue to accompany the development of Solarca around the world. Séché Environnement holds an option to purchase the remainder of the share capital of Solarca, exercisable for 5 years.

More marginally, the Group divested itself of most of its holding in LEN (Laval Energies Nouvelles), reducing its interest in that company from 35% to 2%. This operation resulted in a net capital gain of EUR 1.2 million.

On its historical consolidation scope, Séché Environnement confirmed its solid organic growth, due in particular to the dynamism of the hazardous waste (HW) division, which benefited from the good state of its industrial markets, while the non-hazardous waste (NHW) division provided stable performance, underpinned by recurrent business on local authorities markets.

In this favorable context, contributory revenue amounted to EUR 252.6 million, a significant increase of + 13.6% compared with the first half of 2016. Restated to take account of the changes in consolidation scope at January 1, 2017, reflecting the acquisitions made during the first half of 2017, contributory revenue for the first half came to EUR 232.6 million, an increase of + 4.6% compared with the first half of 2016.

Over the period, Séché Environnement achieved well-oriented operating profitability, strengthened by good levels of activity, positive volume effects and improved control of its structural costs. Changes in amortization charges and provisions compensated for each other. Current operating income rose to EUR 13.6 million, an increase of 18.6% in raw data (+ 16.5% at constant scope) and the current operating margin was 5.4% (versus 5.1% a year earlier).

Net income (Group share) increased significantly, to EUR 3.7 million (+ 52.1% in raw data, and + 79.0% at constant scope) despite financial income being penalized by an increase in average net financial debt over the period.

The financial situation of the Group remains solid, evolving in a manner which essentially reflects the effects of the acquisitions made in the first half of 2017:

- cash from operations rose in line with revenue, to EUR 35.8 million (+ 12.9%), and finances a sustained level of industrial investments (EUR 27.2 million, not including IFRIC investments, an increase of 16.2% over the period), notably investments in development projects;
- net financial debt progressed to EUR 342.4 million, versus EUR 279.0 million a year earlier), in line with the acquisitions made in the first half (EUR 72.0 million). Net financial debt/equity (gearing) stands at 1.5 times, and net financial debt/EBITDA (leverage) at 3.5 times. The covenanted ratios for the period from June 30, 2017 to June 30, 2018 are respectively 1.6 times and 3.7 times.

2.2. SUMMARY OF RESULTS for the first half of 2017

2.2.1. SUMMARY

NB: Percentages are calculated on contributory revenue.

m€

	Group		Of which France		Of which international	
	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017
REVENUE	**230.0**	**266.7**	**218.9**	**241.7**	**11.2**	**25.0**
Of which contributory revenue	*222.4*	*252.6*	*211.2*	*227.6*	*11.2*	*25.0*
EBITDA	**38.4**	**43.0**	**37.3**	**40.1**	**1.1**	**2.9**
%	*17.3%*	*17.0%*	*17.7%*	*17.6%*	*10.2%*	*11.4%*
CURRENT OPERATING INCOME	**11.4**	**13.6**	**10.5**	**12.5**	**0.8**	**1.0**
%	*5.1%*	*5.4%*	*5.0%*	*5.5%*	*7.4%*	*4.1%*
OPERATING INCOME	**10.5**	**12.8**	**9.7**	**11.9**	**0.8**	**0.9**
%	*4.7%*	*5.1%*	*4.6%*	*5.2%*	*6.8%*	*3.6%*
FINANCIAL INCOME	**(5.6)**	**(7.1)**				
%	*2.5%*	*2.8%*				
NET INCOME OF CONSOLIDATED COMPANIES	**2.7**	**4.2**				
%	*1.3%*	*1.6%*				
Share of income of affiliates	(0.2)	NS				
Net income from ongoing operations	2.5	4.2				
Net income, discontinued operations	(0.2)	(0.5)				
Minority interests	NS	NS				
NET INCOME (GROUP SHARE)	**2.4**	**3.7**				
%	*1.0%%*	*1.4%*				

2.2.2. ACTIVITIES

Consolidated revenue at June 30, 2017 amounted to EUR 266.7 million, versus EUR 230.0 million at June 30, 2016. The Group thus posted revenue growth in the first half of 2017 of + 15.9%.

Revenue reported for the period includes IFRIC 12 revenue from investments in assets under public service delegation contracts (concessions) of EUR 2.7 million, compared with EUR 1.4 million a year earlier.

It also includes EUR 11.4 million (compared with EUR 6.2 million at June 30, 2016) in respect of indemnities and compensation received by Séneral, net of variable costs saved on tonnages not incinerated, to cover the extra costs incurred to ensure continuity of contracted public service during asbestos removal operations at the Strasbourg incinerator.

Disregarding IFRIC 12 revenues and the indemnities received by Séneral, contributory revenue achieved was EUR 252.6 million, versus EUR 222.4 million at June 30, 2016, an increase of 13.6% over the period.

This revenue figure includes EUR 20.0 million contributed by the companies acquired during the first half of 2017. At constant scope, contributory revenue amounted to EUR 232.6 million, showing organic growth of + 4.6% over the period.

2.2.2.1. REVENUE BY DIVISION

m€ Activity	June 30, 2016	Change %	June 30, 2017
HW treatment	139.6	+ 16.8%	163.1
NHW treatment (excluding IFRIC 12)	82.9	+ 8.1%	89.5
REVENUE EXCLUDING IFRIC 12	**222.4**	**+13.6%**	**252.6**
Revenue under IFRIC 12	1.4	+ 88.4%	2.7
Indemnities for loss of business	6.2	+ 83.9%	11.4
CONSOLIDATED REVENUE	**230.0**	**+ 15.9%**	**266.7**
Of which international	*11.2*	*+ 124.4%*	*25.0*
Of which energy	*15.5*	*+ 4.5%*	*16.2*

Changes in revenue by division were as follows:

- + EUR 23.5 million (+ 16.8%) in the hazardous waste (HW) division: this increase reflects revenue of EUR + 12.6 million contributed by the new HW subsidiaries which entered the consolidation scope on January 1, 2017, on the one hand, and increased revenue at constant scope of EUR + 10.9 million, on the other.

  At comparable scope, the division enjoyed good levels of activity in most of its business areas, notably incineration, aided by volume effects, while landfill was penalized by a reduction in volumes of polluted soil placed in landfill storage cells, compared with a strong base in the previous year.
- EUR + 6.6 million (+ 8.1%) in the non-hazardous waste (NHW) division. This increase in revenue reflects, on the one hand, EUR + 7.4 million contributed by the new subsidiaries acquired during the period, SEO (EUR 6.6 million) and SADN (EUR 0.9 million), and on the other, the stability of its activities on local authority markets. The small decrease registered (EUR – 0.8 million) was essentially due to an arbitrage at the Salaise 3 incinerator, decided in favor of HW.

2.2.2.2. BREAKDOWN OF REVENUE BY REGION

m€ Activity	June 30, 2016	Change % June 30, 2017	June 30, 2016	June 30, 2017
Subsidiaries in France	218.8	95.1%	241.7	90.6%
International subsidiaries	11.2	4.9%	25.0	9.4%
TOTAL CONSOLIDATED REVENUE	**230.0**	**100.0%**	**266.7**	**100.0%**

In France, contributory revenue amounted to EUR 227.6 million, an increase of + 7.8% in raw data and + 4.6% at constant scope. This increase (EUR + 15.6 million) is principally due to the HW division (EUR + 10.9 million) and scope effects in the NHW division (first consolidation of the SEO cluster, for EUR 6.6 million).

Internationally, the revenue increase is the result of scope effects (EUR + 13.4 million).

2.2.3. EBITDA (EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION)

In the first half of 2016, the Group posted EBITDA of EUR 38.4 million, or 17.3% of contributory revenue. In the first half of 2017, EBITDA came out at EUR 43.0 million, or 17.0% of contributory revenue, an improvement of EUR + 4.6 million.

This change reflects the effects of:

- the contribution of gross margin, in line with organic growth: EUR + 2.7 million;
- changes in general and administrative expenses and structural costs: EUR – 0.3 million;
- increases in property ownership tax (taxe foncière): EUR – 0.8 million;
- scope effects: EUR + 3.0 million.

EBITDA was impacted by a change in the property ownership tax basis (the portion acceptable to SEI, i.e. inclusion of cell construction costs in the tax basis) notified in the second half of 2016 and recognized in the first half of 2017, in application of IFRIC 21.

Scope effects reflect the expected contribution level for SEO, progressive ramping up of the Latin America cluster, and for Solarca, a low level of activity in the first half related to start-up delays in Europe.

2.2.4. CURRENT OPERATING INCOME

At June 30, 2017, the Group posted current operating income of EUR 13.6 million (5.4% of contributory revenue) versus EUR 11.4 million at June 30, 2016 (5.4% of contributory revenue). The increase of EUR + 2.2 million is mainly attributable to the increase in EBITDA, and amortization effects and provisions compensating for each other:

- changes in EBITDA: EUR + 1.6 million;
- changes in amortization charges: EUR – 1.0 million;
- changes in provisions for site rehabilitation and 30-year monitoring: EUR – 1.0 million;
- scope effects: EUR + 0.2 million.

The changes in provisions for site rehabilitation and 30-year monitoring result from the one-time effect of the updating of 30-year monitoring provisions under the new administrative authorization for the Changé site.

2.2.5. OPERATING INCOME

At June 30, 2017, the Group's operating income came out at EUR 12.8 million (5.1% of contributory revenue), versus EUR 10.5 million (4.7% of contributory revenue) at June 30, 2016, an increase of EUR + 2.3 million, resulting from:

- changes in current operating income: EUR + 1.9 million;
- capital gain realized on the sale of LEN: EUR + 1.2 million;
- cost of business combinations: EUR – 0.8 million;
- changes in various expenses: EUR – 0.2 million;
- scope effects: EUR + 0.1 million.

2.2.6. NET FINANCIAL INCOME

Net financial income for the Séché Environnement Group at June 30, 2017 came out at EUR – 7.1 million, compared with EUR – 5.6 million at June 30, 2016, an unfavorable variance of EUR – 1.5 million. This was mainly due to an increase in average net debt over the period, the annualized interest rate remaining more or less stable at 3.38% in 2017, versus 3.35% a year earlier.

Moreover, in the first half of 2017, the Séché Environnement Group was impacted negatively (EUR – 0.4 million) by the foreign exchange result posted by the companies which entered the consolidation scope during the period.

2.2.7. NET INCOME OF CONSOLIDATED COMPANIES

Net income of consolidated companies at June 30, 2017 amounted to EUR 4.2 million, an improvement compared with the net income of consolidated companies posted at June 30, 2016 (EUR 2.7 million) of EUR + 1.5 million. This improvement results from changes in:

- operating profitability: EUR + 2.3 million;
- net financial income: EUR – 1.5 million;
- tax charges: EUR – 0.6 million.

