CONSTRUCTIONS INDUSTRIELLES DE LA MÉDITERRANÉE (CNIM)

CNIM is a limited liability company (*Société anonyme*) incorporated in France, with a Management and Supervisory Board and share capital of €6,056,220

Registered Office: 35, rue de Bassano - 75008 Paris

Registered with the Paris Trade and Companies Registry (RCS) under number 662 043 595

FINANCIAL REPORT for the six-month period ended JUNE 30, 2020

ACTIVITY REPORT

1 SIGNIFICANT EVENTS OF THE PERIOD

Financial restructuring

Heavily impacted by losses incurred during the reporting period and the resulting use of cash, in 2019 the Group initiated a financial restructuring process in close collaboration with all its financial partners including the banking consortium and credit insurers (which issue bank guarantees), the Government and Martin GmbH (CNIM's longstanding industrial partner).

The process led to the appointment of an ad hoc receiver by the French Commercial Court on November 12, 2019 to assist the Group in its discussions, and the initiation of the conciliation procedure, confirmed by a court ruling on January 2, 2020. As a result, the parties signed an initial agreement in March 2020 before finalizing a conciliation protocol in April 2020, which should enable the Group to continue operating in the medium term. The protocol was approved by the French Commercial Court on June 23, 2020.

The financial restructuring measures are as follows:

		Type	Principal amount (€ millions)	Interest	Maturity /effective date	Counterparty
Initial agreement signed on March 16, 2020						
Bridge loan backed by sale of registered office premises	(2)	Financing	30.6	Eurib+5%	-	
			2.5			*Banking consortium*
			3.1			*Government (« FDES »)*
Bank guarantees	(1)	Guarantee	88.4	-	March 31, 2020	Banking consortium
Conciliation protocol signed on April 29, 2020						
Bond		Financing	45.0	5%	Dec. 31, 2025	Martin GmbH
MT financing		Financing	43.8	Eurib+6%	April 30, 2021	
			35.0			*Banking consortium*
			8.8			*Government (« FDES »)*
New bank guarantees	(1)	Guarantee	170.8	-	March 31, 2021	Banking consortium
Sharjah bank guarantee		Guarantee	18.2	-	-	First Abu Dhabi Bank

(1) These bank guarantees cover the performance bonds that the Group is required to provide to enter into construction contracts as well as also the advance payment guarantees required to obtain advances from certain customers (amounting to €63 million).

The new bank guarantee supplements the bank guarantee granted in the initial agreement dated March 16, 2020. The unused portion of the the initial agreement, amounting to €51.7 million, was incorporated into the conciliation protocol, resulting in a new confirmed available credit line totaling €222.5 million.

A significant portion of these bank guarantees is covered by a counter-guarantee from BPI Assurance Export (up to 50% of the guarantee given). The counter-guarantee, amounting to €134 million, was obtained during the second half of 2019 to facilitate the issue of new guarantees by the banking consortium.

The effective date indicated in the table refers to the date the guarantee may be called.

(2) On April 17, 2020 the Group sold its registered office premises in Paris for €41.3 million and repaid the bridge loan associated with the sale.

Alongside these measures, CNIM Group made the following commitments:

- To secure the commitments of Martin Gmbh, the banking partners, credit insurers and the Government, by pledging the securities of all Group subsidiaries and placing the French subsidiaries in trust, entitling the beneficiaries to (i) scrutinize or veto decisions that could affect their rights or interests, and (ii) take control of the securities if adverse events occur or after a 12-month period. Given the facts and circumstances on the trust effective dates, the Company has retained operational control;
- to obtain backing from one or several partners for all of its business activities (Environment & Energy and Innovation & Systems operating segments) to enable it to continue operating. The prime objective

is to provide overall backing for the Group, by finding one or several buyers of all the securities, or alternatively of a majority stake in CNIM Group SA. However, the practical details may vary depending on the circumstances (such as the cumulative acquisition of the equity interests of the main subsidiaries or partial backing for an operating segment) and may include the sale of individual assets. To implement these measures, the Group may well have to deconsolidate the equity investments or assets concerned and regroup the activities under "assets held for sale".

In addition, the French government commission set up to assist companies in financial difficulty (*Commission départementale des Chefs des Services Financiers*) has granted the Group a moratorium on the payment of social security contributions and tax amounting to €13 million (payments to be made progressively over one year from May 2020).

Finally, the longstanding credit lines (revolving credit line and financing for the Exensor acquisition) are no longer subject to covenants, which require repayment on demand by the lender if covenants are breached.

Covid 19

The main risks for the Group identified to date relating to the Covid 19 pandemic are as follows:

- Employee health and safety (risk of infection);
- Absenteeism of CNIM personnel or sub-contractors on worksites;
- Restrictions on travel for CNIM employees, hindering progress on certain contracts;
- Business disruption (plants/offices/worksites);
- Requests from customers to shut down certain worksites or cease contract work;
- Contract breaches by sub-contractors/suppliers;
- Delayed delivery of key equipment or products;
- Lower productivity due to teleworking;
- Cancellation or deferral of new orders or riders to existing orders.

To date, the main impacts of the pandemic for the Group have been the following:

- At Group level:
  - Operations have continued at most of the Group's plants, workshops and customer worksites. However, working conditions have had to be adapted leading to slowdowns;
  - The vast majority of the Group's administrative sites in France have been closed since the start of the lockdown (as of March 17, 2020) and employees have been asked to work from home whenever possible;
  - The Group has already implemented some government measures to provide financial support to French and UK companies, including part-time activity and deferred payment of tax and social security contributions.

- Key issues, by Operating Segment / Division:

	Business continuity on production/operating sites	Overruns	Deferral of new contracts
E&E			
EPC	Plant slowdown due to preventive local measures (United Arab Emirates, Serbia, Scotland and UK).	Longer time to contract completion resulting in higher associated fixed costs.	-
LAB	-	Longer time to contract completion resulting in higher associated fixed costs.	
O&M	Temporary closure of waste sorting plants during lockdown in France.	-	-
Services	Temporary closure of two sites at the customer's discretion, which have since reopened.	Longer time to contract completion resulting in higher associated fixed costs.	Reduced local business activity in summer 2020 (usually a peak period).
I&S			
DSI	Relatively rapid resumption of business at the Seyne-sur-Mer site, but activity slower due to the lockdown in the first half	-	-
Bertin	-	-	Possible delays in government contract processes, hindering export sales.

2 OPERATIONS

2.1 Order intake

2.1.1 Group order intake by operating segment

(in € millions)	2019			2020			Change 2020/2019
	1st Quarter	2nd Quarter	**Total June 30, 2019**	1st Quarter	2nd Quarter	**Total June 30, 2020**	
Environment & Energy	480.3	9.5	489.8	183.7	1.8	185.4	-62.1%
Innovation & Systems	31.7	23.3	55.0	44.6	41.6	86.2	+56.6%
Not allocated	0.0	0.0	0.0	0.2	0.0	0.2	
TOTAL	**512.0**	**32.8**	**544.8**	**228.5**	**43.4**	**271.8**	**-50.1%**

Group order intake for the first six months of 2020 amounted to €271.8 million, compared with €544.8 million for the same period in 2019, and €172.2 million for the first six months of 2018.

2.1.2 Environment & Energy order intake

(in € millions)	2019			2020			Change 2020/2019
	1st Quarter	2nd Quarter	Total June 30, 2019*	1st Quarter	2nd Quarter	Total June 30, 2020	
E&E EPC	373.4	(2.0)	371.4	102.3	(7.7)	94.6	-74.5%
E&E LAB	3.0	1.5	4.5	27.3	0.7	28.0	+522.5%
E&E Services	22.9	8.4	31.3	7.9	8.2	16.1	-48.7%
E&E O&M	80.9	1.5	82.5	46.1	0.6	46.7	-43.3%
Environment & Energy	**480.3**	**9.5**	**489.8**	**183.7**	**1.8**	**185.4**	**-62.1%**

* Amounts restated for the effects of the reclassification of Geodur business from the LAB division to the O&M division.

The Environment & Energy operating segment comprises four business divisions:

- "EPC": "turnkey" household and biomass waste-to-energy processing plants;
- "LAB": flue gas treatment solutions for household waste-to-energy processing plants, flue-gas scrubbing systems for merchant ship engines, and related services;
- "Services": expertise, performance enhancement and refurbishment services for household and biomass waste-to-energy processing plants and combustion plants;
- "O&M": operation and maintenance of household and biomass waste-to-energy processing plants and systems for the removal and recovery of heavy metals from incinerator ash residues.

E&E EPC Business Division

In the first half of 2020, the EPC business division recorded orders of €94.6 million compared with €371.4 million at June 30, 2019; the business division adjusted its backlog for the 'Civil Engineering' scope of the Lostock contract.

In the first half of 2019, the division had received notice to proceed with the "process" scope of the Lostock waste-to-energy plant in the United Kingdom and of the Rambervilliers plant in France.

E&E LAB Business Division

In the first half of 2020, the LAB business division recorded orders of €28 million, compared with €4.5 million at June 30, 2019, primarily due to the Zuchwill (Switzerland) contract for flue gas treatment systems for household waste-to-energy processing plants and the Hammonia contract for flue gas treatment systems for ship engines.

E&E Services Business Division

The division recorded orders of €16.1 million in the first six months of 2020, compared with €31.3 million at June 30, 2019.

In the first half of 2019, the division recorded a significant order for Albioma relating to the Moule power plant in Guadeloupe: fuel conversion (coal to biomass), flue-gas treatment system/

E&E O&M Division

In the first half of 2020, the division recorded orders of €46.7 million, compared with €82.5 million at June 30, 2019.

In the first half of 2019, the operating concession contract was extended for a plant in the United Kingdom in which the Group holds a minority interest. Consequently, at June 30, 2019, the division consequently recorded a significant order corresponding to the fixed remuneration associated to this five-year contract.

2.1.3 Innovation & Systems order intake

(in € millions)	2019			2020			Change 2020/2019
	1st Quarter	2nd Quarter	Total June 30, 2019	1st Quarter	2nd Quarter	Total June 30, 2020	
I&S – Industrial Systems Division	13.8	3.6	17.4	24.3	22.8	47.1	+170.7%
I&S - Bertin	17.8	19.8	37.7	20.3	18.8	39.1	+3.9%
Innovation & Systems	**31.7**	**23.4**	**55.0**	**44.6**	**41.6**	**86.2**	**+56.6%**

The Innovation & Systems operating segment comprises two business divisions:

- DSI: Industrial Systems Division;
- Bertin subsidiaries.

For the Industrial Systems Division, order intake in the first six months of 2020 amounted to €47.1 million compared with €17.4 million at June 30, 2019, with a high level of orders for the "Deterrence", "Nuclear large-scale Scientific Instruments" and "Industrial Solutions" business.

Orders for the Bertin subsidiaries were up 3.7% to €39.1 million from €37.7 million at June 30, 2019.

2.2 Revenues

2.2.1 Revenues by operating segment

(in € millions)	2019			2020			Change 2020/2019
	1st Quarter	2nd Quarter	Total June 30, 2019	1st Quarter	2nd Quarter	Total June 30, 2020	
Environment & Energy	77.8	102.5	180.2	99.0	98.7	197.6	+9.7%
Innovation & Systems	42.3	49.4	91.6	36.9	43.9	80.8	-11.8%
Not allocated	0.0	0.0	0.0	0.1	0.1	0.2	
TOTAL	**120.0**	**151.8**	**271.8**	**135.9**	**142.7**	**278.6**	**+2.5%**

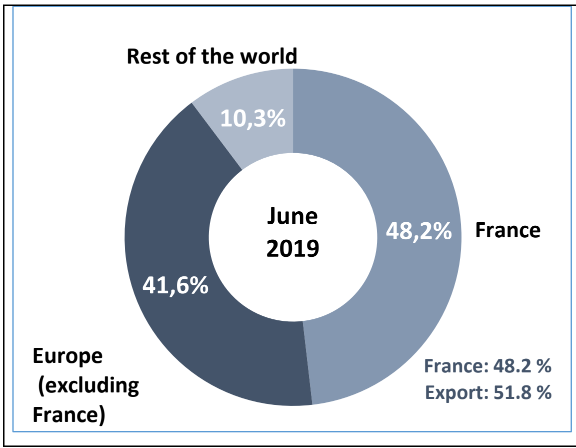
For the six-month period ended June 30, 2020, revenues amounted to €278.6 million, compared with €271.8 million for the same period in 2019.

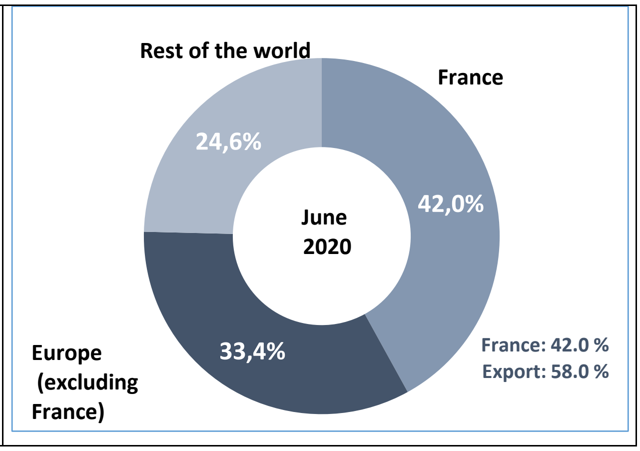
Revenues from the Environment & Energy operating segment were up 9.7% compared with the first six months of 2019, while revenues from the Innovation & Systems operating segment were down 11.8%. These changes result from the progress of contracts.

2.2.2 Breakdown of revenues by geographic area

In the first six months of 2020, 42.0% of the Group's revenues were generated in France, 33.4% in Europe, excluding France, and the remaining 24.6% outside Europe.

Revenues generated from exports represented 58.0% of total revenues at June 30, 2020 (51.8% at end-June 2019 and 58.4% at end-June 2018).





2.3 Backlog

(in € millions)	Backlog Jan 1, 2020	Order intake	Revenues	Backlog June 30, 2020
Environment & Energy	1,113.2	185.4	197.6	1,101.0
Innovation & Systems	314.7	86.2	80.8	320.1
Not allocated	-	0.2	0.2	-
TOTAL	**1,428.0**	**271.8**	**278.6**	**1,421.2**

Group backlog at June 30, 2020 amounted to €1,421.2 million, a slight decrease of 0.5% compared with backlog at January 1, 2020, with changes per operating segment breaking down as follows:

- -1.1% for the Environment & Energy operating segment;
- +1.7 % for the Innovation & Systems operating segment.

Backlog per business division breaks down as follows:

(in € millions)	Backlog Jan 1, 2020	Order intake	Revenues	Backlog June 30, 2020	
Environment & Energy	**1,113.2**	**185.4**	**197.6**	**1,101.0**	**77%**
E&E - EPC	891.0	94.6	128.7	857.0	60%
E&E - LAB	42.1	28.0	17.9	52.1	4%
E&E - Services	46.2	16.1	17.0	45.3	3%
E&E - O&M	134.0	46.7	34.0	146.6	10%
Innovation & Systems	**314.7**	**86.2**	**80.8**	**320.1**	**23%**
I&S – Industrial Systems Division	223.9	47.1	43.1	227.9	16%
I&S - BERTIN	90.8	39.1	37.7	92.2	6%
Not allocated	**-**	**0.2**	**0.2**	**-**	**0%**
TOTAL	**1,428.0**	**271.8**	**278.6**	**1,421.2**	**100%**

3 NET INCOME

The condensed interim financial statements have been prepared using the same accounting policies and methods as for the financial statements at December 31, 2019, with the exception of the changes mentioned in Note 1 to the consolidated financial statements.

(In € millions)	June 30, 2019	June 30, 2020
Revenues	**271.8**	**278.6**
EBITDA	(57.7)	(26.9)
Recurring operating income (expense)	(67.2)	(35.2)
Non-recurring operating income (expense)	(14.9)	13.0
Operating income (expense)	**(82.2)**	**(22.1)**
Equity-accounted investments	2.6	0.9
Operating income (expense) after share of net income from equity-accounted investments	**(79.6)**	**(21.2)**
Net financial income (expense)	(4.6)	(9.5)
Pretax income	**(84.2)**	**(30.7)**
Income tax	(0.8)	(2.6)
Net income (loss) for the period	**(85.0)**	**(33.2)**
Attributable to non-controlling interests	(5.2)	(0.9)
Net income (loss) attributable to owners of the parent	**(79.8)**	**(32.3)**

3.1 Recurring operating income and EBITDA by operating segment

The contribution of the operating segments to revenues and recurring operating income are shown below, along with year-on-year changes:

(in € millions)	June 30, 2019			June 30, 2020		
	Revenues	Recurring operating income	Recurring operating margin	Revenues	Recurring operating income	Recurring operating margin
Environment & Energy	180.2	(67.9)	(37.7)%	197.6	(25.2)	(12.8)%
Innovation et Systems	91.6	0.7	0.7%	80.8	(7.8)	(9.7)%
Not allocated	0.0	(0.0)		0.2	(2.2)	(1,048.4)%
TOTAL	**271.8**	**(67.2)**	**(24.7)%**	**278.6**	**(35.2)**	**(12.6)%**

Changes in EBITDA per operating segment were as follows:

(in € millions)	June 30, 2019			June 30, 2020		
	Revenues	EBITDA	EBITDA margin	Revenues	EBITDA	EBITDA margin
Environment & Energy	180.2	(64.1)	(35.6)%	197.6	(23.3)	(11.8)%
Innovation & Systems	91.6	6.4	7.0%	80.8	(3.6)	(4.5)%
Not allocated	0.0	(0.0)		0.2	(0.0)	(22.8)%
TOTAL	**271.8**	**(57.7)**	**(21.2)%**	**278.6**	**(26.9)**	**(9.7)%**

Environment & Energy operating segment

- Performance of the EPC Division was impacted by the extension of time to completion of turnkey contracts following the various lockdown measures and restrictions in the countries in which the Group operates. The contract time extensions due to the current global pandemic have resulted in higher costs, primarily affecting overheads at the operating sites.
- The half-year results of the LAB Division were still adversely impacted by the difficulties to complete the Hofor contract in Denmark. Profitability of Marine Scrubbers business was strong, accounting for approximately 40% of revenues for the half-year.
- The Services Division contributed negatively to operating income in the first half of 2020, after an increase in worksite costs relating to a close to completion contract; the “Local Services” business was adversely affected by the lockdown measures in France, reducing business even beyond the lockdown period.
- The O&M Division regularly contributed positively to operating income.

Innovation & Systems operating segment

- The half-year results of the Industrial Systems Division were negative, with business slower as a result of the measures in place to handle the health crisis. Progress on ongoing contracts is expected to be greater in the second half of the year.
- With regard to the Bertin Business Division, revenues and operating income are generally higher in the second half of the year.

3.2 Non-recurring income and expense

In accordance with Note 7 to the condensed consolidated interim financial statements, the Group has classified under "Other operating income" and "Other operating expenses" all non-recurring transactions of a significant amount that could hinder the clarity of recurring operating performance. They may include:

- *Gains or losses on disposals of business or groups of assets;*
- *Acquisition and integration costs relating to business combinations;*
- *Restructuring costs resulting from restructuring plans whose unusual and significant nature may hinder the clarity of recurring operating result;*
- *Provisions and impairment of property, plant and equipment or intangible assets of material amounts;*
- *Estimated or actually incurred costs relating to external factors independent of operating effectiveness such as political decisions.*

In accordance with the definition provided in the Group's 2019 Universal Registration Document filed with the French securities market regulator (AMF) on June 29, 2020, EBITDA refers to operating income excluding depreciation and amortization, impairment of non-current assets and the impact of disposals of non-current assets.

In the first half of 2020, the Group recognized the following items under "Non-recurring income (expense)":

- Gains on disposals of assets generated in the first six months of the year, primarily the sale of the Group's registered office premises in Paris;
- Impairment relating to an equity-accounted investment and goodwill of the Industrial Systems and Bertin Divisions;
- The costs generated by the Groupe's financial restructuring.

3.3 Net income from equity-accounted investments

Net income from equity-accounted investments amounted to €0.9 million for the period ended June 30, 2020, compared with €2.6 million for the same period in 2019.

The positive contribution was mainly attributable to interests held by the Group in three waste-to-energy processing plants in the United Kingdom.

3.4 Net financial income and expense

Net financial expense for the period ended June 30, 2020 amounted to -€9.5 million, comprising:

- Foreign exchange differences: -€7 million;
- Cost of net debt: -€2.2 million.

The line item "Foreign exchange differences" mainly includes the carrying cost (unrealized and realized forward points) of derivative instruments set up to hedge future commercial contract flows; the "forward points" share of foreign currency hedges (systematic on contracts) is recognized under financial income (expense), with significant changes in the unrealized portion.

3.5 Income tax

The Group has not recognized any deferred tax assets in connection with the tax losses carried forward generated within the French tax consolidation Group.

3.6 Net income

Net loss attributable to owners of the parent, excluding non-controlling interests, amounted to -€32.3 million at June 30, 2020.

4 FINANCING / CASH FLOW

4.1 Cash flow statement

The main items presented in the condensed consolidated cash flow statement are as follows:

(in € millions)	June 30, 2019	June 30, 2020
Net cash from operations before changes in working capital, cost of debt and income tax	(51.4)	(35.7)
Change in working capital requirements	(57.2)	(26.4)
Income tax paid	(0.0)	(1.4)
Net cash flow from (used in) investing activities	(13.2)	34.4
Net cash flow from (used in) financing activities	69.6	61.3
Other	0.3	0.9
Net increase (decrease) in cash and cash equivalents	**(52.1)**	**33.0**
Opening cash and cash equivalents	84.4	94.9
Closing cash and cash equivalents	**32.4**	**127.9**

The definition of cash in the cash flow statement corresponds to cash and cash equivalents (detailed in Paragraph 4.2) less bank overdrafts.

4.1.1 Net cash from operations before changes in working capital, cost of debt and income tax

Net cash from operations before changes in working capital, cost of debt and income tax amounted to -€35.7 million for the period ended June 30, 2020, compared with -€51.4 million at end-June 2019.