2.2.8. SHARE OF INCOME OF AFFILIATES

This line mainly consists of the Group share of the net income of Sogad, Gerep and Kanay.

In the first half of 2017, this was not significant, versus EUR – 0.2 million in the same period in 2016. This followed improvements in the profitability of Kanay, in line with the development of that company's decontamination activities.

2.2.9. CONSOLIDATED NET INCOME, SÉCHÉ ENVIRONNEMENT GROUP SHARE

As a result of the improvement in net income of consolidated companies, on the one hand, and its share in the income of affiliates on the other, the Séché Environnement Group posted positive net income (Group share) in the first half of 2017 of EUR 3.7 million (1.5% of revenue), compared with net income of EUR 2.4 million (1.1% of revenue) in the same period in 2016.

2.3. SUMMARY OF THE CONSOLIDATED BALANCE SHEET at June 30, 2017

m€

Extract from the consolidated balance sheet	Dec. 31, 2016 actual	June 30, 2017 actual
Non-current assets	572	647
Current assets (excluding cash and cash equivalents)	201	202
Cash and cash equivalents	17	26
Assets held for sale	NS	NS
TOTAL ASSETS	**790**	**875**
Shareholders' equity (including minority interests)	240	237
Non-current liabilities	316	386
Current liabilities	233	252
Liabilities held for sale	NS	NS
TOTAL LIABILITIES	**790**	**875**

2.3.1. NON-CURRENT ASSETS

Non-current assets consist of fixed assets (intangible, including goodwill, tangible, and financial), deferred tax assets, and debts of maturity greater than one year.

Non-current assets increased by EUR 76 million during the first half, to EUR 647 million, versus EUR 572 million at December 31, 2016. The principal factors of this increase were:

- acquisitions made during the first half, which generated an increase in non-current assets of:
  - EUR + 32.0 million in respect of goodwill recognized in consequence of those acquisitions in 2017;
  - EUR + 35.9 million in respect of tangible and intangible assets held, at the time they entered the consolidation scope, by the companies acquired;
  - EUR + 3.0 million in respect of deferred tax assets related to the deficits posted by those companies.
- EUR + 10.6 million concerning industrial investments for the period (EUR + 32.6 million), net of amortization charges (EUR – 22.0 million);
- EUR – 0.9 million in respect of deferred tax assets;
- EUR – 4.1 million in respect of other non-current assets.

2.3.2. CURRENT ASSETS (EXCLUDING CASH AND CASH EQUIVALENTS)

Current assets amount to EUR 202 million, an increase of EUR + 1.0 million over the half-year, in line with the development of business activities and external acquisitions.

2.3.3. SHAREHOLDERS' EQUITY

Changes in shareholders' equity (including minority interests) may be broken down as follows:

m€

	Group	Minority interests
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2016	**239.6**	**0.2**
Dividends paid	(7.4)	NS
Net earnings (Group share)	+ 3.7	NS
Foreign currency differences	(1.3)	(0.1)
Hedging instruments	+ 0.1	-
Treasury stock	+ 0.1	-
Actuarial variances	NS	-
Entries into consolidation scope	-	+2.2
Other changes	(0.1)	-
SHAREHOLDERS' EQUITY AT JUNE 30, 2017	**234.7**	**2.3**

2.3.4. CURRENT AND NON-CURRENT LIABILITIES

m€	Dec. 31, 2016			June 30, 2017		
	NC	C	TOTAL	NC	C	TOTAL
Financial debt	296.7	33.1	329.8	364.8	37.0	401.8
Hedging instruments	0.6	-	0.7	0.4	0.1	0.5
Provisions	16.5	6.6	23.1	19.0	6.5	25.5
Other liabilities	2.4	193.0	195.4	1.4	207.6	209.1
Corporation tax payable	-	0.2	0.2	-	0.8	0.8
TOTAL	**316.2**	**233.0**	**549.2**	**385.7**	**252.0**	**637.7**

NC: non-current – C: current

The increase in current and non-current liabilities of EUR 88.5 million relates principally to the increase in financial debt, as a result of the financing of the acquisitions made in the first half of 2017.

The Group's net financial indebtedness changed over the period, as follows:

m€ Extract from the consolidated balance sheet	Dec. 31, 2016	June 30, 2017
Bank loans (excluding non-recourse debts)	235.0	308.4
Non-recourse bank loans	32.9	32.0
Effective interest rate impact	49.3	49.3
Finance lease debt	9.9	10.2
Miscellaneous financial debt	1.2	1.5
Short-term bank borrowings	1.6	0.4
Shareholdings	-	-
TOTAL FINANCIAL DEBT (current and non-current)	**329.8**	**401.8**
Cash and cash equivalents	(16.7)	(25.8)
NET FINANCIAL DEBT	**313.1**	**375.9**
Of which less than one year	*16.4*	*11.1*
Of which more than one year	*296.7*	*364.8*

2.4. SUMMARY OF THE CONSOLIDATED STATEMENT of cash flows

m€

	Dec. 31, 2016	June 30, 2016	June 30, 2017
Cash flow from operating activities	51.5	24.2	50.9
Cash flow from investment activities	(53.8)	(24.5)	(98.6)
Cash flow from financing activities	(12.8)	(15.2)	58.0
CHANGE IN CASH FLOW, ONGOING OPERATIONS	**(15.1)**	**(15.6)**	**10.4**
Change in cash flow, discontinued operations	NS	NS	0.1
CHANGE IN CASH FLOW	**(15.1)**	**(15.6)**	**10.5**

In the first half of 2017, the Séché Environnement Group posted positive net cash flow of EUR 10.5 million (compared with EUR – 15.6 million in the same period in 2016).

Cash flow from operating activities

Operating activities yielded cash flow amounting to EUR + 50.9 million in the first half of 2017, which can be analyzed as follows:

- cash from operations, before taxes and financial charges (EUR + 35.8 million);
- changes in WCR (EUR + 14.4 million), related to the trend inversion in non-recurrent WCR, the favorable effect of external acquisitions on recurrent WCR, and the positive effect, to date, of environmental taxation (TGAP) on WCR;
- net cash outflows concerning corporation tax (EUR + 0.7 million), to date related to corporation tax payments made on account under the installment method.

The change in cash flow from operating activities between the first half of 2016 and the first half of 2017 (EUR + 26.7 million) is mainly due to:

- the increase in WCR changes (EUR + 17.3 million), the first half of 2016 being characterized by a considerable non-recurrent degradation of WCR related to receivables from local authority customers;
- improvements in cash flow generated by operations (EUR + 4.1 million), following general improvements in the Group's overall profitability;
- changes in the amount of corporation tax payments made (EUR + 5.3 million), resulting from application of the installment method.

Net cash paid out for investments

Investment outflows (net of gains realized on disposals) over the period amounted to EUR 98.6 million, and concern payments for companies acquired during the period, and industrial investments.

m€

	Dec. 31, 2016	June 30, 2016	June 30, 2017
Industrial investments	(19.7)	(24.9)	(32.6)
Financial investments	(0.7)	(0.5)	(72.4)
INVESTMENTS BOOKED	**(20.3)**	**(25.4)**	**(105.0)**
Industrial investments	(12.8)	(22.0)	(28.3)
Financial investments	(0.1)	(2.5)	(70.3)
NET INVESTMENTS PAID OUT	**(13.0)**	**(24.5)**	**(98.6)**

Industrial investments booked by the Group in the first half of 2017 amounted to EUR 32.6 million, including EUR 2.7 million invested in assets for public service delegation contracts (concessions). Capital investments for the Group's own purposes therefore amounted to EUR 29.9 million, of which 66% were for recurrent investments.

These recurrent investments mainly concerned landfill facilities and incinerator maintenance.

Development investments (EUR 11.0 million) essentially concerned materials and energy recovery facilities, and projects to increase sorting platform capacity.

Financial investments principally concerned acquisitions made during the period. As shown in the cash flow table, outflows of EUR 72.4 million were recorded to pay for the companies acquired, net of the cash on the balance sheets of the companies concerned.

Net cash from financing activities

Net cash from financing activities amounted to a net inflow of EUR 58.0 million in the first half of 2017, corresponding principally to:

- new specific financings for industrial investments (EUR + 81.0 million);
- repayment of finance lease liabilities according to agreed payment schedules (EUR – 1.5 million) and of other financings (EUR – 15.5 million);
- interest payments on debt made in the first half of the year (EUR – 6.2 million).

2.5. MAIN TRANSACTIONS with related parties

The Group's main transactions with related parties are presented in Note 2.4 in the notes to the present interim financial statements.

2.6. OUTLOOK

2.6.1. RISKS AND UNCERTAINTIES

The Group's assessment of the main risks and uncertainties to which its businesses are exposed has not changed from that detailed on pages 33 to 41 of the 2016 Registration Document filed with the AMF (Autorité des Marchés Financiers, the French financial markets authority) under number D. 17-0174.

2.6.2. OUTLOOK

In France, Séché Environnement will continue to rely on the dynamism of its industrial markets (65% of its contributory revenue) and on the recurrence of its local authority markets to pursue further growth in the areas of waste treatment and recovery from waste.

The non-hazardous waste (NHW) division should benefit from the ramping up of a number of recovery facilities and projects such as the Changé sorting center and the start-up of the LEN contract, as well as synergies with its recent acquisition SEO.

The hazardous waste (HW) division should enjoy a good level of business activity, but its growth during the second half will be measured against a particularly strong comparison base in Q4, especially in landfill.

In its international activities (10% of contributory revenue), the Group will continue to integrate its newly acquired subsidiaries and expects a progressive ramping up of its activities in Latin America (development of SADN in Chile, implementation of synergies between Taris and Kanay in Peru), while Solarca's order book should enable its businesses to rebound during the second half.

In terms of the current fiscal year, the Group anticipates modest growth in contributory revenue at constant scope, strengthened by the contribution of its newly consolidated activities.

Séché Environnement confirms its expectation that operating profitability will be maintained at present levels (at constant scope) compared with 2016. The subsidiaries which joined the consolidation scope in the first half of 2017 should contribute some EUR 4 million to consolidated current operating income in 2017.

Séché Environnement also anticipates a program of industrial investments in 2017 of the order of EUR 62 million, including EUR 4 million of investments in the companies which joined the consolidation scope in the first half.