The half-year results at June 30, 2019 were much lower than in the first half of 2020, primarily due to contract provisions allowances.

4.1.2 Working capital requirements

(in € millions)	Dec. 31, 2019	June 30, 2020	Change in WCR	Currency translation, scope & other differences	Change in WCR (CFS)
Inventories and work in progress	22.9	24.7	1.7	0.3	2.0
Advances and down payments made	9.2	25.4	16.2	0.2	16.4
Trade and other receivables	134.6	204.8	70.2	1.6	71.8
Accrued income from contracts in progress	162.4	129.6	(32.8)	0.4	(32.5)
Social security and tax receivables	80.2	93.2	13.0	0.1	13.1
Other current operating assets	16.1	24.1	8.0	(11.1)	(3.1)
TOTAL CURRENT ASSETS	**425.4**	**501.7**	**76.3**	**(8.5)**	**67.8**
Advances and down payments received	(33.1)	(49.9)	(16.8)	(0.0)	(16.8)
Trade payables	(156.6)	(119.7)	36.9	1.6	38.5
Deferred income from contracts in progress	(108.1)	(147.1)	(39.0)	(0.0)	(39.0)
Social security and tax payables	(82.9)	(102.1)	(19.2)	(0.1)	(19.3)
Other current operating liabilities	(23.8)	(25.3)	(1.5)	(3.2)	(4.7)
TOTAL CURRENT LIABILITIES	**(404.6)**	**(444.2)**	**(39.6)**	**(1.7)**	**(41.4)**
Working capital requirement	**20.9**	**57.5**	**36.6**	**(10.2)**	**26.4**

The Group's working capital requirement increased by €26.4 million during the first six months of 2020.

4.1.3 Capital expenditure

For the period ended June 30, 2020, net cash flow from investing activities was €34.4 million, comprising the following items:

- Acquisition of intangible assets and property, plant and equipment: -€6.8 million;
- Disposals of assets (primarily the sale of the Group's registered office premises in Paris): €41.9 million;
- Other (net change in deposits, advances and loans granted): -€0.7 million.

4.1.4 Net cash flow used in financing activities

Net cash flow used in financing activities amounted to €61.9 million for the period, corresponding to:

- An increase in loans and borrowings for €61.7 million;
- Repayment of loans and borrowings for -€2.8 million;
- Securitization of receivables for €3.8 million.

4.2 Cash, net of debt

(in € millions)	Dec. 31, 2019	June 30, 2020
Cash equivalents	10.1	0.1
Cash	90.5	133.6
Total cash and cash equivalents	**100.5**	**133.7**
Non-current financial liabilities	(45.3)	(224.7)
Current financial liabilities	(188.4)	(72.2)
Financial liabilities	**(233.7)**	**(296.9)**
Cash and cash equivalents, net of debt	**(133.2)**	**(163.3)**

At June 30, 2020, the Group's cash and cash equivalents, net of debt, amounted to -€163.3 million, compared with -€133.2 million at June 30, 2019, included lease liabilities in accordance with IFRS 16.

4.3 Debt

(in € millions)	Dec. 31, 2019			June 30, 2020		
	Non-current Financial Liabilities	Current Financial Liabilities	Total	Non-current Financial Liabilities	Current Financial Liabilities	Total
Loan to invest in the Exensor group	-	24.0	**24.0**	17.9	6.0	**23.9**
Loan to fund renovation work at SCI Bassano	-	1.1	**1.1**	-	0.6	**0.6**
Drawdowns of the revolving credit facility	-	120.0	**120.0**	119.4	-	**119.4**
Martin GmbH bond	-	-	**-**	44.1	-	**44.1**
Medium-term bank loan	-	-	**-**	-	30.0	**30.0**
Medium-term government loan	-	-	**-**	-	8.8	**8.8**
Loan to fund R&D projects	1.4	0.8	**2.2**	1.2	0.9	**2.1**
Other borrowings	1.0	19.9	**20.9**	0.9	0.3	**1.2**
Total loans and borrowings	2.4	165.9	**168.2**	183.5	46.5	**230.0**
Lease liabilities	16.1	4.5	**20.7**	14.4	3.8	**18.3**
Refundable advances	6.2	0.6	**6.8**	6.2	0.5	**6.7**
Sales of receivables	20.4	11.4	**31.8**	20.3	15.3	**35.6**
Other financial liabilities	0.3	0.4	**0.6**	0.3	0.4	**0.6**
FINANCIAL LIABILITIES	**45.3**	**182.7**	**228.0**	**224.7**	**66.5**	**291.1**
Bank overdrafts and short-term bank loans	-	5.7	**5.7**	-	5.8	**5.8**
NET FINANCIAL LIABILITIES	**45.3**	**188.4**	**233.7**	**224.7**	**72.2**	**296.9**

The Group's debt amounted to €296.9 million at June 30, 2020.

The Group has a syndicated multi-currency credit facility of €120 million, which was renewed in December 2017 for an initial period of five years, extended to six years in 2018, and which had been fully drawn down at June 30, 2020.

The main changes in debt compared with December 31, 2019 were due to application of the conciliation protocol described in paragraph 1:

- A €45 million bond taken out by Martin Gmbh;
- Drawdown of €30 million of the new credit facility set-up in the frame of the conciliation protocol (maximum drawdown amount of €35 million)
- A government loan ("FDES") of €8.8 million.

Sales of trade and tax receivables amounted to €35.6 million at June 30, 2020, compared with €31.8 million at December 31, 2019.

4.4 Liquidity

The Group's liquidity position was significantly better at the end of the six-month period due to financing provided under the conciliation protocol, comprising at June 30, 2020:

- Cash and cash equivalents of €133.7 million
- An undrawn amount of €5 million under the new credit facility.

4.5 Equity

Changes in consolidated equity were as follows:

(in € millions)	Consolidated equity
January 1, 2020	**(18.8)**
Net income (loss) for the six-month period ended June 30, 2020	(32.3)
Other comprehensive income, changes in consolidation scope, treasury share transactions	10.9
June 30, 2020	**(40.2)**

5 CNIM S.A. INDIVIDUAL FINANCIAL STATEMENTS

5.1 Net income

The main items presented on CNIM's income statement are as follows:

(in € millions)	June 30, 2019	June 30, 2020
Revenues	**168.6**	**117.0**
Operating income (loss)	(49.4)	(29.5)
Financial income (loss)	3.6	(3.0)
Non-recurring income (expense)	(9.5)	(8.4)
Tax and employee profit-sharing expense	3.3	1.4
Net income (loss)	**(51.9)**	**(39.4)**

For the six-month period ended June 30, 2020, the parent company's performance primarily performed reflects the activities of the E&E EPC Division, following the asset contributions to the E&E Services, E&E O&M and I&S DSI Divisions on December 31, 2019.

5.2 Cash and cash equivalents

The company's cash and cash equivalents amounted to €96.5 million at June 30, 2020.

6 OUTLOOK

Use of the collateral provided for under the conciliation protocol may change the scope of the Group's business by 2021. It was not possible to precisely define the impact at the interim reporting date.

On a like-for-like basis, given the negative contribution to earnings of the E&E EPC and E&E Services Divisions, the Group expects negative EBITDA for 2020.

After taking into account Government aid (excluding Government-backed loans), and without forming a forecast as such, the negative impact on Group liquidity of the COVID-19 pandemic is estimated to be significant, but at a level compatible with maintaining a cash surplus.

7 RISK ANALYSIS

Risks are described in Note 2.7 of the 2019 Universal Registration Document.

8 TRANSACTIONS WITH RELATED PARTIES

All transactions with related parties were at arm's length.

9 SUBSEQUENT EVENTS

Disposal of assets

The Group entered into an agreement with the investment fund ICON Infrastructure to sell its indirect minority interests in HWS, DWS, WWS, owners of waste-to-energy processing plants in the United Kingdom.

The conditions precedent of this agreement were met on July 23, enabling the transaction to be finalized.

Change in governance

On July 31, 2020, at their General Meeting, the shareholders of CNIM Group approved the proposed change in the Group's legal status to a French limited liability company with a Board of Directors (*Société anonyme à Conseil d'administration*).

Consequently, the terms of office of the Management and Supervisory Board members were terminated. The Company is now headed by a Board of Directors and a Chief Executive Officer to whom each Division General Manager directly reports.

At the General Meeting of Shareholders, Nicolas Dmitrieff was appointed Director and, during the Board meeting that followed, Chairman of the Board of Directors.

Louis-Roch Burgard's appointment as Chief Executive Officer of CNIM Group at the Supervisory Board meeting held on May 26, 2020, was confirmed by the Board of Directors on July 31. Louis-Roch Burgard had previously been appointed Director at the General Meeting of Shareholders on July 31.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 CONSOLIDATED INTERIM BALANCE SHEET

(in € thousands)	Note	June 30, 2020	Dec. 31, 2019
Intangible assets	11	24,214	23,889
Goodwill	12	61,940	72,752
Property, plant and equipment	13	52,052	52,180
Right-of-use assets		19,946	22,382
Equity-accounted investments	14	7,896	25,491
Other non-current financial assets	15	17,746	17,647
Deferred tax assets		6,750	6,492
TOTAL NON-CURRENT ASSETS		**190,543**	**220,833**
Inventories and work in progress		24,671	22,923
Advances and down payments made		25,416	9,202
Trade and other receivables		204,798	134,603
Accrued income from contracts in progress		129,591	162,422
Social security and tax receivables		94,187	81,254
Other current operating assets		24,072	16,081
Cash and cash equivalents		133,666	100,546
CURRENT ASSETS		**636,402**	**527,031**
Assets held for sale	3	15,092	8,574
TOTAL CONSOLIDATED ASSETS		**842,037**	**756,438**

(in € thousands)	Note	June 30, 2020	Dec. 31, 2019
Share capital	16	6,056	6,056
Additional paid-in capital		7,237	7,237
Retained earnings		(21,164)	168,657
Net income (loss) for the period		(32,336)	(200,702)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**(40,207)**	**(18,752)**
Non-controlling interests – Retained earnings		2,178	3,555
Non-controlling interests – Net income (loss)		(901)	(1,368)
NON-CONTROLLING INTERESTS		**1,277**	**2,187**
Borrowings and debt	17	210,256	29,165
Non-current lease liabilities	17	14,431	16,142
Provisions for retirement and other employee benefits	18	21,329	20,976
Other non-current provisions	19	10,765	13,255
Deferred tax liabilities		1,537	714
NON-CURRENT LIABILITIES		**258,318**	**80,251**
Current financial liabilities	17	68,385	183,888
Current lease liabilities	17	3,845	4,539
Current provisions	19	103,213	97,710
Trade accounts payable		119,931	156,814
Deferred income from contracts in progress		197,062	141,295
Social security and tax payables		104,901	84,737
Other current operating liabilities		25,313	23,768
CURRENT LIABILITIES		**622,649**	**692,752**
Liabilities held for sale	3	-	-
TOTAL CONSOLIDATED EQUITY AND LIABILITIES		**842,037**	**756,438**