2.7. SHARE OWNERSHIP and voting rights

Share ownership at June 30, 2017	Number of shares	%	Voting rights[3]	%
Joël Séché	402 400	5.12%	804 800	9.07%
Groupe Séché (formerly, Amarosa family trust)[1]	3 526 467	44.88%	3 962 503	44.65%
SUB-TOTAL, JOËL SÉCHÉ FAMILY	**3 928 867**	**50.00%**	**4 767 303**	**53.72%**
CDC Group	777 140	9.89%	777 140	8.76%
Treasury stock[2]	54 280	0.69%	54 280	0.61%
Employees' stock	38 740	0.49%	70 040	0.79%
Free float	3 058 705	38.93%	3 205 177	36.12%
TOTAL	**7 857 732**	**100,00%**	**8 873 940**	**100,00%**

1: the Groupe Séché family trust is majority controlled by Joël Séché.

2: treasury stock is stripped of voting rights. However, the table here presents the calculation of voting rights as recommended by the AMF for the disclosure of ownership threshold crossings.

3: by virtue of a Resolution of the Extraordinary General Meeting of Shareholders held on October 8, 1997, double voting rights attach to all fully paid up shares for which a named shareholder has been registered in the same name for at least 4 years.

The Board of Directors

CONSOLIDATED INTERIM ACTIVITY REPORT AT JUNE 30, 2017

3

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2017

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3.1. CONSOLIDATED balance sheet

k€

	Dec. 31, 2015	Dec. 31, 2016	June 30, 2017	Note
Goodwill	231 457	233 403	265 405	1
Intangible fixed assets included in concessions	48 637	49 947	51 232	1
Other intangible fixed assets	12 021	13 055	15 571	1
Property, plant and equipment	174 011	187 260	228 284	1
Investments in affiliates	3 135	2 885	2 892	2
Non-current financial assets	8 601	8 469	8 982	3
Hedging instruments – non-current assets	-	-	-	3
Other non-current assets	37 972	44 926	40 814	3
Deferred non-current corporation tax assets	-	-	-	
Deferred tax assets	40 067	31 862	34 315	
NON-CURRENT ASSETS	**555 902**	**571 807**	**647 495**	
Inventories	11 339	11 560	11 750	3
Trade and other receivables	140 341	159 549	161 909	3
Corporation tax receivables	963	4 081	1 450	3
Current financial assets	868	761	721	3
Hedging instruments – current assets	3	-	-	3
Other current assets	23 201	24 638	25 793	3
Cash and cash equivalents	30 640	16 732	25 843	3.1.4
CURRENT ASSETS	**207 356**	**217 321**	**227 466**	
Assets held for sale	352	437	291	3
TOTAL ASSETS	**763 610**	**789 565**	**875 252**	
Share capital	1 572	1 572	1 572	6.1
Additional paid-in capital	90 805	74 061	74 061	6.2
Reserves	134 816	160 076	155 400	6.3
Net income (Group share)	16 822	3 908	3 707	
Shareholders' equity (Group share)	244 014	239 617	234 740	
Minority interests	(288)	151	2 263	
TOTAL SHAREHOLDERS' EQUITY	**243 726**	**239 769**	**237 003**	
Other equity	146	162	279	
Non-current financial debt	292 138	296 691	364 759	3.2.1
Hedging instruments – non-current liabilities	436	637	438	3.2.2
Employee benefits	3 804	5 190	5 863	4
Deferred tax liabilities	-	-	26	
Other non-current provisions	9 300	11 259	13 165	4
Other non-current liabilities	4 093	2 439	1 407	3
NON-CURRENT LIABILITIES	**309 771**	**316 217**	**385 658**	
Current financial debt	28 939	33 092	37 011	3.2.1
Hedging instruments – current liabilities	144	22	53	3.2.2
Current provisions	1 828	6 632	6 498	4
Taxes payable	2 377	249	811	
Other current liabilities	176 326	192 987	207 649	3
CURRENT LIABILITIES	**209 614**	**232 981**	**252 021**	
Liabilities held for sale	352	437	291	3
TOTAL LIABILITIES	**763 610**	**789 565**	**875 252**	

3.2. CONSOLIDATED INCOME statement

k€	Note	Dec. 31, 2015	Dec. 31, 2016	June 30, 2017
REVENUE	**7**	**223 206**	**230 040**	**266 705**
Other business income		2 560	2 690	3 798
Transfers of expenses		3 437	1 423	348
Purchases used for operational purposes		(34 717)	(32 194)	(33 792)
External expenses		(86 233)	(86 459)	(108 775)
Taxes other than on income		(19 769)	(19 068)	(21 626)
Employee benefits expenses		(54 478)	(58 011)	(63 698)
EBITDA	**8**	**34 006**	**38 422**	**42 960**
Expenses for rehabilitation and/or maintenance of sites included in concessions		(5 064)	(5 053)	(5 372)
Other net operating expenses		(1 592)	(652)	4
Net allocations to provisions		498	(811)	(1 997)
Net allocations to amortization		(15 690)	(20 474)	(22 036)
CURRENT OPERATING INCOME	**8**	**12 159**	**11 433**	**13 558**
Income on sale of fixed assets		290	(181)	1 029
Impairment of assets		-	(48)	(54)
Consolidation scope variation effects		-	(122)	(897)
Other operating income and expenses		-	(541)	(872)
OPERATING INCOME	**9**	**12 449**	**10 540**	**12 764**
Income from cash and cash equivalents		258	171	104
Gross financial borrowing costs		(6 605)	(5 185)	(6 199)
COST OF NET FINANCIAL DEBT		**(6 347)**	**(5 014)**	**(6 096)**
Other financial income		216	4 120	563
Other financial expenses		(772)	(4 718)	(1 605)
FINANCIAL INCOME	**10**	**(6 903)**	**(5 612)**	**(7 138)**
Corporation tax	11	(1 359)	(2 124)	(1 477)
INCOME OF CONSOLIDATED COMPANIES		**4 187**	**2 803**	**4 149**
Share of income of affiliates		(375)	(192)	6
Net income from ongoing operations		3 811	2 612	4 156
Net income from discontinued operations		(220)	(160)	(480)
NET INCOME OF CONSOLIDATED COMPANIES		**3 592**	**2 452**	**3 676**
Of which minority interests		*17*	*15*	*(32)*
Of which attributable to equity holders of the parent		*3 574*	*2 437*	*3 707*
Net earnings per share		0.43 €	0.31 €	0.48 €
Diluted earnings per share		0.43 €	0.31 €	0.48 €

3.3. STATEMENT OF NET INCOME AND PROFITS AND LOSSES directly recognized in equity

k€

	June 30, 2015 actual	June 30, 2016 actual	June 30, 2017 actual
Items restated later in the income statement			
Actuarial variances	(51)	(445)	(38)
Tax effects	18	144	15
SUB-TOTAL (A)	**(33)**	**(301)**	**(22)**
Items not restated later in the income statement			
Foreign currency differences	43	(192)	(1 369)
Change in fair value of financial hedging instruments	603	(408)	225
Change in fair value of available-for-sale financial assets	25	(259)	(50)
Share of profits and losses of affiliates booked directly under shareholders' equity and accounted for by the equity method	-	-	-
Tax effects	(208)	141	(78)
SUB-TOTAL (B)	**463**	**(720)**	**(1 272)**
Sub-total of gains and losses booked directly under shareholders' equity (A) + (B)	429	(1 021)	(1 293)
NET INCOME FOR THE PERIOD	**3 592**	**2 452**	**3 676**
NET INCOME AND PROFITS (LOSSES) BOOKED DIRECTLY UNDER SHAREHOLDERS' EQUITY	**4 021**	**1 432**	**2 383**
Of which Group share	*4 004*	*1 417*	*2 471*
Of which attributable to minority interests	*17*	*15*	*(89)*

3.4. STATEMENT OF CHANGES in consolidated shareholders' equity

k€

	Capital	Additional paid-in capital	Number of shares held as treasury stock
	Note 8	Note 9	
SHAREHOLDERS' EQUITY AT DEC. 31, 2014	**1 727**	**121 486**	**(3 461)**
Profits and losses booked directly in equity	-	-	-
Net income for half-year to June 30, 2015	-	-	-
NET INCOME AND PROFITS AND LOSSES BOOKED DIRECTLY IN EQUITY	**-**	**-**	**-**
Dividends paid	-	-	-
Treasury stock	-	-	112
Other changes	(155)	(30 680)	-
SHAREHOLDERS' EQUITY AT JUNE 30, 2015	**1 572**	**90 805**	**(3 349)**
SHAREHOLDERS' EQUITY AT DEC. 31, 2015	**1 572**	**90 805**	**(3 387)**
Profits and losses booked directly in equity	-	-	-
Net income for half-year to June 30, 2016	-	-	-
NET INCOME AND PROFITS AND LOSSES BOOKED DIRECTLY IN EQUITY	**-**	**-**	**-**
Dividends paid	-	-	-
Treasury stock	-	-	63
Other changes	-	(16 744)	-
SHAREHOLDERS' EQUITY AT JUNE 30, 2016	**1 572**	**74 061**	**(3 324)**
SHAREHOLDERS' EQUITY AT DEC. 31, 2016	**1 572**	**74 061**	**(3 336)**
Profits and losses booked directly in equity	-	-	-
Net income for half-year to June 30, 2017	-	-	-
NET INCOME AND PROFITS AND LOSSES BOOKED DIRECTLY IN EQUITY	**-**	**-**	**-**
Dividends paid	-		-
Other changes	-	-	-
SHAREHOLDERS' EQUITY AT JUNE 30, 2017	**1 572**	**74 061**	**(3 250)**

Consolidated reserves and net income	Profits and losses booked directly in equity	Total attributable to equity holders of the parent	Total attributable to holders of minority interests	Total shareholders' equity
Note 10				
145 969	**(7 570)**	**258 150**	**130**	**258 281**
-	429	**429**	-	**429**
3 574	-	**3 574**	17	**3 592**
3 574	**429**	**4 004**	**17**	**4 021**
(7 413)	-	**(7 413)**	(55)	**(7 467)**
-	-	**112**	-	**112**
7 413	-	**(23 423)**	-	**(23 423)**
149 543	**(7 141)**	**231 431**	**93**	**231 524**
163 294	**(8 270)**	**244 014**	**(288)**	**243 726**
-	(1 021)	**(1 021)**	-	**(1 021)**
2 437	-	**2 437**	15	**2 452**
2 437	**(1 021)**	**1 417**	**15**	**1 432**
(7 412)		**(7 412)**	(19)	**(7 431)**
		63	-	**63**
16 744	-	**-**	266	**266**
175 062	**(9 290)**	**238 082**	**(26)**	**238 056**
176 533	**(9 213)**	**239 617**	**151**	**239 769**
-	(1 236)	**(1 236)**	(57)	**(1 293)**
3 707	-	**3 707**	(32)	**3 676**
3 707	**(1 236)**	**2 471**	**(89)**	**2 383**
(7 465)	-	**(7 465)**	(31)	**(7 495)**
30	-	**30**	2 231	**2 262**
172 806	**(10 449)**	**234 740**	**2 264**	**237 003**

3.5. CONSOLIDATED STATEMENT of cash flows

k€	June 30, 2015	June 30, 2016	June 30, 2017
INCOME OF CONSOLIDATED COMPANIES	**4 187**	**2 803**	**4 149**
Elimination of income and expenses with no cash impact or not related to operating activities:			
Dividends from companies consolidated by the equity method	95	47	113
Amortization and provisions	16 332	17 141	23 771
Net capital gains on disposals	(290)	4 042	(1 002)
Deferred taxes	378	1 009	189
Other income and expenses	1 469	745	1 517
CASH FLOW FROM OPERATING ACTIVITIES	**22 170**	**25 788**	**28 736**
Corporation tax	982	1 116	1 289
Cost of gross financial debt net of long-term investments	5 081	4 752	5 769
CASH FLOW FROM OPERATING ACTIVITIES BEFORE TAXES AND FINANCING COSTS	**28 233**	**31 656**	**35 794**
Change in working capital requirement	(3 778)	(2 902)	14 388
Tax paid	(1 482)	(4 601)	734
NET CASH FLOW FROM OPERATING ACTIVITIES	**22 973**	**24 153**	**50 916**
Cost of acquisition of tangible and intangible fixed assets	(17 892)	(22 831)	(28 604)
Proceeds from disposals of tangible and intangible fixed assets	5 046	850	351
Outflows for acquisition of financial investments	(796)	(678)	(394)
Inflows from disposals of financial investments	392	155	59
Net cash outflows for acquisitions of subsidiaries	-	(1 998)	(70 827)
Net cash inflows from disposals of subsidiaries	276	-	820
NET CASH FLOW FROM INVESTMENT ACTIVITIES	**(12 974)**	**(24 502)**	**(98 595)**
Dividends paid to equity holders of the parent	(7 413)	(7 412)	28
Dividends paid to minority shareholders of consolidated companies	(55)	(19)	(31)
Capital increases in cash	-	-	-
Treasury stock movements	(23 292)	62	227
Changes in other shareholders' equity	-	-	-
Borrowings	172 210	11 300	81 059
Repayment of borrowings	(137 764)	(15 028)	(17 051)
Interest paid	(7 693)	(4 129)	(6 198)
NET CASH FLOW FROM FINANCING ACTIVITIES	**(4 006)**	**(15 227)**	**58 034**
TOTAL CASH FLOWS FOR THE PERIOD, ONGOING OPERATIONS	**5 993**	**(15 576)**	**10 355**
Cash flows for the period, discontinued operations	(11)	(6)	123
TOTAL CASH FLOWS FOR THE PERIOD	**5 982**	**(15 582)**	**10 478**
Cash and cash equivalents at beginning of period	38 630	30 453	15 185
Of which cash at beginning of period for ongoing operations	*38 614*	*30 443*	*15 178*
Of which cash at beginning of period for discontinued operations	*15*	*10*	*7*
Cash and cash equivalents at end of period	44 634	14 731	25 578
Of which cash at end of period for ongoing operations[1]	*44 630*	*14 727*	*25 448*
Of which cash at end of period for discontinued operations	*4*	*4*	*130*
Effect of changes in foreign exchange rates	24	(139)	(85)
Of which of changes in foreign exchange rates for ongoing operations	*24*	*(139)*	*(85)*
Of which of changes in foreign exchange rates for discontinued operations	-	-	-
1: of which:			
Cash and cash equivalents	44 858	16 632	25 843
Short-term bank borrowings (current financial liabilities)	(228)	(1 904)	(395)

3.6. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS at June 30, 2017

3.6.1. ACCOUNTING PRINCIPLES AND METHODS

Since January 1, 2005, the Group's consolidated financial statements have been prepared in accordance with IFRS as adopted in the European Union through EU regulation 1606/2002 of July 19, 2002, which instituted the IFRS reporting framework. When drawing up the financial statements at June 30, 2017, no change was made in terms of the accounting principles and methods used for the annual financial statements for the year 2016, which are detailed in the Registration Document filed with AMF (French Financial Markets Authority) under number D.17- 0174.

The interim consolidated financial statements for the period ended June 30, 2016 were prepared in accordance with IAS 34 "interim financial reporting". They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Séché Environnement Group for the year ended December 31, 2016.

When drawing up the interim financial statements at June 30, 2017, the Group applied the same standards and interpretations as it did in drawing up its annual consolidated financial statements for 2016.

The Group has elected not to anticipate any other standards or interpretations applicable on or after January 1, 2017 where early application was permissible.

The impact of the IFRS 15 and IFRS 16 standards is currently being evaluated by the Group, and is not expected to be significant.

The financial statements were approved by the Board of Directors of Séché Environnement on September 4, 2017. Financial data are presented in thousands of EUR rounded to the nearest thousand. The financial statements have been prepared with reference to historical costs, except for derivative instruments, which are recognized at fair value.

In order to prepare consolidated financial statements in accordance with IFRS, management is required to exercise its judgment and make estimates and assumptions that impact the application of the Group's accounting policies and the amounts of assets and liabilities, and income and expenses. The estimates and underlying assumptions are based on past experience and other factors considered reasonable under the circumstances. They serve as the basis for any judgment required for determining the book value of assets and liabilities when such amounts cannot be obtained directly from other sources. The estimates made by the Group primarily concern the recoverable amount of tangible and intangible assets and the recognition of provisions, particularly those for employee benefits. Due to the inherent uncertainty of such valuation processes, estimates and underlying assumptions are continuously reviewed. Actual future results from these operations may differ from these estimates.

3.6.2. PRESENTATION OF THE ACCOUNTS AND COMPARABILITY

During the first half of 2017, the Group acquired directly or indirectly::

- 100% of the share capital of Ecosite de la Croix-Irtelle;
- 74% of the share capital of Energécie (shares held by Ecosite de la Croix-Irtelle);
- 100% of the share capital of Séché Environnement Ouest (formerly Charier-DV);
- 100% of the share capital of Taris (formerly Befesa Peru);
- 100% of the share capital of SAN;
- 76% of the Solarca sub-group.

All these acquisitions, which occurred during the first half of 2017, entered the consolidation scope as of January 1, 2017.

The above companies, individually or cumulatively, represent less than 5% of the balance sheet total and of operating income. Therefore no proforma statements for the years 2015 and 2016 have been drawn up.

3.6.3. CONSOLIDATION SCOPE

3.6.3.1. PARENT COMPANY

Séché Environnement
Séché Environnement, a French limited company (Société Anonyme) with share capital of EUR 1 571 546.40
Les Hêtres - CS 20020 - 53811 Changé, France

3.6.3.2. CONSOLIDATED SUBSIDIARIES

Company name		Siren registration number	% holding	Consolidation method
Alcéa	Changé (France)	751 380 569	100.00	Full
Béarn Environnement	Pau (France)	393 439 203	100.00	Full
Drimm	Montech (France)	339 278 871	100.00	Full
Écosite de la Croix-Irtelle	Changé (France)	444 698 641	100.00	Full
Energécie	Changé (France)	523 490 332	74.60	Full
Gabarre Énergies	Les Abymes (France)	820 626 000	51.00	Full
Gerep	Paris (France)	320 179 559	50.00	Equity
IberTredi Medioambiental	Barcelona (Spain)		100.00	Full
Kanay	Lima (Peru)	13038686	49.00	Equity
La Barre Thomas	Rennes (France)	392 583 563	40.00	Equity
Moringa	Fort-de-France (France)	793 296 963	100.00	Full
Opale Environnement	Calais (France)	332 359 637	100.00	Full
Sabsco Asia	Singapore (Singapore)		76.00	Full
Sabsco Limited	Kent (UK)		76.00	Full
Sabsco Malaysia	Petaling Jaya (Malaysia)		76.00	Full
Séché Alliance	Changé (France)	556 850 279	99.94	Full
Séché Développement	Changé (France)	813 605 839	100.00	Full
Séché Éco-services	Changé (France)	393 307 053	99.98	Full
Séché Éco-industries	Changé (France)	334 055 183	99.99	Full
Séché Énergies	Changé (France)	808 420 541	100.00	Full
Séché Environnement Ouest	Changé (France)	392 585 279	100.00	Full
Séché Healthcare	Changé (France)	812 631 679	100.00	Full
Séché Transports	Changé (France)	391 918 885	99.50	Full
Sénergies	Changé (France)	306 919 535	80.00	Full
SCI LCDL	Changé (France)	410 629 752	99.80	Full
SCI Les Chênes Secs	Changé (France)	397 475 138	99.80	Full
SCI Mézerolles	Changé (France)	340 493 840	99.99	Full
Sem Trédi	(Mexico)		100.00	Full
Sotrefi	Étupes (France)	315 669 218	100.00	Full
Sénerval	Strasbourg (France)	519 253 355	99.90	Full
Singapour MTT	Singapore (Singapore)		76.00	Full
Sodicome	Saint-Gilles (France)	431 912 620	94.80	Full
Sogad	Le Passage (France)	322 323 783	50.00	Equity
Solena	Viviez (France)	823 197 322	60.00	Full
Solarca SL	Selva del Camp,Tarragona (Spain)		76.00	Full
Solarca Castilla	Puertollano (Spain)		76.00	Full
Solarca France	Marseille (France)		71.03	Full
Solarca Portugal	Setubal (Portugal)		76.00	Full
Solarca Qatar	Doha (Qatar)		37.24	Full
Solarca Russie	Moscow (Russia)		76.00	Full
Solarca USA	La Porte, Texas (USA)		76.00	Full
Soluciones Ambientales Del Norte	(Chile)		99.70	Full
Speichim Processing	Saint-Vulbas (France)	389 218 850	100.00	Full
Taris (formerly Befesa Peru)	(Peru)		99.99	Full
Trédi Argentina	Buenos Aires (Argentina)		100.00	Full
Trédi SA	Saint-Vulbas (France)	338 185 762	100.00	Full
Triadis Services	Étampes (France)	384 545 281	100.00	Full
UTM	Lübeck (Germany)		100.00	Full
Valls Quimica	Valls (Spain)		100.00	Full
SAEM Transval	St-Georges-les-Baillargeaux (France)	539 131 698	35.00	Equity
Hungaropec	Budapest (Hungary)		99.57	Discontinued operation