2 CONSOLIDATED INTERIM INCOME STATEMENT

(in € thousands)	Note	June 30, 2020	June 30, 2019
Revenues	6	**278,643**	**271,834**
Change in semi-finished and finished goods		(567)	2,931
Operating grants		6,810	6,831
Other operating income		4,213	13,425
Purchases and change in inventories		(167,986)	(178,589)
Other external expenses		(38,552)	(48,118)
Taxes other than income taxes		(5,082)	(3,357)
Personnel expenses		(95,633)	(97,445)
Depreciation and amortization expense		(8,211)	(9,500)
Change in provisions		(2,569)	(18,572)
Other operating expenses		(6,220)	(6,690)
RECURRING OPERATING INCOME		**(35,154)**	**(67,248)**
Non-recurring operating income (expense)	7	13,016	(14,911)
OPERATING INCOME		**(22,138)**	**(82,159)**
Share of net income of equity-accounted investments	14	941	2,553
OPERATING INCOME AFTER SHARE OF NET INCOME OF EQUITY-ACCOUNTED INVESTMENTS		**(21,197)**	**(79,606)**
Cost of net debt	8	(2,229)	(671)
Foreign exchange differences	8	(6,990)	(3,999)
Other financial income (expense)	8	(251)	43
FINANCIAL INCOME (EXPENSE)	8	**(9,470)**	**(4,626)**
PRETAX INCOME		**(30,666)**	**(84,232)**
Income tax expense	9	(2,571)	(755)
NET INCOME FROM CONTINUING OPERATIONS		**(33,237)**	**(84,987)**
TOTAL NET INCOME (LOSS)		**(33,237)**	**(84,987)**
. Attributable to owners of the parent		(32,336)	(79,773)
. Attributable to non-controlling interests		(901)	(5,214)
Earnings per share (in €)			
Basic earnings per share attributable to owners of the parent	10	(11.45)	(28.21)
Diluted earnings per share attributable to owners of the parent	10	(11.45)	(28.21)
Earnings per share from continuing operations		(11.76)	(30.06)

3 CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(in € thousands)	Note	June 30, 2020	June 30, 2019
NET INCOME FOR THE PERIOD		**(33,237)**	**(84,987)**
Net actuarial gains and losses on retirement benefits	18	(57)	(2,264)
Income tax relating to items that may not be reclassified to net income		11	727
Items that may not be reclassified to net income		**(46)**	**(1,537)**
Currency translation differences		(2,998)	(95)
Changes in fair value of hedging instruments		14,329	11,002
Income tax relating to items that may be reclassified to net income		(355)	(3,560)
Equity-accounted investments – share of items that may be reclassified to net income	14	(50)	(1,742)
Items that may be reclassified to net income		**10,926**	**5,605**
OTHER COMPREHENSIVE INCOME		**10,879**	**4,068**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(22,357)**	**(80,920)**
. Attributable to owners of the parent		(21,447)	(74,952)
. Attributable to non-controlling interests		(910)	(5,968)

4 CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(in € thousands)	Note	Share capital	Additional paid-in capital	Reserve for retirement benefits	Hedging reserve	Foreign currency translation reserve	Other reserves	Owners of the parent	Non-controlling interests	TOTAL
At December 31, 2019 - reported		**6,056**	**7,237**	**(6,081)**	**(3,493)**	**(8,799)**	**(13,673)**	**(18,752)**	**2,187**	**(16,565)**
Net income for the period							(32,336)	(32,336)	(901)	(33,237)
Other comprehensive income				(46)	13,946	(3,011)	-	10,889	(9)	10,879
Comprehensive income		**-**	**-**	**(46)**	**13,946**	**(3,011)**	**(32,336)**	**(21,447)**	**(910)**	**(22,357)**
Dividend distribution							0	0	-	0
Change in consolidation scope							-	-	-	-
Treasury share transactions							(8)	(8)	-	(8)
Other		(0)	(0)	-	-	-	0	0	0	0
At June 30, 2020 - reported		**6,056**	**7,237**	**(6,127)**	**10,453**	**(11,809)**	**(46,017)**	**(40,207)**	**1,277**	**(38,930)**

(in € thousands)	Note	Share capital	Additional paid-in capital	Reserve for retirement benefits	Hedging reserve	Foreign currency translation reserve	Other reserves	Owners of the parent	Non-controlling interests	TOTAL
At December 31, 2018 - reported		**6,056**	**7,237**	**(9,352)**	**(1,038)**	**(10,352)**	**193,746**	**186,298**	**3,770**	**190,069**
IFRS 16 impacts		-	-	-	-	-	-	-	-	-
At January 1, 2019		**6,056**	**7,237**	**(9,352)**	**(1,038)**	**(10,352)**	**193,746**	**186,298**	**3,770**	**190,069**
Net income for the period							(79,773)	(79,773)	(5,214)	(84,987)
Other comprehensive income				(1,540)	6,483	(122)	-	4,821	(754)	4,068
Comprehensive income*		**-**	**-**	**(1,540)**	**6,483**	**(122)**	**(79,773)**	**(74,952)**	**(5,968)**	**(80,920)**
Dividend distribution							0	0	(0)	(0)
Change in consolidation scope							(148)	(148)	292	144
Treasury share transactions							(84)	(84)	-	(84)
Other		(0)	-			-	8	8	3	10
At June 30, 2019		**6,056**	**7,237**	**(10,891)**	**5,445**	**(10,473)**	**113,749**	**111,122**	**(1,903)**	**109,220**

5 CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

(in € thousands)	Note	June 30, 2020	June 30, 2019
Net income for the period		**(33,237)**	**(84,987)**
Net income from continuing operations		**(33,237)**	**(84,987)**
Adjustments for:			
Share of net income of equity-accounted investments	14	(941)	(2,553)
Depreciation, amortization and provisions		26,052	34,699
Gains or losses on disposals		(32,372)	(21)
Income from dividends		(2)	(2)
Net cash from operations before changes in working capital and after cost of debt and income tax		**(40,500)**	**(52,865)**
Income tax expense	9	2,571	755
Cost of net debt	8	2,229	671
Net cash from operations before changes in working capital and before cost of debt and income tax		**(35,701)**	**(51,439)**
Change in working capital requirements		(26,433)	(57,245)
Income tax paid (incl. French value-added business tax (CVAE))		(1,362)	(25)
Net cash flow from (used in) operating activities (A)		**(63,496)**	**(108,710)**
Acquisitions (disposals) of companies/operations net of cash acquired		(0)	(2,551)
Acquisition of property, plant and equipment and intangible assets		(6,790)	(9,872)
Acquisition of financial assets		(269)	(852)
Disposal of financial assets		(0)	15
Net change in advances and loans granted		(656)	(493)
Disposal of property, plant and equipment and intangible assets		41,884	240
Dividends received from equity-accounted investments and unconsolidated entities		205	315
Net cash flow from (used in) investing activities (B)		**34,374**	**(13,199)**
Dividends paid by the parent company		-	0
Dividends paid to non-controlling interests		-	0
Proceeds (payments) arising from the sale (purchase) of treasury shares		404	45
Proceeds from borrowings	17	61,703	70,395
Repayment of borrowings	17	(2,797)	(9,565)
Interest paid	17	(1,837)	(874)
Other financing transactions		3,816	9,555
Net cash from (used in) financing activities (C)		**61,289**	**69,556**
Effect of movement in exchange rates (D)		869	266
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS A+B+C+D		**33,036**	**(52,087)**

Opening cash and cash equivalents		**94,859**	**84,435**	**84,435**
Cash equivalents		80	324	10,061
Cash		133,586	35,789	90,485
Cash and cash equivalents		133,666	36,113	100,546
Bank overdrafts	17	(5,771)	(3,763)	(5,687)
Closing cash and cash equivalents		**127,895**	**32,350**	**94,859**
Attributable to continuing operations		127,895	32,350	94,859
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**33,036**	**(52,087)**	**10,424**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

On July 31, 2020, the Management Board approved and authorized publication of the condensed consolidated interim financial statements of the CNIM Group for the six-month period ended June 30, 2020.

CNIM (parent company) is a listed public limited company (*Société anonyme*) registered with the Paris Trade and Companies Register (RCS) under number 662043595. Its registered office is located at 35, rue de Bassano, Paris, France.

The consolidated financial statements are presented in thousands of euros rounded to the nearest thousand. As a result of rounding, there may be immaterial differences in the totals and sub-totals in the tables.

The notes are an integral part of the condensed consolidated interim financial statements for the six-month period ended June 30, 2020.

NOTE 1 Significant accounting policies

A. Applicable standards

CNIM's condensed consolidated financial statements for the six-month period ended June 30, 2020 have been prepared in accordance with IAS 34 "Interim Financial Reporting » and the International Financial Reporting Standards (IFRS) adopted by the European Union at June 30, 2020.

The complete body of standards adopted by the European Union can be consulted on the European Commission's website at the following address:

https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting_en

IAS 34 specifies that condensed consolidated interim financial statements do not need to include all information required under IFRS for consolidated financial statements. However, they should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2019. The consolidated financial statements are presented in the 2019 Universal Registration Document, which was filed with the French securities market regulator (AMF) on June 29, 2020 (D.20-0628).

The accounting policies used to prepare the condensed consolidated interim financial statements are identical to those used by the Group at December 31, 2019, with the exception of the newly-adopted standards and interpretations that are applicable as of January 1, 2020, and the specific provisions of IAS 34 on condensed consolidated interim financial statements, as described below in Paragraph B.

In particular, the true and fair presentation, going concern and consistency of accounting policies principles have been applied.

a. New standards applicable as of January 1, 2020

The following standards, mandatory for accounting periods beginning on or after January 1, 2020, have no impact on the Group's consolidated financial statements:

- Amendments to IFRS 3 "Definition of a Business";
- Amendments to IFRS 9, IAS 39 and IFRS 7: "Interest Rate Benchmark Reform";
- Amendments to IAS 1 and IAS 8 "Definition of Material".

b. New IFRS adopted by the European Union but not yet applicable

There are no new IFRS that have been adopted by the European Union and are not yet applicable.

c. Standards not yet adopted by the European Union

The following standards have not yet been adopted by the European Union:

- Amendment to IFRS 16: "Covid-19-Related Rent Concessions";
- Amendments to IFRS 3: "Reference to the Conceptual Framework";
- Amendments to IAS 1: "Classification of Liabilities as Current or Non-current";
- Amendments to IAS 16: "Proceeds before Intended Use";
- Amendments à IAS 37: "Onerous Contracts";
- Annual Improvements to IFRS - 2018-2020 Cycle.

The Group does not expect the implementation of these standards to have a material impact on the consolidated financial statements.

B. Accounting policies and bases of measurement used by the Group for interim financial reporting

Retirement and related employee benefits

No full actuarial calculations were performed at the reporting date of the condensed consolidated interim financial statements.

The expense recognized for the period for retirement and other employee benefits reflects the estimated expense for the year reported on a pro rata basis, calculated on the basis of the actuarial assumptions at December 31, 2019.

Impacts of changes in actuarial assumptions for the period relating to post-employment benefits (discount rate and long-term inflation rate), have no material impact on the Group's financial statements.