3.6.4. EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

3.6.4.1. Notes to the balance sheet

Note 1 - Goodwill, tangible and intangible fixed assets

k€	Goodwill	Software, patents	Intangible fixed assets included in concessions	Other intangible fixed assets	Tangible fixed assets	TOTAL
GROSS VALUE						
DEC. 31, 2015	**257 350**	**8 824**	**54 496**	**15 861**	**669 484**	**1 006 017**
Increases	-	947	4 240	970	50 368	**56 525**
Decreases	-	(287)	-	-	(16 802)	**(17 089)**
Other changes	1 946	105	-	(42)	398	**2 408**
DEC. 31, 2016	**259 297**	**9 590**	**58 736**	**16 790**	**703 449**	**1 047 862**
Increases	-	625	2 730	1 584	27 652	**32 590**
Decreases	-	(474)	-	-	(4 409)	**(4 883)**
Other changes	32 002	1 063	-	347	63 367	**96 779**
JUNE 30, 2017	**291 299**	**10 804**	**61 466**	**18 720**	**790 058**	**1 172 347**
AMORTIZATION						
DEC. 31, 2015	**-**	**(8 054)**	**(5 860)**	**(4 607)**	**(494 766)**	**(513 287)**
Increases	-	(868)	(2 929)	(33)	(37 073)	**(40 904)**
Decreases	-	287	-	-	16 402	**16 689**
Other changes	-	(46)	-	-	(24)	**(70)**
DEC. 31, 2016	**-**	**(8 681)**	**(8 789)**	**(4 640)**	**(515 462)**	**(537 572)**
Increases	-	(483)	(1 444)	(80)	(20 031)	**(22 037)**
Decreases	-	465	-	-	3 872	**4 336**
Other changes	-	(527)	-	(8)	(29 384)	**(29 919)**
JUNE 30, 2017	**-**	**(9 226)**	**(10 234)**	**(4 728)**	**(561 004)**	**(585 191)**
IMPAIRMENTS						
DEC. 31, 2015	**(25 894)**	**(4)**	**-**	**-**	**(707)**	**(26 604)**
Increases	-	-	-	-	(55)	**(55)**
Decreases	-	-	-	-	35	**35**
Other changes	-	-	-	-	-	**-**
DEC. 31, 2016	**(25 894)**	**(4)**	**-**	**-**	**(727)**	**(26 625)**
Increases	-	-	-	-	(48)	**(48)**
Decreases	-	-	-	-	6	**10**
Other changes	-	-	-	-	-	**-**
JUNE 30, 2017	**(25 894)**	**-**	**-**	**-**	**(769)**	**(26 663)**
NET VALUE						
DEC. 31, 2015	**231 457**	**767**	**48 637**	**11 255**	**174 011**	**466 126**
Increases	-	79	1 310	937	13 240	**15 566**
Decreases	-	-	-	-	(365)	**(365)**
Other changes	1 946	60	-	(42)	374	**2 338**
DEC. 31, 2016	**233 403**	**905**	**49 947**	**12 150**	**187 260**	**483 665**
Increases	-	143	1 285	1 504	7 573	**10 505**
Decreases	-	(6)	-	-	(532)	**(538)**
Other changes	32 002	536	-	339	33 983	**66 860**
JUNE 30, 2017	**265 405**	**1 579**	**51 232**	**13 992**	**228 284**	**560 493**

Goodwill: the Group has examined its half-yearly results against its expectations, and the results of previous half-yearly periods. The conclusion of this analysis is that the profitability achieved is in line with expectations.

The Group considers that its present half-yearly results are not indicative of any impairment, and has therefore not performed any impairment test.

Note 2 - Investments in affiliates

Note 2.1 - Summary of investments in affiliates

Investments in affiliates held by the Group are as follows:

k€	% held by Group	Shareholders' equity	Latest profit or loss	Net book value of investments
La Barre Thomas	40%	270	(39)	102
Kanay	49%	(190)	202	2 455
Transval	35%	114	21	40
Gerep	50%	(4 605)	(109)	-
Sogad	50%	(1 639)	93	295
TOTAL				**2 892**

Note 2.2 - Changes to investments in affiliates

Changes in investments in affiliates held by the Group break down as follows:

k€	Value at Dec. 31, 2015	Value at Dec. 31, 2016	Net income	Changes in fair value through equity	Translation differences	Changes in consolidation scope	Other changes	Value at June 30, 2017
La Barre Thomas	**141**	**124**	(22)	-	-	-	-	**102**
Kanay	**2 633**	**2 364**	88	-	5	-	(3)	**2 455**
Laval Énergie Nouvelle	**-**	**-**	(21)	-	-	21	-	-
Transval	**36**	**35**	4	-	-	-	-	**40**
Gerep	**-**	**-**	(80)	-	-	-	80	**-**
Sogad	**324**	**362**	37	10	-	-	(113)	**295**
TOTAL	**3 135**	**2 885**	**6**	**10**	**5**	**21**	**(36)**	**2 892**

Note 2.3 - Financial information on affiliates

A summary of financial information on affiliates is provided below:

k€	La Barre Thomas	Kanay	Transval	Gerep	Sogad
Date of most recent financial information known	**June 30, 2017**	**June 30, 2017**	**June 30, 2017**	**June 30, 2017**	**June 30, 2017**
% HELD	**40%**	**49%**	**35%**	**50%**	**50%**
Non-current assets	13	6 144	-	1 117	710
Current assets	1 538	2 468	223	677	1 105
Shareholders' equity	270	(190)	114	(4 605)	(1 639)
Non-current liabilities	-	4 436	-	5 175	2 444
Current liabilities	1 281	4 366	109	1 224	1 009
Revenue	1 452	4 272	109	1 223	2 011
EBITDA	(38)	442	21	(118)	261
Current operating income	(39)	353	21	(122)	137
Operating income	(39)	353	21	(107)	137
Net income	(39)	202	21	(109)	93

Note 2.4 - Transactions with affiliates

The Group did not carry out any significant transactions with La Barre Thomas, Kanay, Transval, Gerep or Sogad.

Note 3 - Financial instruments

The financial instruments shown on the balance sheet break down as follows:

k€	Dec. 31, 2015			Dec. 31, 2016			June 30, 2017		
	NC	C	TOTAL	NC	C	TOTAL	NC	C	TOTAL
Available-for-sale financial instruments	1 655	-	**1 655**	1 436	-	**1 436**	1 417	-	**1 417**
Financial loans and receivables at amortized cost	6 946	868	**7 814**	7 033	761	**7 794**	7 565	721	**8 286**
CURRENT FINANCIAL ASSETS	**8 601**	**868**	**9 469**	**8 469**	**761**	**9 230**	**8 982**	**721**	**9 703**
Trade and other receivables	34 520	140 341	**174 861**	43 082	159 549	**202 631**	39 575	161 909	**201 484**
Other current assets (incl. corporation tax receivables)	3 452	24 165	**27 617**	1 843	28 719	**30 562**	1 239	27 242	**28 481**
LOANS AND RECEIVABLES AT AMORTIZED COST	**37 972**	**164 505**	**202 478**	**44 926**	**188 268**	**233 194**	**40 814**	**189 152**	**229 966**
Hedging instruments – assets	-	3	**3**	-	-	**-**	-	-	**-**
Other instruments at fair value by the income statement	-	-	**-**	-	-	**-**	-	-	**-**
FINANCIAL ASSETS AT FAIR VALUE BY THE INCOME STATEMENT	**-**	**3**	**3**	**-**	**-**	**-**	**-**	**-**	**-**
Cash and cash equivalents	-	30 640	**30 640**	-	16 732	**16 732**	-	25 843	**25 843**
TOTAL FINANCIAL ASSETS	**46 574**	**196 017**	**242 591**	**53 394**	**205 761**	**259 155**	**49 796**	**215 716**	**265 512**
Financial debts	292 138	28 939	**321 077**	296 691	33 092	**329 783**	364 759	37 011	**401 770**
Hedging instruments – liabilities	436	144	**580**	637	22	**659**	438	53	**491**
Other liabilities	4 093	178 703	**182 796**	2 439	193 235	**195 674**	1 407	208 459	**209 866**
TOTAL FINANCIAL LIABILITIES	**296 667**	**207 786**	**504 453**	**299 767**	**226 349**	**526 116**	**366 603**	**245 523**	**612 126**

NC : non-current - C : current

Note 3.1 - Financial assets

Note 3.1.1 Available-for-sale financial assets

k€ Net value	Dec. 31, 2015	Dec. 31, 2016	Changes in fair value through equity	Acquisitions	Other changes	Disposals/ repayments	June 30, 2017
Bonds (principal + capitalized interest)	-	-	-	-	-	-	-
Bonds (non-capitalized interest)	-	-	-	-	-	-	-
TOTAL bond portion, gross	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Provision on bond portion	-	-	-	-	-	-	-
TOTAL bond portion, net	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Trédi New Zealand	-	-	-	-	-	-	-
TOTAL non-consolidated investments	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Emertec	**1 402**	**1 164**	-	-	-	-	1 164
Other investments	**253**	**272**	(50)	-	30	-	253
TOTAL other investments	**1655**	**1436**	**(50)**	**-**	**30**	**-**	**1417**
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	**1655**	**1436**	**(50)**	**-**	**-**	**-**	**1417**

Note 3.1.2 - Loans and receivables at amortized cost

k€

	Dec. 31, 2015			Dec. 31, 2016			June 30, 2017		
	NC	C	TOTAL	NC	C	TOTAL	NC	C	TOTAL
Deposits and bonds of indemnity	2 037	190	**2 227**	2 582	59	**2 641**	3 389	64	**3 453**
Loans	1 343	73	**1 416**	1 274	97	**1 371**	1 204	51	**1 255**
Trade receivables (concessions)	3 566	606	**4 172**	3 177	606	**3 782**	2 972	606	**3 578**
FINANCIAL LOANS AND RECEIVABLES	**6 946**	**868**	**7 815**	**7 033**	**761**	**7 794**	**7 565**	**721**	**8 286**
Trade receivables and other debtors	34 520	140 341	**174 861**	43 082	159 549	**202 631**	39 575	161 909	**201 484**
State	-	16 014	**16 014**	-	15 942	**15 942**	-	15 480	**15 480**
Corporation tax receivables	-	963	**963**	-	4 081	**4 081**	-	1 450	**1 450**
Prepaid accounts	-	1 246	**1 246**	-	1 955	**1 955**	-	2 809	**2 809**
Social security receivables	-	514	**514**	-	323	**323**	-	561	**561**
Receivables from disposal of fixed assets	-	930	**930**	-	1 818	**1 818**	-	2 109	**2 109**
Other receivables	3 452	4 411	**7 864**	1 843	3 945	**5 789**	1 239	3 812	**5 051**
Current accounts receivable	-	87	**87**	-	654	**654**	-	363	**363**
Other current assets	3 452	24 165	**27 617**	1 843	28 719	**30 562**	1 239	27 242	**28 481**
OPERATIONAL LOANS AND RECEIVABLES	**37 972**	**164 505**	**202 478**	**44 926**	**188 268**	**233 194**	**40 814**	**189 152**	**229 966**
LOANS AND RECEIVABLES AT AMORTIZED COST	**44 919**	**165 373**	**210 292**	**51 958**	**189 029**	**240 987**	**48 379**	**189 873**	**238 252**