NOTE 2 Significant events of the period

Financial restructuring

Heavily affected by losses in the reporting period and the resulting cash outflows, in 2019 the Group initiated a financial restructuring process in close collaboration with all its financial partners, including the banking consortium, credit insurers (which issue bank guarantees), the Government and Martin GmbH (CNIM's longstanding industrial partner).

The process led to the appointment by the French Commercial Court (*Tribunal de Commerce*) of an ad hoc receiver on November 12, 2019 to assist the Group in its discussions, and the initiation of a conciliation procedure, confirmed by a court ruling on January 2, 2020. As a result, the parties signed an initial agreement in March 2020 before finalizing a conciliation protocol in April 2020, which should enable the Group to continue operating in the medium term. The protocol was approved by the French Commercial Court (*Tribunal de Commerce de Paris*) on June 23, 2020.

The financial restructuring measures are as follows:

		Type	Principal amount (in € millions)	Interest rate	Maturity/effective date	Counterparty
Initial agreement signed on March 16, 2020						
Bridge loan backed by sale of registered office premises	(2)	Financing	30.6	Eurib+5%	-	
			27.5			*Banking consortium*
			3.1			*Government ("FDES")*
Bank guarantees	(1)	Guarantee	88.4	-	March 31, 2020	Banking consortium
Conciliation protocol signed on April 29, 2020						
Bond		Financing	45.0	5%	Dec. 31, 2025	Martin GmbH
MT financing		Financing	43.8	Eurib+6%	April 30, 2021	
			35.0			*Banking consortium*
			8.8			*Government ("FDES")*
New bank guarantees	(1)	Guarantee	170.8	-	March 31, 2021	Banking consortium
Sharjah bank guarantee		Guarantee	18.2	-	-	First Abu Dhabi Bank

(1) These bank guarantees cover the performance bonds that the Group is required to provide to enter into construction contracts as well as the advance payment guarantees required to obtain advances from certain customers (representing €63 million).

The new bank guarantee supplements the bank guarantee granted in the initial agreement dated March 16, 2020. The unused portion of the initial agreement, amounting to €51.7 million, was incorporated into the conciliation protocol, resulting in a new confirmed available credit line totaling €222.5 million.

A significant portion of these bank guarantees is covered by a counter-guarantee from BPI Assurance Export (up to 50% of the guarantee given). The counter-guarantee, amounting to €134 million, was obtained during the second half of 2019 to facilitate the issue of new guarantees by the banking consortium.

The effective date indicated in the table above refers to the date the guarantee may be called.

(2) On April 17, 2020, the Group sold its registered office premises in Paris for €41.3 million, and repaid the bridge loan associated with the sale. The maturity date indicated corresponds to the date the credit line is available for drawdown.

Alongside these measures, CNIM Group made the following commitments:

- to secure the commitments of Martin Gmbh, the banking partners, credit insurers and the government by pledging the securities of all Group subsidiaries and placing the French subsidiaries in trust, entitling the beneficiaries to i) scrutinize or veto decisions that could affect their rights or interests, and (ii) take control of the securities if adverse events occur or after a period of 12 months. Given the facts and circumstances on the trust effective dates, the company nevertheless retains operational control;
- to obtain backing from one or several partners for all of its business activities (Environment & Energy and Innovation & Systems operating segments) to enable it to continue operating. The main objective is to provide

overall backing for the Group, by finding one or several buyers of all the securities, or alternatively of a majority stake in CNIM Group SA. However, the practical details may vary depending on the circumstances (such as the cumulative acquisition of the equity interests of the main subsidiaries or partial backing for an operating segment) and may include the sale of individual assets. To implement these measures, the Group may well have to deconsolidate the equity investments or assets concerned and regroup the activities under "assets held for sale".

In addition, the French government commission set up to assist companies in financial difficulty (*Commission départementale des Chefs des Services Financiers*), has granted the Group a moratorium on the payment of social security contributions and tax amounting to €13 million (payments to be made progressively over one year from May 2020).

Finally, the longstanding credit lines (revolving credit line and financing for the Exensor acquisition) are no longer subject to covenants, which require repayment on demand if the borrower breaches the covenant.

COVID-19

The main risks for the Group identified to date are as follows:

- Employee health and safety (risk of infection);
- Absenteeism of CNIM personnel or sub-contractors on worksites;
- Restrictions on travel for CNIM employees, hindering progress on certain contracts;
- Business disruption (plants/offices/worksites);
- Requests from customers to shut down certain worksites or cease contract work;
- Contract breaches by sub-contractors/suppliers;
- Delayed delivery of key equipment or products;
- Lower productivity due to teleworking;
- Cancellation or deferral of new orders or riders to existing orders.

To date, the main impacts of the pandemic for the Group are as follows:

- At Group level:
  - Operations have continued at most of the Group's plants, workshops and customer worksites. However, working conditions have had to be adapted leading to slowdowns;
  - The vast majority of the company's administrative sites in France have been closed since the start of the lockdown (as of March 17, 2020) and employees have been asked to work from home whenever possible;
  - The company has already implemented some government measures to provide financial support to French and UK companies, including part-time activity and deferred payment of tax and social security contributions.
- By Operating Segment/Division:

	Reduced activity on production/operating sites	Overruns	Deferral of new contracts
Environment & Energy			
EPC	Plant slowdown due to preventive local measures (United Arab Emirates, Serbia, Scotland, UK, etc.)	Longer time to contract completion resulting in higher associated fixed costs.	-
LAB	-	Longer time to contract completion resulting in higher associated fixed costs.	Observed for Marine Scrubbers business
O&M	Temporary closure of waste sorting plants during the lockdown in France	-	-
Services	Temporary closure of two sites, at the customer's discretion, which have since reopened	Longer time to contract completion resulting in higher associated fixed costs.	Reduced local business activity in summer 2020 (usually a peak period).
Innovation & Systems			

DSI	Relatively rapid resumption of business at La Seyne sur Mer	-	-
BERTIN	-	-	Possible delays in government contract processes, hindering export sales.

Cash flow projections for 2020/2021

In addition to the effects of financial restructuring, Management has based its assumption of going concern on the business plan and cash flow projections for financial years 2020 and 2021, which were updated during the period-end reporting process.

The updated cash flow projections were based on a contract-by-contract analysis of key payment milestones (both for trade receivables and trade accounts payable) for contracts in progress and assumptions of new order intake (including 1 to 2 significant EPC orders per year from 2021). The timing of cash flows was determined based on the conservatism principle but includes the inherent risk of cash inflows not taking place on a given date, or cash outflows being underestimated.

Before factoring in the challenges arising from the COVID-19 health crisis, given the financial resources already available and those generated under the two protocols discussed above, the cash flow projections showed a cash surplus.

Given the major uncertainty regarding the duration, extent and location of the rapidly developing COVID-19 pandemic, the Group is unable to make a reliable assessment of the financial impact of the current health crisis. However, with all the restrictions currently imposed, the Group has estimated the impact of the crisis on future cash flows, based on the following assumptions for its main contracts:

- more time will be required to complete contracts, resulting in increased construction site costs, delays in all key payment milestones for contracts in progress reflecting the duration of the local lockdown (between one and two months depending on the contract/country);
- in some divisions, the deferral of contracts.

After taking into account Government aid (excluding Government-backed loans), and without forming a forecast as such, the negative impact on Group liquidity is estimated to be significant as an aggregate amount but compatible with maintaining a cash surplus.

Consequently, Management has concluded that there is no reason to call into question the going concern assumption.

NOTE 3 Assets held for sale

(in € thousands)	Midlands	Bertin Energie Environnement	Technoplus Industries	TOTAL
Intangible assets	-	251	-	**251**
Goodwill	-	620	-	**620**
Property, plant and equipment	-	27	-	**27**
Right-of-use assets	-	-	-	**-**
Equity-accounted investments	11,894	-	2,000	**13,894**
Other non-current financial assets	-	300	-	**300**
Deferred tax assets	-	-	-	**-**
TOTAL NON-CURRENT ASSETS	**11,894**	**1,198**	**2,000**	**15,092**
Inventories and work in progress	-	-	-	**-**
Advances and down payments made	-	-	-	**-**
Trade and other receivables	-	-	-	**-**
Accrued income from contracts in progress	-	-	-	**-**
Social security and tax receivables	-	-	-	**-**
Other current operating assets	-	-	-	**-**
Cash and cash equivalents	-	-	-	**-**
CURRENT ASSETS	**-**	**-**	**-**	**-**
TOTAL ASSETS HELD FOR SALE	**11,894**	**1,198**	**2,000**	**15,092**
LIABILITIES RELATING TO ASSETS HELD FOR SALE	-	-	-	-

Midlands

The Group entered into an agreement with the investment fund iCON Infrastructure to sell its indirect non-controlling interests in Dudley Waste Services Ltd, Hanford Waste Services Holding Ltd, and Wolverhampton Waste Services Ltd companies. The agreement requires the approval of the joint shareholders and lenders of the afore-mentioned companies. The conditions precedent were met on July 23, 2020 (see Note 23).

Bertin Energie Environnement

The Group began exclusive negotiations with Naldeo Group to sell its Energy & Environment Engineering and Consulting activity ("Bertin Energy Environment").

Bertin Energy Environment has 70 engineers, primarily in Saclay (Île-de-France) and Tarnos (south-west France), and has a solid reputation with major industrial players, energy providers and regional authorities, to which it provides a range of technological and industrial expertise.

The planned merger would enable the joint development of activities thanks to shared technical expertise, strong innovation capabilities and know-how in digital and carbon-free energies. It will be subject to an information and consultation procedure with the staff representation bodies concerned and may be finalized by Autumn 2020.

Technoplus Industries

The Group finalized negotiations for the sale of its minority interest in Technoplus Industries, a subsidiary of Impala group.

Technoplus Industries specializes in the machining of critical mechanical components as well as the design, manufacture and qualification of mechanical systems and specific tools for the nuclear, aeronautics, space and defense industries.

NOTE 4 Consolidation scope

There were no material changes in the Group's consolidation scope in the first six months of 2020.

NOTE 5 Segment information

Operating segment information

IFRS segment information reviewed by the Group's chief operating decision maker is presented below.

(in € thousands)	Environment & Energy		Innovation & Systems		Other		TOTAL	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Revenues	197,632	180,231	80,805	91,603	205	-	278,643	271,834
Operating income (expense)	(22,863)	(82,714)	(22,302)	555	23,027	-	(22,138)	(82,159)
Share of net income from equity-accounted investments	514	2,441	427	112	-	-	941	2,553
Operating income (expense) after share of net income of equity-accounted investments	(22,348)	(80,273)	(21,875)	667	23,027	-	(21,197)	(79,606)

(in € thousands)	Environment & Energy		Innovation & Systems		Other		Total	
	June 30, 2020	Dec. 31, 2019	June 30, 2020	Dec. 31, 2019	June 30, 2020	Dec. 31., 2019	June 30, 2020	Dec. 31, 2019
Intangible assets	1,646	2,117	20,606	21,772	1,962	-	24,214	23,889
Goodwill	31,717	31,717	30,223	41,035	-	-	61,940	72,752
Property, plant and equipment	10,485	15,045	23,479	37,135	18,088	-	52,052	52,180
Right-of-use assets	6,445	8,033	13,364	14,349	138	-	19,946	22,382
Other non-current financial assets	16,217	15,850	1,529	1,797	1	-	17,746	17,647

Breakdown of revenues by geographic area

Geographical breakdown is based on the country in which contracts are performed.

(in € thousands)	June 30, 2020				June 30, 2019			
	France	United Kingdom	Rest of the world	Total	France	United Kingdom	Rest of the world	Total
Revenues	116,961	76,975	84,706	278,643	130,927	68,732	72,175	271,834

(in € thousands)	June 30, 2020				June 31, 2019			
	France	United Kingdom	Rest of the world	Total	France	United Kingdom	Rest of the world	Total
Intangible assets	20,768	164	3,282	24,214	20,301	180	3,408	23,889
Property, plant and equipment	40,512	1,051	10,489	52,052	40,411	1,186	10,583	52,180
Right-of-use assets	18,030	37	1,879	19,946	19,644	107	2,631	22,382
Other non-current financial assets	14,580	2,306	860	17,746	14,587	2,315	745	17,647

NOTE 6 Revenues

A. Breakdown of revenues

Revenues can be broken down between the Group's Business Divisions as follows:

(in € thousands)	June 30, 2020	June 30, 2019*
EPC	128,695	78,106
LAB	17,939	32,090
Services	16,972	33,233
O&M	34,026	36,802
Environment & Energy	**197,632**	**180,231**
Industrial Systems Division	43,080	51,758
Bertin	37,725	39,845
Innovation & Systems	**80,805**	**91,602**
Other	**205**	**-**
GROUP TOTAL	**278,643**	**271,834**

* Restated to take account of the reclassification of the Geodur business of the LAB Division to the O&M Division for €1,376 thousand at June 30, 2019

The breakdown complies with segment information on revenues presented in Note 5, in accordance with IFRS 8.

The Group's two operating segments trade in very different businesses:

- Environment & Energy: a comprehensive thermal offer encompassing turnkey projects, operation and maintenance of waste-to-energy plants, and service agreements;
- Innovation & Systems: an offer focusing on mechanical, optical and electromechanical systems, including the design, development and production of software and products in small or medium production runs.

Four Business Divisions have been defined within the Environment & Energy operating segment:

- EPC – Turnkey Processing Plants
- LAB
- Services
- O&M – Operation and Maintenance

Two Business Divisions have been defined within the Innovation & Systems operating segment:

- Industrial Systems
- Bertin and subsidiaries

The EPC Division designs and builds turnkey household and biomass waste-to-energy processing plants. CNIM utilizes proprietary technologies that meet the highest performance and environmental-protection standards, with a multi-sector approach.

The LAB Division offers flue gas treatment solutions for household waste-to-energy processing plants, flue-gas scrubbing systems for merchant ship engines, systems for the removal and recovery of heavy metals from incinerator ash residues, and related services.

The Industrial Services Division provides optimization, refurbishment, retrofitting and maintenance services for household and biomass waste-to-energy processing plants and combustion plants.

The O&M Division operates and maintains household and biomass waste-to-energy processing plants and systems for the removal and recovery of heavy metals from incinerator ash residues.

The Systems Division provides a unique range of services offering the development, production, installation and maintenance of innovative equipment and systems. It also provides manufacturing subcontracting for various cutting-edge industrial sectors.

The Bertin Division and its subsidiaries operate in three major fields: systems & instrumentation, information technology and consulting services, and innovative solutions for energy, the environment, heavy industry and local authorities.

CNIM Group's contracts with customers generally feature a single performance obligation. Revenue is recognized on a percentage-of-completion basis since CNIM provides specific equipment that customers control over time or services, whose benefits are simultaneously received and consumed by customers. Percentage of completion is generally based on costs incurred.

As an exception to this, in the O&M Division, the amount of revenue is determined based on the right to payment for performance completed to date. If the contract includes a "Major Maintenance and Repair" obligation, the latter is recognized as a single performance obligation separate from the "O&M" performance obligation.

B. Backlog

The Group's backlog reflects revenue allocated to the remaining performance obligation at a given date for effective contracts (i.e. after notices to proceed have been obtained or conditions precedent have been met).

Changes over the period were as follows:

(in € thousands)	Dec. 31, 2019	Order intake	Revenues	June 30, 2020
Environment & Energy	1,113,233	185,446	197,632	1,101,047
Innovation & Systems	314,732	86,177	80,805	320,104
Other	-	205	205	-
GROUP TOTAL	**1,427,965**	**271,828**	**278,643**	**1,421,151**

NOTE 7 Non-recurring income and expense

(in € thousands)	June 30, 2020	June 30, 2019
Gains / (losses) on disposals of business or groups of assets	32,503	-
Reorganization, restructuring and adaptation costs	(5,663)	(442)
Impairment	(13,556)	(14,488)
Other	(268)	19
TOTAL NON-RECURRING INCOME (EXPENSE)	**13,016**	**(14,911)**

Transactions of a material amount that do not contribute to current operating performance are classified under "Other operating income" and "Other operating expenses".

They may include:

- gains or losses on disposals of business or groups of assets;
- acquisition and integration costs relating to business combinations;
- restructuring costs resulting from restructuring plans whose unusual and significant nature may hinder the clarity of recurring operating income;
- impairments of property, plant and equipment or intangible assets of material amounts;
- estimated or actually incurred costs relating to external factors independent of operating effectiveness such as political decisions.

In the first half of 2020, the Group recognized the following items under "Non-recurring income (expense)":

- Gains on disposals of assets over the half-year, primarily the sale of the Group's registered office premises in Paris;
- Impairment of an equity-accounted investment prior to its reclassification under "Assets held for sale" (see Note 3) and goodwill for the Industrial Systems and Bertin divisions (see Note 12);
- Costs from the Group's financial restructuring.

At June 30, 2019, the Group recognized the following items under "Non-recurring income and expense": the Group's legal reorganization costs, impairment relating to the cost of setting up and pre-executing a contract previously awarded to the Group, but subject to final approval by a local political body (notice to proceed has again been postponed, raising uncertainty as to whether the contract will be implemented), and Geodur assets, after factoring in a lower price index for non-ferrous metals in the medium-term forecasts, given 2019 changes in the index.

NOTE 8 Net financial income and expense

(in € thousands)	June 30, 2020	June 30, 2019
Interest income from cash equivalents	70	40
Other interest and similar income	222	494
Interest and financial expense (1)	(2,520)	(1,205)
Total cost of net debt	**(2,229)**	**(671)**
Foreign exchange gains	6,651	3,490
Foreign exchange losses	(13,641)	(7,489)
Net foreign exchange gains (losses) (2)	**(6,990)**	**(3,999)**
Other financial income and expense (3)	(251)	43
FINANCIAL INCOME (EXPENSE)	**(9,470)**	**(4,626)**

(1) Including interest expense relating to lease liabilities for -€215 thousand.

(2) Mainly includes the carrying cost (unrealized and realized forward points) of derivative instruments set up to hedge future commercial contract flows.

(3) Equity investment income and impairment allowances/reversals of financial assets.

NOTE 9 Income tax expense

A. Breakdown of current tax expense and deferred tax income (expense)

(in € thousands)	June 30, 2020	June 30, 2019
Current tax expense	(2,345)	(1,868)
Deferred tax income (expense)	(225)	1,113
INCOME TAX EXPENSE	**(2,570)**	**(755)**

B. Reconciliation of effective and theoretical income tax expense

(in € thousands)	June 30, 2020	June 30, 2019
Operating income (expense)	(22,138)	(82,159)
Financial income (expense)	(9,470)	(4,626)
Consolidated pretax income (expense)	**(31,608)**	**(86,785)**
Tax rate in effect in France	32.02%	32.02%
Theoretical income tax expense at the tax rate in effect in France	**10,121**	**27,789**
Effect of differences in local income tax rates	618	17
Impact of tax loss carryforwards (3)	(9,425)	(30,173)
Tax not levied on a specific tax base (1)	(825)	(361)
Tax credits (2)	1,835	1,975
Non-deductible taxes	-	(432)
Other permanent differences (4)	(5,031)	430
Other	137	(0)
Effective income tax expense	**(2,571)**	**(755)**
Effective income tax rate	**-8.13%**	**-0.87%**

(1) Mainly French value-added business tax (CVAE).

(2) Impact of tax credits recognized in operating income and exempt from tax.

(3) Effects relating to tax losses of the French consolidated tax group, not capitalized.

(4) In 2020, these were mainly due to goodwill impairment relating to the Industrial Systems and Bertin divisions (see Note 12).

NOTE 10 Earnings per share

Basic earnings per share

(in € thousands)	June 30, 2020	June 30, 2019
Net income attributable to owners of the parent	(32,336)	(79,773)
Weighted average number of ordinary shares (1)	2,825,322	2,827,501
Earnings per share (€)	**(11.45)**	**(28.21)**

(1) Number of shares excluding treasury shares (see Note 16). There are no dilutive equity instruments.

Diluted earnings per share

(in € thousands)	June 30, 2020	June 30, 2019
Net income attributable to owners of the parent	(32,336)	(79,773)
Weighted average number of ordinary shares(1)	2,825,322	2,827,501
Weighted average number of ordinary shares used to calculate diluted earnings per share	2,825,322	2,827,501
Diluted earnings per share (€)	**(11.45)**	**(28.21)**

(1) Number of shares excluding treasury shares (see Note 16). There are no dilutive equity instruments.

NOTE 11 Intangible assets

(in € thousands)	Dec. 31, 2019	Acquisitions / Increases / Additions	Disposals / Decreases / Reversals	Changes in consolidation scope	Reclassification under "Assets held for sale"	June 30, 2020
Development costs	52,494	1,044	-	911	(251)	54,197
Concessions, patents and licenses	11,048	9	(238)	1	(38)	10,781
Other intangible assets	26,653	5	(2)	(769)	(96)	25,791
Intangible assets in progress	11,212	1,915	-	(957)	-	12,169
Gross value	**101,406**	**2,972**	**(241)**	**(814)**	**(385)**	**102,938**
Development costs	(44,871)	(1,468)	-	18	-	(46,321)
Concessions, patents and licenses	(9,980)	(158)	-	241	38	(9,859)
Other intangible assets	(21,951)	(736)	-	763	96	(21,829)
Intangible assets in progress	(715)	-	-	-	-	(715)
Amortization/impairment	**(77,517)**	**(2,363)**	**-**	**1 022**	**134**	**(78,724)**
Development costs	7,623	(425)	-	929	(251)	7,876
Concessions, patents and licenses	1,068	(149)	(238)	241	-	922
Other intangible assets	4,702	(731)	(2)	(6)	-	3,962
Intangible assets in progress	10,497	1,915	-	(957)	-	11,454
CARRYING AMOUNT	**23,889**	**609**	**(241)**	**207**	**(251)**	**24,214**

(in € thousands)	Dec. 31, 2018	Acquisitions / Increases / Additions (1)	Disposals / Decreases / Reversals	Changes in consolidation scope	Translation and other adjustments	Dec. 31., 2019
Development costs	52,644	1,937	(2,576)	23	467	52,494
Concessions, patents and licenses	10,788	178	-	113	(31)	11,048
Other intangible assets	26,594	1,481	(1,680)	(0)	257	26,653
Intangible assets in progress	8,862	4,209	-	-	(1,860)	11,212
Gross value	**98,889**	**7,806**	**(4,255)**	**136**	**(1,167)**	**101,406**
Development costs	(43,467)	(4,029)	2,576	(12)	60	(44,871)
Concessions, patents and licenses	(9,698)	(315)	-	-	33	(9,980)
Other intangible assets	(22,135)	(2,423)	1,680	(113)	1,040	(21,951)
Intangible assets in progress	(715)	-	-	-	-	(715)
Amortization / impairment	**(76,015)**	**(6,767)**	**4,255**	**(125)**	**1,134**	**(77,517)**
Development costs	9,177	(2,091)	-	10	527	7,623
Concessions, patents and licenses	1,090	(137)	-	113	2	1,068
Other intangible assets	4,459	(941)	-	(113)	1,297	4,702
Intangible assets in progress	8,148	4,209	-	-	(1,860)	10,497
CARRYING AMOUNT	**22,874**	**1,039**	**-**	**11**	**(34)**	**23,889**

(1) In 2019, including asset impairment in the Geodur business for €0.8 million recognized under "Non-recurring income (expense)".