NC: non-current - C: current

Depreciation and impairment on loans and receivables at amortized cost break down as follows:

k€

	Dec. 31, 2015			Dec. 31, 2016			June 30, 2017		
	Gross	Deprec./ impair.	Net	Gross	Deprec./ impair.	Net	Gross	Deprec./ impair.	Net
Loans and financial receivables	9 725	(1 910)	**7 815**	10 042	(2 248)	**7 794**	10 587	(2 300)	**8 286**
Trade receivables and other debtors	178 538	(3 678)	**174 861**	206 605	(3 974)	**202 631**	206 152	(4 668)	**201 484**
Other assets	27 736	(119)	**27 617**	30 647	(85)	**30 562**	28 489	(8)	**28 481**
LOANS AND RECEIVABLES AT AMORTIZED COST	**215 999**	**(5 707)**	**210 292**	**247 294**	**(6 307)**	**240 987**	**245 228**	**(6 976)**	**238 252**

Note 3.1.3 - Financial assets at fair value by the income statement

k€	Dec. 31, 2015			Dec. 31, 2016			June 30, 2017		
	NC	C	TOTAL	NC	C	TOTAL	NC	C	TOTAL
Hedging instruments	-	3	**3**	-	-	**-**	-	-	**-**
FINANCIAL ASSETS AT FAIR VALUE BY THE INCOME STATEMENT	**-**	**3**	**3**	**-**	**-**	**-**	**-**	**-**	**-**

NC: non-current - C: current

Note 3.1.4 - Cash and cash equivalents

k€	Dec. 31, 2015	Dec. 31, 2016	June 30, 2017
Mutual funds (SICAVs)	13 431	7 234	-
Cash	17 209	9 498	25 843
TOTAL	**30 640**	**16 732**	**25 843**

Note 3.2 - Financial liabilities

Note 3.2.1 - Financial debt

k€ Changes in debt	Dec. 31, 2015			Dec. 31, 2016			June 30, 2017		
	NC	C	TOTAL	NC	C	TOTAL	NC	C	TOTAL
Financial debt liabilities	236 994	26 559	**263 553**	241 205	28 503	**269 708**	309 337	33 341	**342 678**
Effective interest rate impact	(1 813)	(666)	**(2 478)**	(1 202)	(610)	**(1 813)**	(1 437)	(881)	**(2 318)**
BORROWINGS/BANK LOANS	**235 182**	**25 894**	**261 075**	**240 003**	**27 892**	**267 895**	**307 899**	**32 460**	**340 360**
Bonds outstanding	50 000	-	**50 000**	50 000	-	**50 000**	50 000	-	**50 000**
Effective interest rate impact	(686)	(194)	**(879)**	(484)	(202)	**(686)**	(466)	(251)	**(718)**
BONDS	**49 314**	**(194)**	**49 121**	**49 516**	**(202)**	**49 314**	**49 534**	**(251)**	**49 282**
Financial leases	7 607	2 302	**9 910**	7 149	2 712	**9 861**	7 303	2 919	**10 222**
Other financial debt	35	739	**774**	23	1 135	**1 158**	23	1 487	**1 510**
Short-term bank borrowings	-	197	**197**	-	1 554	**1 554**	-	395	**395**
TOTAL	**292 138**	**28 939**	**321 077**	**296 691**	**33 092**	**329 783**	**364 759**	**37 011**	**401 769**

NC: non-current - C: current

Changes in debt over the period can be analyzed as follows:

k€	Dec. 31, 2015	Dec. 31, 2016	Increases	Repayments	Changes in scope	Amortized cost	Transl. diff.	Other changes	June 30, 2017
Bank loans	**261 075**	**267 895**	81 059	(15 493)	7 387	(506)	20	(2)	**340 360**
Bonds	**49 121**	**49 314**	-	-	-	(32)	-	-	**49 282**
Financial leases	**9 910**	**9 861**	1 210	(1 524)	820	-	6	(152)	**10 222**
Other financial debt	**774**	**1 158**	349	-	3	-	-	-	**1 510**
Short-term bank borrowings	**197**	**1 554**	-	(3 411)	2 212	-	40	-	**395**
TOTAL	**321 077**	**329 783**	**82 618**	**(20 427)**	**10 421**	**(538)**	**66**	**(154)**	**401 769**

Debt Table

At June 30, 2017, Group debt broke down as follows:

k€

Type of rate (before hedging)			Amount	Maturity	Hedging
Other bank loans	Variable		18 991	less than 1 year	Debt contracted at a variable interest rate
			213 804	from 1 to 5 years	Interest rate hedge of EUR 140 M
			494	more than 5 years	
	Fixed	Between 0% and 6%	13 469	less than 1 year	
			54 245	from 1 to 5 years	
			39 357	more than 5 years	
	Total		**340 360**		
Bonds	Variable		-	less than 1 year	
			-	from 1 to 5 years	
			-	more than 5 years	
	Fixed	Between 3% and 5%	(251)	less than 1 year	
			49 534	from 1 to 5 years	
			-	more than 5 years	
	Total		**49 282**		
Financial leases	Variable		377	less than 1 year	
			910	from 1 to 5 years	
			-	more than 5 years	
	Fixed	Between 0% and 6%	2 542	less than 1 year	
			5 944	from 1 to 5 years	
			449	more than 5 years	
	Total		**10 222**		
Other miscellaneous financial debt	Variable		-	less than 1 year	
			-	from 1 to 5 years	
			-	more than 5 years	
	Fixed		1 487	less than 1 year	
			23	from 1 to 5 years	
			-	more than 5 years	
	Total		**1 158**		
Short-term bank borrowings	Variable		395	less than one year	
	TOTAL		**401 769**		
	Of which current		*37 011*	*less than one year*	
	Of which non-current		*364 759*	*more than 1 year*	

Note 3.2.2 - Financial hedging instruments

The financial instruments used by the Group are for hedging cash flows related to its financing.

These instruments, which are traded on organized markets, are managed by the Group's Finance Department.

k€

	Dec. 31, 2015			Dec. 31, 2016			June 30, 2017		
	NC	C	TOTAL	NC	C	TOTAL	NC	C	TOTAL
Hedging instruments – assets	-	3	**3**	-	-	**-**	-	-	**-**
Hedging instruments – liabilities	436	144	**580**	637	22	**659**	438	53	**490**

NC: non-current - C: current

Hedging instruments (assets and liabilities) break down by their nature as follows:

k€

	Dec. 31, 2015		Dec. 31, 2016		June 30, 2017	
	Nominal transaction	Fair value	Nominal transaction	Fair value	Nominal transaction	Fair value
Swaps	50 000	(367)	30 000	(353)	30 000	(242)
Collars	45 000	(209)	65 000	(307)	110 000	(248)
Hybrid instruments	-	-	-	-	-	-
TOTAL	**95 000**	**(576)**	**95 000**	**(659)**	**140 000**	**(490)**

At June 30, 2017, the maturity of the cash flow hedging instruments was as follows:

k€

	< 1 year	from 1 to 5 years	> 5 years	TOTAL
Swaps	10 000	30 000	-	30 000
Collars	15 000	95 000	-	110 000
Hybrid instruments	-	-	-	
TOTAL	**25 000**	**115 000**	**-**	**140 000**

Note 4 - Current and non-current provisions

k€

	Dec. 31, 2015	Dec. 31, 2016	Other changes	Impact on shareholders' equity	Allocations	Write-backs used	Write-backs unused	June 30, 2017
Employee benefits[1]	**3 804**	**5 190**	210	45	590	(172)	-	**5 863**
Other non-current provisions[2]	**9 300**	**11 259**	339	-	1 726	(159)	-	**13 165**
Non-current provisions	**13 104**	**16 450**	**549**	**45**	**2 317**	**(332)**	**-**	**19 028**
Provisions for litigation	**1 124**	**1 815**	-	-	116	(15)	(68)	**1 848**
Provision for other risks	**-**	**-**	-	-	41	-	-	**41**
Provision for waste to be treated	**157**	**147**	-	-	20	(32)	-	**135**
Provisions for other charges	**547**	**4 670**	34	127	526	(875)	(8)	**4 474**
Current provisions	**1 828**	**6 632**	**34**	**127**	**703**	**(922)**	**(76)**	**6 498**
TOTAL	**14 932**	**23 082**	**582**	**172**	**3 020**	**(1 253)**	**(76)**	**25 527**

1 : provisions for end-of-career payment and long-service medals commitments are calculated according to the method described in the accounting principles and methods section of this report.
2 : provision for 30-year monitoring period.

During 2016, Séché Eco-industries was the subject of a tax audit, as a result of which the French tax authorities decided to make a tax adjustment concerning the base on which property ownership tax (taxe foncière) was assessed. The tax administration considered, on the basis of recent case law, that all landfill cells, whether still operational or completely filled, should be included in the taxable basis for property ownership tax (taxe foncière). The tax authorities' intended adjustment amounts to EUR 5 million (EUR 2 million in respect of 2016 and EUR 3 million in respect of earlier years). The Company contests this intended adjustment, and has initiated a contentious procedure before the administrative court claiming that totally filled landfill cells which are no longer operational should be excluded from the tax basis.

Pending a judgment on this contentious procedure, the Group has provisioned in its accounts for 2016 the whole amount of the intended tax adjustment (EUR 5 million):

- the uncontested portion of the intended adjustment, concerning landfill cells still under operation (with a reduction of 50% for cells for non-hazardous waste) was recognized as an accrued charge against EBITDA;
- the contested portion of the intended adjustment was booked as a provision for risks against operating income. At June 30, 2017, this provision amounted to EUR 4 million.

Note 5 - Off-balance sheet commitments

k€ Note 5.1 - Off-balance sheet commitments arising from current operations

	Dec. 31, 2015	Dec. 31, 2016	June 30, 2017
LOANS CEDED BEFORE MATURITY (BILLS, DAILLY ACT)	-	-	-
SURETIES	**67 704**	**90 565**	**91 368**
■ Financial guarantees[1]	37 135	52 183	52 183
■ Other guarantees	30 569	38 382	39 185
SECURED GUARANTEES	-	-	-
■ Tangible and intangible assets pledged as collateral	-	-	-
■ Securities pledged as collateral	-	-	-
RELATED TO SHAREHOLDER RESPONSIBILITIES IN PROPERTY COMPANIES	-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS RELATED TO CURRENT OPERATIONS	**67 704**	**90 565**	**91 368**

1: this concerns a EUR 52 million surety granted to a financial institution during the setting up of financial guarantees extended by it under the Ministerial Order of February 1, 1996.

Note 5.2 - Off-balance sheet commitments given or received in connection with Group debt

	Dec. 31, 2015	Dec. 31, 2016	June 30, 2017
BUSINESS LOANS CEDED	**1 428**	**1 537**	**836**
SURETIES AND LETTERS OF INTENT	**36 964**	**32 862**	**32 514**
SECURED GUARANTEES	**11 194**	-	-
■ Tangible and intangible assets pledged as guarantees and collateral	11 194	-	-
■ Securities pledged as guarantees and collateral	-	-	-
■ Mortgages	-	-	-
BORROWING COMMITMENTS RECEIVED	**3 591**	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS RELATED TO DEBT	**53 177**	**34 399**	**33 350**

As part of its asset financing, the company signed commitments not to sell its shareholdings in Sénergies and Alcéa.

All the above-mentioned off-balance sheet commitments cover balance sheet debt, with the exception of a EUR 0.8 million guarantee.

Under its public service delegation contracts, Séché Environnement makes commitments to the delegating authority in respect of proper contract execution.

Note 6 – Shareholders' equity

Note 6.1 - Breakdown of share capital

k€

Share category	Number	Par value
1- SHARES COMPRISING THE SHARE CAPITAL AT THE START OF THE PERIOD	**7 857 732**	**0.20 €**
Capital decrease (by cancellation of the Company's own shares)		-
2- SHARES COMPRISING THE SHARE CAPITAL AT THE END OF THE PERIOD	**7 857 732**	**0.20 €**
Of which shares with single voting rights	*6 848 964*	
Of which shares with double voting rights	*1 008 768*	

Note 6.2 - Additional paid-in capital

This line is made up exclusively of additional paid-in capital from the different capital increases, net of charges:

k€

Capital increase of November 27, 1997	11 220
Capital increase of December 19, 1997	112
Capital increase of October 1, 2001 (to pay for Alcor shares)	10 795
Capital increase of July 5, 2002 (to pay for Trédi shares)	192 903
Charges on additional paid-in capital	(1 578)
Issuance of 596 408 share subscription warrants in favor of Caisse des Dépôts on Dec. 12, 2006	10 908
Exercise of share subscription warrants by Caisse des Dépôts on April 24, 2007	74 718
Pay-out of dividends on June 10, 2014	(8 148)
Charges on additional paid-in capital on April 25, 2014	(169 445)
Pay-out of dividends on June 10, 2015	(8 203)
Charges on additional paid-in capital on April 28, 2015	790
Cancellation by Séché Environnement of its own shares on June 17, 2015	(23 268)
Charges on additional paid-in capital on April 28, 2016	(16 744)
TOTAL	**74 061**

Note 6.3 - Breakdown of consolidated reserves

	Dec. 31, 2015	Dec. 31, 2016	Increases	Decreases	June 30, 2017
Legal reserve	173	173	-	-	173
Regulatory reserves	-	-	-	-	-
Retained earnings	(42 616)	52	12 010	-	12 062
Other reserves	6 037	-	-	-	-
SUB-TOTAL LEGAL AND REGULATORY RESERVES	**- (36 407)**	**225**	**12 010**	**-**	**12 235**
Consolidated reserves (excluding foreign currency translation differences)	174 306	163 206	-	(15 375)	147 831
TOTAL RESERVES (EXCLUDING FOREIGN CURRENCY TRANSLATION DIFFERENCES)	**137 899**	**163 431**	**12 010**	**(15 375)**	**160 066**
Foreign currency translation differences	(3 083)	(3 355)	-	(1 311)	(4 666)
TOTAL RESERVES (INCLUDING FOREIGN CURRENCY TRANSLATION DIFFERENCES)	**134 816**	**160 076**	**12 010**	**(16 686)**	**155 400**

Note 6.4 - Dividends

In the first half of 2017, Séché Environnement paid out EUR 7 464 845.40 in dividends, or EUR 0.95 per share, regardless of the type of share.

3.6.4.2. NOTES TO THE INCOME STATEMENT

Note 7 - Income from ordinary activities

k€	June 30, 2015	June 30, 2016	June 30, 2017
Revenue	223 206	230 040	266 705
Of which sales of goods	*34 226*	*33 683*	*33 067*
Of which sales of services	*188 980*	*196 357*	*233 638*
Other business income	2 560	2 690	3 798
Transfers of expenses	3 437	1 423	348
INCOME FROM ORDINARY ACTIVITIES	**229 203**	**234 153**	**270 851**

Note 8 - Current operating income

k€	June 30, 2015	June 30, 2016	June 30, 2017
INCOME FROM ORDINARY ACTIVITIES	**229 203**	**234 153**	**270 851**
PURCHASES USED FOR OPERATIONAL PURPOSES	**(34 717)**	**(32 194)**	**(33 792)**
External expenses	(86 233)	(86 459)	(108 775)
Of which subcontracting	*(49 419)*	*(47 607)*	*(62 650)*
Taxes other than on income	(19 769)	(19 068)	(21 626)
Employee benefit expenses	(54 478)	(58 011)	(63 698)
EBITDA	**34 006**	**38 422**	**42 960**
Cost of renewal of assets included in concessions	(4 382)	(4 371)	(4 699)
Cost of treatment site rehabilitation	(682)	(682)	(673)
Other operating income and expenses	(1 592)	(652)	4
Net allocations to provisions	498	(811)	(1 997)
Net allocations to amortization	(15 690)	(20 474)	(22 036)
CURRENT OPERATING INCOME	**12 159**	**11 433**	**13 558**

Note 9 - Operating income

k€	June 30, 2015	June 30, 2016	June 30, 2017
CURRENT OPERATING INCOME	**12 159**	**11 433**	**13 558**
Income on disposal of fixed assets	290	(181)	1 029
Impairment of assets	-	(48)	(54)
Effect of changes in consolidation scope[1]	-	(122)	(897)
Other[2]	-	(541)	(872)
OPERATING INCOME	**12 450**	**10 540**	**12 764**

1: these correspond to expenses incurred in constituting business combination projects.

2: in 2016 and 2017, further non-recurring operating costs were incurred by the Group, concerning the management under contract of the Strasbourg-Sénerval public service delegation, which was complicated by the presence of asbestos in the delegated assets . Moreover, in 2017 this line includes the contested portion of the intended tax adjustment in respect of property ownership tax (taxe foncière) which is the subject of a provision for risks.

Note 10 – Net financial income

Note 10.1 - Breakdown of net financial income

k€	June 30, 2015	June 30, 2016	June 30, 2017
Income from cash and cash equivalents	258	171	104
Gross financial borrowing costs	(6 605)	(5 185)	(6 199)
Other financial income and expenses	(557)	(598)	(1 042)
TOTAL	**(6 903)**	**(5 612)**	**(7 138)**

The cost of gross financial debt evolved as follows:

k€	June 30, 2015	June 30, 2016	June 30, 2017
Financial liabilities at amortized cost	(6 070)	(4 924)	(5 971)
Gain (loss) on hedging instruments	(535)	(261)	(228)
COST OF GROSS FINANCIAL DEBT	**(6 605)**	**(5 185)**	**(6 199)**

The cost of net financial debt increased in 2015 under the effects of early amortization of negotiation charges related to the syndicated credit refinancing in May 2015 in the amount of EUR 1.2 million.

Note 10.2 - Breakdown of other financial income and expenses

k€	June 30, 2015	June 30, 2016	June 30, 2017
Foreign exchange gain (loss)	(63)	(20)	(445)
Net gain (loss) on the sale of financial fixed assets	-	-	(21)
Net impairment on financial assets	(575)	(480)	(562)
Other financial income and expenses	82	(98)	(15)
TOTAL	**(557)**	**(598)**	**(1 042)**

Note 11 - Taxes

	June 30, 2015	June 30, 2016	June 30, 2017
NET INCOME BEFORE TAXES	**5 546**	**4 928**	**5 626**
Corporation tax payable	(982)	(1 116)	(1 289)
Deferred tax	(378)	(1 009)	(189)
TOTAL TAX EXPENSE	**(1 359)**	**(2 124)**	**(1 477)**
Current effective tax rate	24.51%	43.10%	26.25%

3.6.4.3. FINANCIAL RISK MANAGEMENT

Note 12 - Exposure to credit risk

Credit risk is the risk of financial loss being incurred by the Group in the event that a customer or counterparty to a given asset were to fail to meet its contractual obligations. This risk arises mainly from trade receivables.

The Group's maximum exposure to credit risk is represented by the book value of financial assets. At the close of the half-year, maximum credit risk exposure broke down as follows:

k€	Dec. 31, 2015			Dec. 31, 2016			June 30, 2017		
	NC	C	TOTAL	NC	C	TOTAL	NC	C	TOTAL
Available-for-sale financial assets	1 655	-	**1 655**	1 436	-	**1 436**	1 417	-	**1 417**
Financial loans and receivables at amortized cost	6 946	868	**7 814**	7 033	761	**7 794**	7 565	721	**8 286**
FINANCIAL ASSETS	**8 601**	**868**	**9 469**	**8 469**	**761**	**9 230**	**8 982**	**721**	**9 703**
Trade and other receivables	34 520	140 341	**174 861**	43 082	159 549	**202 631**	39 575	161 909	**201 484**
Other current assets (incl. corporation tax credits)	3 452	24 165	**27 617**	1 843	28 719	**30 562**	1 239	27 242	**28 481**
LOANS AND RECEIVABLES AT AMORTIZED COST	**37 972**	**164 505**	**202 478**	**44 926**	**188 268**	**233 194**	**40 814**	**189 152**	**229 966**
Hedging instruments – assets	-	3	**3**	-	-	**-**	-	-	**-**
Other instruments at fair value by the income statement	-	-	**-**	-	-	**-**	-	-	**-**
FINANCIAL ASSETS AT FAIR VALUE BY THE INCOME STATEMENT	**-**	**3**	**3**	**-**	**-**	**-**	**-**	**-**	**-**
Cash and cash equivalents	-	30 640	**30 640**	-	16 732	**16 732**	-	25 843	**25 843**
TOTAL FINANCIAL ASSETS	**46 574**	**196 017**	**242 591**	**53 394**	**205 761**	**259 155**	**49 796**	**215 716**	**265 512**

NC: non-current – C: current

Revenue, expenses, income and impairments recognized in the financial statements for the first half of 2017 as financial assets were not significant, and corresponded to income related to the management of marketable securities.