NOTE 12 Goodwill

A. Changes over the period

(in € thousands)	June 30, 2020	Dec. 31, 2019
Opening carrying amount	**72,752**	**70,795**
Foreign currency translation adjustments(1)	(192)	(299)
Goodwill impairment(2)	(10,000)	-
Change in consolidation scope(3)	-	2,256
Other(4)	(620)	-
Period-end carrying amount	**61,940**	**72,752**

(1) Adjustment of goodwill for Exensor.

(2) Impairment of goodwill of the Bertin Systems & Advisory, Bertin IT and Industrial Systems Division CGUs.

(3) In 2019, goodwill on the acquisition of Airstar Aerospace and of Cométal France for €1,710 and €546 thousand, respectively.

(4) Reclassification of Bertin Energie Environnement goodwill under "Assets held for sale" (see Note 3).

B. Breakdown by CGU

(in € thousands)	June 30, 2020			Dec. 31, 2019		
	Gross amount	Impairment	Carrying amount	Gross amount	Impairment	Carrying amount
Environment & Energy – Construction CGU	31,171	-	**31,171**	31,171	-	**31,171**
Environment & Energy - Services/CBS CGU	546	-	**546**	546	-	**546**
Environment & Energy	**31,717**	-	**31,717**	**31,717**	-	**31,717**
Bertin Systems & Advisory CGU	35,056	(4,832)	**30,224**	35,868	-	**35,868**
Bertin IT CGU	4,158	(4,158)	**(0)**	4,158	(3,000)	**1,158**
Industrial Systems Division CGU	4,010	(4,010)	**(0)**	4,010	-	**4,010**
Innovation & Systems	**43,223**	**(13,000)**	**30,223**	**44,035**	**(3,000)**	**41,035**
TOTAL	**74,940**	**(13,000)**	**61,940**	**75,752**	**(3,000)**	**72,752**

C. Impairment tests

In light of the current economic crisis due to the COVID-19 pandemic, the Group performed impairment tests on its Cash Generating Units (CGU) and increased the discount rates used by 125 basis points.

With regard to the Environment & Energy – Construction CGU, increasing the discount rate by 125 basis points, from 9.5 % to 10.75 %, would not result in goodwill impairment, nor would an additional increase of 50 basis points. The Business Plan of the Environment & Energy – Construction CGU is based on the assumption that one to two new orders will be received every year as of 2021.

For the other CGUs, an increase of 125 basis points in the discount rates:

- from 9% to 10.25 % for the Bertin Systems & Advisory CGU;
- from 8.9% to 10.15% for the Bertin IT CGU;
- from 8.4% to 9.65% for the Industrial Systems Division CGU,

resulted in impairment of €4,832 thousand, €1,158 thousand and €4,010 thousand, respectively, for the Bertin Systems & Advisory, Bertin IT and Industrial Systems Division CGUs.

Goodwill impairment would increase by the following amounts if the discount rates were increased by an additional 50 basis points: €5.3 million for the Bertin Systems & Advisory CGU, €1 million for the Bertin IT CGU and €4.7 million for the Industrial Systems Division CGU.

NOTE 13 Property, plant and equipment

(in € thousands)	Dec. 31., 2019	Acquisitions / Increases / Additions	Disposals / Decreases / Reversals (1)	Translation and other adjustments	Reclassification under Assets held for sale	June 30, 2020
Land	8,552	-	(90)	(72)	-	8,389
Buildings	43,872	103	86	(2)	-	44,059
Technical facilities, equipment and tooling	81,297	885	(13,161)	(332)	(75)	68,614
Other property, plant and equipment	34,618	338	(29)	1,642	(291)	36,278
PP&E in progress and advances and down payments	11,812	2,506	-	(2,692)	-	11,626
Gross value	**180,151**	**3,832**	**(13,194)**	**(1,456)**	**(366)**	**168,967**
Land	(292)	(4)	-	-	-	(296)
Buildings	(29,786)	(806)	(10)	352	-	(30,249)
Technical facilities, equipment and tooling	(69,262)	(1,523)	12,612	2 493	74	(55,606)
Other property, plant and equipment	(27,242)	(1,214)	34	(1,213)	265	(29,370)
PP&E in progress and advances and down payments	(1,389)	-	-	(4)	-	(1,394)
Accumulated depreciation and impairment	**(127,972)**	**(3,546)**	**12,636**	**1,628**	**339**	**(116,916)**
Land	8,260	(4)	(90)	(72)	-	8,094
Buildings	14,086	(703)	76	350	-	13,810
Technical facilities, equipment and tooling	12,035	(638)	(550)	2,161	(1)	13,008
Other property, plant and equipment	7,376	(876)	6	429	(26)	6,908
PP&E in progress and advances and down payments	10,423	2,506	-	(2,696)	-	10,233
CARRYING AMOUNT	**52,180**	**286**	**(558)**	**171**	**(27)**	**52,052**

(1) In 2020, mainly Geodur business.

(in € thousands)	Dec. 31, 2018	Acquisitions / Increases / Additions(1)	Disposals / Decreases / Reversals	Changes in consolidation scope(2)	Translation and other adjustments(3)	Reclassification under Assets held for sale(4)	Dec. 31, 2019
Land	8,700	-	(108)	-	3,422	(3,462)	8,552
Buildings	56,172	2,361	(585)	79	(8,307)	(5,849)	43,872
Technical facilities, equipment and tooling	82,827	2,708	(6,094)	546	1,311	-	81,297
Other property, plant and equipment	31,675	2,997	(162)	319	(212)	-	34,618
PP&E in progress and advances and down payments	4,940	5,379	-	3,004	(1,511)	-	11,812
Gross value	**184,314**	**13,446**	**(6,949)**	**3,948**	**(5,296)**	**(9,311)**	**180,151**
Land	(285)	(7)	-	-	-	-	(292)
Buildings	(32,380)	(2,088)	326	(28)	3,647	737	(29,786)
Technical facilities, equipment and tooling	(56,546)	(18,307)	4,418	(185)	1,358	-	(69,262)
Other property, plant and equipment	(25,135)	(2,442)	1,629	(181)	(1,114)	-	(27,242)
PP&E in progress and advances and down payments	(377)	(1,008)	-	-	(4)	-	(1,389)
Accumulated depreciation and impairment	**(114,723)**	**(23,851)**	**6,372**	**(394)**	**3,887**	**737**	**(127,972)**
Land	8,415	(7)	(108)	-	3,422	(3,462)	8,260
Buildings	23,792	274	(259)	51	(4,660)	(5,112)	14,086
Technical facilities, equipment and tooling	26,282	(15,599)	(1,677)	361	2,669	-	12,035
Other property, plant and equipment	6,541	556	1,467	138	(1,325)	-	7,376
PP&E in progress and advances and down payments	4,562	4,371	-	3,004	(1,514)	-	10,423
CARRYING AMOUNT	**69,591**	**(10,405)**	**(577)**	**3,554**	**(1,409)**	**(8,574)**	**52,180**

(1) In 2019, including impairment of PPE of Geodur recognized under under “Non-recurring income (expense)”.

(2) In 2019, acquisition of Airstar Aerospace and Cométal France.

(3) In 2019, reclassification of finance lease assets under IAS 17 as “Right-of-use assets” for €3.7 million gross and €1.8 million in accumulated depreciation at January 1, 2019, mainly relating to buildings.

(4) In 2019, reclassification under “Assets held for sale” of the building located rue de Bassano for a carrying amount of €8.6 million.

NOTE 14 Equity-accounted investments

A. Period change

(in € thousands)	June 30, 2020	June 30, 2019	Dec. 31, 2019
Opening carrying amount	**25,491**	**24,022**	**24,022**
Share of net income of equity-accounted investments	941	2,553	2,219
Foreign currency translation adjustments	(527)	(63)	325
Dividends	(203)	(313)	(606)
Change in consolidation scope	-	-	-
Share of other comprehensive income items that may be reclassified to net income(1)	(50)	(1,742)	(1,837)
Other(2)	(2,665)	1,026	1,368
Reclassification as assets held for sale(3)	(15,092)	-	-
Period-end carrying amount	**7,896**	**25,481**	**25,491**

(1) In 2019, change in the fair value of derivative instruments set up to hedge future interest rates.

(2) Change mainly relating to receivables from equity-accounted investments.

(3) Reclassification of the share of equity of CNIM Development, Dudley Waste Services Ltd, Hanford Waste Services Holding Ltd, Wolverhampton Waste Services Ltd and Technoplus Industries as "Assets held for sale", in accordance with IFRS 5 as mentioned in Note 3.

B. Breakdown of equity-accounted investments

(in € thousands)	% interest			Share of equity		Share of net income (loss)	
	June 30, 2020	June 30, 2019	Dec. 31, 2019	June 30, 2020	Dec. 31, 2019	June 30, 2020	June 30, 2019
CNIM Development (1)	50.00	50.00	50.00	(0)	2,477	122	511
CCUAT	49.88	49.88	49.88	76	76	-	-
CSBC	50.00	50.00	50.00	3	3	-	-
Dudley Waste Services Ltd (DWS Ltd) (1)	33.33	33.33	33.33	(0)	3,136	191	250
Hanford Waste Services Holding Ltd (HWS Ltd) (1)	34.75	34.75	34.75	0	3,561	193	186
Technoplus Industries (1)	34.79	34.79	34.79	0	4,936	427	112
Wolverhampton Waste Services Ltd (WWS Ltd) (1)	33.33	33.33	33.33	0	3,269	274	327
Ello (2)	28.34	28.34	28.34	6,474	6,729	(303)	888
Picardie Biomasse Energie (3)	44.95	44.95	44.95	1,342	1,304	38	279
TOTAL				**7,896**	**25,491**	**941**	**2,553**

(1) Reclassification of share of equity, including receivables from equity-accounted investments and impairment, as "Assets held for sale", in accordance with IFRS 5, as mentioned in Note 3.