Note 13 - Exposure to counterparty risk

Counterparty risk corresponds to the loss that the Group could suffer if one or more counterparties were to fail to fulfill their obligations. It concerns loans and receivables (financial or operational) at amortized cost, and short-term investments of excess cash.

The aged balance of loans and receivables at amortized cost is as follows:

June 30, 2017

k€

	Net value (C and NC)	Of which not due	Of which due 0-6 mths	6 mths - 1 yr	> 1 yr
Financial loans and receivables at amortized cost	8 286	8 286	-	-	-
Trade and other receivables	201 484	170 638	21 555	4 796	4 495
Other assets	28 481	28 065	56	-	360
TOTAL	**238 252**	**206 991**	**21 610**	**4 796**	**4 855**

NC: non-current – C: current

The aged balance of loans and receivables at amortized cost at the closing of the preceding two financial years was as follows:

k€

Dec. 31, 2016

	Net value (C and NC)	Of which not due	Of which due 0-6 mths	6 mths - 1 yr	> 1 yr
Financial loans and receivables at amortized cost	7 794	7 794	-	-	-
Trade and other receivables	202 631	181 396	14 673	2 357	4 205
Other assets	30 562	29 644	11	12	895
TOTAL	**240 987**	**218 834**	**14 685**	**2 369**	**5 100**

NC: non-current – C: current

k€

Dec. 31, 2015

	Net value (C and NC)	Of which not due	Of which due 0-6 mths	6 mths - 1 yr	> 1 yr
Financial loans and receivables at amortized cost	7 814	7 814	-	-	-
Trade and other receivables	174 861	147 322	19 432	4 306	3 801
Other assets	27 617	27 440	-	-	177
TOTAL	**210 292**	**182 576**	**19 432**	**4 306**	**3 978**

NC: non-current – C: current

In the Group's opinion, it is not exposed to any significant counterparty risk.

Note 14 – Exposure to liquidity risk

Liquidity risk is the risk that the Group may have difficulty honoring its debts at their maturity.

At June 30, 2017, the residual contractual maturities of the Group's financial liabilities broke down as follows:

June 30, 2017	Book value	Contractual cash flows	< 1 yr	1 to 5 yrs	> 5 yrs
Bank loans	389 642	425 645	42 314	338 696	44 635
Lease finance debt	10 222	10 653	3 123	7 080	450
Other financial debt	1 510	1 510	1 487	-	23
Short-term bank borrowings	395	395	395	-	-
Trade and other payables (incl. corporation tax debts)	200 074	200 074	198 667	1 407	-
Liabilities for renewal of assets included in concessions	9 793	9 793	9 793	-	-
TOTAL NON-DERIVATIVE FINANCIAL LIABILITIES	**611 636**	**648 070**	**255 779**	**347 183**	**45 108**
Hedging instruments	490	490	53	438	-
TOTAL DERIVATIVE FINANCIAL LIABILITIES	**490**	**490**	**53**	**438**	**-**

For comparison purposes, the residual contractual maturities of the Group's financial liabilities at the closing of the fiscal years 2016 and 2015 were as follows:

Dec. 31, 2016	Book value	Contractual cash flows	< 1 yr	1 to 5 yrs	> 5 yrs
Bank loans	317 209	351 734	35 982	266 027	49 724
Lease finance debt	9 861	10 263	2 876	6 829	558
Other financial debt	1 158	1 158	1 135	-	23
Short-term bank borrowings	1 554	1 554	1 554	-	-
Trade and other payables (incl. corporation tax debts)	185 708	185 708	183 269	2 439	-
Liabilities for renewal of assets included in concessions	9 966	9 966	9 966	-	-
TOTAL NON-DERIVATIVE FINANCIAL LIABILITIES	**525 457**	**560 383**	**234 782**	**275 295**	**50 305**
Hedging instruments	659	659	22	637	-
TOTAL DERIVATIVE FINANCIAL LIABILITIES	**659**	**659**	**22**	**637**	**-**

Dec. 31, 2015	Book value	Contractual cash flows	< 1 yr	1 to 5 yrs	> 5 yrs
Bank loans	310 196	350 517	34 140	244 505	71 873
Lease finance debt	9 910	10 517	2 525	7 100	892
Other financial debt	774	774	739	-	35
Short-term bank borrowings	197	197	197	-	-
Trade and other payables (incl. corporation tax debts)	179 287	179 287	175 194	4 093	-
Liabilities for renewal of assets included in concessions	9 874	9 874	9 874	-	-
TOTAL NON-DERIVATIVE FINANCIAL LIABILITIES	**510 238**	**551 166**	**222 669**	**255 698**	**72 800**
Hedging instruments	580	580	144	436	-
TOTAL DERIVATIVE FINANCIAL LIABILITIES	**580**	**580**	**144**	**436**	**-**

Ratios prescribed by the credit covenant and bond issuance agreement

The Group's credit covenant signed on May 12, 2016 and one of its bond issuance agreements include a commitment to respect two financial ratios based on the Group's consolidated financial statements. Compliance with these financial ratios is checked twice per year for the twelve-month periods ending December 31 and June 30.

Non-compliance with these ratios would constitute default and, in the case of most lenders, would render all debt immediately due. Following the acquisitions made in 2017, the ratio limits were revised for a period of 12 months.

The financial ratios to be complied with are as follows:

RATIO	Applicable in 2015	Applicable in 2016	Applicable in 2017
Net financial debt/equity	< 1.4	< 1.4	< 1.6
Net financial debt/EBITDA	< 3.5	< 3.5	< 3.7

Under its operation to refinance its bank debt, Séche Environnement renegotiated the clause concerning its net financial debt to equity ratio. A change in the definition of shareholder equity led to a modification in the limit of the ratio: from now on, shareholders' equity is defined as "the total of all shareholders' equity (Group share)" without exception.

At June 30, 2017, the Group's bank gearing was 1.46 and bank-debt-to-earnings stood at 3.49.

At June 30, 2016, the Group's bank gearing stood at 1.15 and bank-debt-to-earnings at 2.95.

Ratios of the second bond issuance agreement

The second bond issuance agreement also includes a commitment to respect the same two financial ratios calculated on the basis of the Group's consolidated financial statements. Compliance with these financial ratios is checked twice per year for the twelve-month periods ending December 31 and June 30.

Non-compliance with these ratios would constitute default and, in the case of most lenders, would render all debt immediately due.

The financial ratios to be complied with are as follows:

RATIO	COMMITMENT
Net financial debt/equity	< 1.1
Net financial debt/EBITDA	< 3.7

Note 15 – Exposure to interest rate risk

Séché Environnement's corporate debt, before hedging, is subject to a variable rate of interest.

The Group uses hedging instruments to cover itself against any rise in interest rates, and to optimize the cost of its debt. The Group's credit convention requires a minimum of 50% hedging over a three-year period. The instruments used are swaps, caps, floors and collars. Their use is managed directly by the Group Finance Department.

Interest-rate risk is analyzed on the basis of projected trends in financial debt on the credit lines and maturities of interest-rate hedges:

- a 50 basis point decline in interest rates would have a negative impact on Group shareholders' equity of EUR 1.2 million;
- a 100 basis point instantaneous upward change in interest rates would have a negative impact of EUR 0.8 million on the Group's annual financial costs, based on its indebtedness at June 30, 2017 and its reimbursement profile at that date.

Note 16 – Exposure to exchange rate risk

The exchange rate risk to which the Group is exposed arises from:

- the conversion of contributions from foreign subsidiaries outside the euro zone to its balance sheet and income statement. However, this risk is increasingly limited thanks to the Group's ongoing efforts to refocus on its European activities in the euro zone;
- bank debt financing, denominated almost exclusively in EUR, of the investments of its foreign subsidiaries carried out in local currencies (for those subsidiaries not considered as long-term foreign investments).

Changes in foreign exchange income break down as follows:

k€	June 30, 2015	June 30, 2016	June 30, 2017
Foreign exchange income, Europe	(21)	7	(251)
Foreign exchange income, Americas	(43)	(27)	(87)
Foreign exchange income, rest of world	-	-	(107)
TOTAL	**(63)**	**(20)**	**(445)**

To date, this risk is not the subject of specific hedging at the Group level.

3.6.4.4. EARNINGS PER SHARE

The earnings per share figure presented at the foot of the income statement is the ratio of the net income attributable to shareholders of the parent company, to the weighted average number of shares making up the share capital of the parent company which were in circulation over the period, i.e. EUR 0.48.

The Group has no dilutive instruments, therefore diluted EPS is equal to net EPS.

3.6.4.5. KEY EVENTS SINCE THE CLOSING OF ACCOUNTS

We are aware of no significant event occurring after the closing of accounts likely to have a significant impact on the Group's assets, financial position or operating results.

As far as the Company is aware, there is no litigation, arbitration or exceptional event occurring after the closing likely to have, or to have had in the recent past, a significant effect on the financial position, earnings, business or assets of the Company or the Group.

5

STATUTORY AUDITORS' LIMITED REVIEW REPORT ON THE INTERIM FINANCIAL REPORT AT JUNE 30, 2017

PERIOD FROM JANUARY 1, 2017 TO JUNE 30, 2017

To the Shareholders,

Following our appointment as statutory auditors by your Annual General Meeting, and in accordance with article L.451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we have carried out:

- a limited review of the condensed half-yearly consolidated financial statements of Séché Environnement SA for the period from January 1, 2017 to June 30, 2017 which are attached to the present report;
- the verification of information contained in the half-yearly management report.

These condensed half-yearly consolidated financial statements have been drawn up under the responsibility of your Board of Directors. Our role is to express our conclusion on these financial statements based on our limited review.

I –Conclusion on the financial statements

We conducted our limited review in accordance with professional standards applicable in France. A limited review of interim financial information essentially consists in making inquiries of persons responsible for financial and accounting matters, and applying analytical review procedures. A limited review is substantially less broad in scope than an audit conducted in accordance with professional standards applicable in France, and consequently does not enable us to obtain more than a moderate assurance, less than would be obtained in the case of an audit, that the financial statements do not contain significant anomalies.

Based on our limited review, no significant anomaly has come to our attention that would cause us to doubt that the accompanying condensed half-yearly consolidated financial statements are prepared in all material respects in accordance with IAS 34, the IFRS standard as adopted by the European Union applicable to interim financial statements.

II - Specific verification

We also verified the information given in the half-yearly management report commenting on the condensed half-yearly consolidated financial statements submitted to our limited review. We have no observations to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Nantes, September 5, 2017

KPMG Audit
A department of KPMG SA
Franck Noël
Partner

Laval, September 5, 2017

RSM Ouest Audit
Jean-Claude Bonneau
Partner

Séché Environnement

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