(2) Share of equity, including the loan relating to the investment, restatement of internal margin, and impairment of -€3,125 thousand recognized at December 31, 2018.

(3) Share of equity, including the loan relating to the investment, and impairment of -€1,411 thousand recognized at December 31, 2018.

C. Full financial information

(in € thousands)	Revenues		Net income (loss)		Total balance sheet		Debt[1]	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	Dec. 31, 2019	June 30, 2020	Dec. 31, 2019
CNIM Development	-	-	854	1,023	31,710	33,305	14,148	14,754
CCUAT	-	-	-	-	160	160	-	-
CSBC	-	-	-	-	35	38	22	24
Dudley Waste Services Ltd (DWS Ltd)	5,726	5,588	850	981	7,317	7,865	3,414	4,443
Hanford Waste Services Holding Ltd (HWS Ltd)	9,964	9,137	1,335	1,317	15,734	13,912	8,338	8,979
Technoplus Industries	1,227	322	1,227	322	27,908	26,681	3	3
Wolverhampton Waste Services Ltd (WWS Ltd)	6,389	6,393	941	1,234	8,743	8,361	4,105	5,156
Ello	1,538	254	(594)	1,730	64,858	64,366	60,804	60,425
Picardie Biomasse Energie	15,118	14,532	84	620	20,965	20,881	8,757	8,757

(1) Excluding IFRS 16 lease liabilities.

NOTE 15 Other non-current financial assets

(in € thousands)	June 30, 2020			Dec. 31, 2019		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Non-consolidated equity investments	12,987	(6,479)	6,508	13,222	(6,479)	6,743
Receivables relating to non-consolidated equity investments	8,694	(74)	8,620	8,694	(74)	8,620
Loans	178	-	178	487	-	487
Other financial assets [1]	2,439	-	2,439	1,797	-	1,797
TOTAL	**24,298**	**(6,553)**	**17,746**	**24,200**	**(6,553)**	**17,647**

(1) Mainly deposits and guarantees.

Non-consolidated equity investments and related receivables

(in € thousands)	June 30, 2020						Dec. 31, 2019					
	Securities				Related receivables [1]	Total	Securities				Related receivables [1]	Total
	Gross value	Impair-ment	Carrying amount	% direct or indirect	Carrying amount		Gross value	Impair-ment	Carrying amount	% direct or indirect	Carrying amount	
S.M.A	63	-	63	*3.00%*	-	63	63	-	63	*3.00%*	-	63
Vocapia Research	804	-	804	*20.00%*	-	804	804	-	804	*20.00%*	-	804
Foster Wheeler Fakop	1,051	-	1,051	*8.41%*	-	1,051	1,051	-	1,051	*8.41%*	-	1,051
Kogeban	1,867	(64)	1,803	*10.87%*	3,686	5,489	1,867	(64)	1,803	*10.87%*	3,686	5,489
Cogénération Biomasse d'Estrées-Mons[2]	613	(613)	-	*7.00%*	4,934	4,934	613	(613)	-	*7.00%*	4,934	4,934
Other	8,590	(5,802)	2,788		0	2,788	8,826	(5,802)	3,023		-	3,023
TOTAL	**12,987**	**(6,479)**	**6,508**		**8,620**	**15,128**	**13,222**	**(6,479)**	**6,743**		**8,620**	**15,363**

(1) Shareholders' current accounts without repayment schedules.

(2) Impairment of receivables relating to equity investments in Cogénération Biomasse d'Estrées-Mons, amounting to -€74 thousand.

NOTE 16 Equity

A. Share capital

At June 30, 2020, share capital amounted to €6,056,220 divided into 3,028,110 fully paid shares with a par value of €2.

There were no changes over the first six months of 2020.

B. Average number of shares outstanding

	June 30, 2020	June 30, 2019
Total number of shares	3,028,110	3,028,110
Weighted average number of treasury shares	202,789	200,609
Weighted average number of ordinary shares	2,825,322	2,827,501
Weighted average number of ordinary shares used to calculate diluted earnings per share	2,825,322	2,827,501

C. Dividends payable

As decided at the Shareholders' Meeting of July 31, 2020, all net income or loss for the period ended December 31, 2019 was allocated to "Retained earnings", so no dividends were paid for the 2019 financial year.

NOTE 17 Loans and borrowings

A. Breakdown of current and non-current financial liabilities

(in € thousands)	June 30, 2020			Dec. 31, 2019		
	Non-current	Current	Total	Non-current	Current	Total
Borrowings	183,522	46,466	229,988	2,373	165,870	168,244
Lease liabilities	14,431	3,845	18,276	16,142	4,539	20,681
Refundable advances	6,163	535	6,698	6,163	589	6,752
Sales of receivables	20,315	15,261	35,575	20,372	11,389	31,761
Other liabilities	256	353	609	256	353	609
GROSS FINANCIAL LIABILITIES	**224,687**	**66,459**	**291,145**	**45,306**	**182,740**	**228,046**
Bank overdrafts	-	5,771	5,771	-	5,687	5,687
NET FINANCIAL LIABILITIES	**224,687**	**72,230**	**296,917**	**45,306**	**188,428**	**233,734**

Borrowings and debt due in less than one year are recorded under current financial liabilities.

Borrowings and debt due in more than one year are recorded under non-current financial liabilities.

B. Change in financial liabilities

(in € thousands)	June 30, 2020
Opening balance	**228,046**
Issue of loans and borrowings (1)	61,703
Repayment of loans and borrowings (1)	(2,797)
Other financing transactions (1)	3,816
Changes in consolidation scope	-
Other changes	376
Closing balance	**291,145**

(1) Amounts analyzed in the cash flow statement, including repayment of lease liabilities of €2.4 million.

C. Breakdown of loans and borrowings

(in € thousands)	June 30, 2020	Dec. 31, 2019
Loan to invest in **Exensor** Group	23,876	24,000
Loan to fund renovation work at **SCI Bassano**	569	1,135
Drawdown of the revolving credit line	119,379	120,000
Martin GmbH bond	44,100	-
MT bank loan	29,950	-
MT government loan ("FDES")	8,750	-
Financing loan for **R&D projects**	2,142	2,229
Other loans and borrowings	1,221	20,880
TOTAL	**229,988**	**168,244**
Non-current	183,522	2,373
Current (1)	46,466	165,870

(1) Given the limitations of the waiver obtained at December 31, 2019, the full amounts of loans subject to covenants were classified as "Current financial liabilities" as the Group did not have an unconditional right to extend repayment beyond than one year at December 31, 2019.

In December 2017, the Group renewed a syndicated credit line (multi-currency) of €120 million, which was renewable for a five-year period (extended by one year in 2019 with another one-year extension possible) at a floating rate (Euribor or Libor). €120 million of this credit line had been drawn down at June 30, 2020. The credit line is subject to a covenant calculated based on the consolidated financial statements, limiting the net debt to EBITDA ratio to 2.5. If breached, the terms of the covenant require the borrowers to repay the credit line upon demand by the lenders.

In December 2017, the company took out a €30 million floating-rate (Euribor) loan repayable over six years (that has been rendered fixed rate using an interest rate swap) to refinance the July 2017 acquisition of Exensor. The loan is subject to the same covenant as the 2017 syndicated credit line.

In 2015, the Company took out a €5 million loan at a fixed rate of 1.2%, repayable over five years, to finance renovation work at the Group's headquarters (SCI Bassano). The loan is subject to the same covenant as the 2017 syndicated credit line.

In June 2020, the Group took out new loans in connection with the conciliation protocol signed in April 2020 with its financial partners.

- MT financing of €35 million at a floating rate (Euribor + 6%) for an initial 12-month term with two conditional extension options of six months each. At June 30, 2020, €30 million of this credit line had been drawn down;
- MT government loan ("FDES") of €8.75 million at a floating rate (Euribor + 6%), for an initial 12-month term with two conditional extension options of six months each. The credit line had been fully drawn down at June 30, 2020;
- €45 million bond subscribed by Martin GmbH with a fixed coupon of 5%, maturing on December 31, 2025. The bond was subscribed by offsetting the short-term €20 million loan from Martin GmbH in 2019, with the contribution of €25 million in cash.

In the protocol described in Note 2, the banking partners agreed to waive their rights to apply the banking covenant provisions until maturity of the 2017 syndicated loan.

NOTE 18 Retirement and other employee benefits

(in € thousands)	Provision at Dec. 31, 2019	Additions	Reversals (utilizations)	Actuarial differences	Other	June 30, 2020
Provisions for long-service awards	518	-	-	-	-	518
Provisions for retirement benefits	20,458	697	(339)	57	(61)	20,812
TOTAL	**20,976**	**697**	**(339)**	**57**	**(61)**	**21,329**

The discount rates used to measure commitments are as follows:

	June 30, 2020		Dec. 31, 2019	
	France	United Kingdom	France	United Kingdom
Discount rate	0.80%	1.45%	0.80%	2.00%

NOTE 19 Other provisions for contingencies and liabilities

(in € thousands)	Dec. 31, 2019	Increases	Reversals (utilizations)	Reversals (surplus)	Foreign currency translation adjustments	Other changes	June 30, 2020
Provisions for litigation	7,990	666	(585)	(1,080)	-	0	6,991
Other contingency provisions	5,181	1,184	(2,424)	(175)	(6)	(70)	3,690
Provisions for other expenses	84	-	-	-	-	-	84
Non-current provisions	**13,255**	**1,850**	**(3,009)**	**(1,255)**	**(6)**	**(70)**	**10,765**
Provisions for losses at completion (1)	58,253	15,720	(4,591)	(6)	6	(877)	68,506
Provisions for guarantees	11,005	1,095	(1,617)	(1,293)	(32)	-	9,159
Accrued expenses on completed contracts	28,452	8,305	(9,970)	(1,060)	(178)	-	25,549
Current provisions	**97,710**	**25,120**	**(16,178)**	**(2,359)**	**(204)**	**(877)**	**103,213**
TOTAL	**110,966**	**26,970**	**(19,187)**	**(3,615)**	**(210)**	**(946)**	**113,978**

(1) The increase in provisions for losses at completion is mainly due to the expected losses that have been announced for contracts.

NOTE 20 Off-balance sheet commitments

(in € thousands)	June 30, 2020	Dec. 31, 2019
Commitments given		
Contract bank guarantees	554,641	547,684
Commitments received from suppliers	106,818	82,997

NOTE 21 Contingent liabilities

In application of IAS 37 criteria, the Group considers that the legal proceeding described below did not have to be provisioned at June 30, 2020 since the outcome is uncertain.

In May 2019, CNIM and CNIM Industrie were named as parties in the lawsuit of a director of a foreign subsidiary who is demanding backpay over a very long period of time. The Group is contesting the conformity of the summons and the merit of the claim. The suit is awaiting hearing by the French commercial court (*Tribunal de Commerce)*.

NOTE 22 Risk exposure

The Group implemented its financial, counterparty and liquidity risk management policies, as described in the notes to the consolidated financial statements for the year ended December 31, 2019.

NOTE 23 Subsequent events

The Company has not identified any subsequent events other than:

- Disposal of assets:

  The Group has entered into an agreement with the investment fund iCON Infrastructure to sell its indirect minority interests in HWS, DWS, WWS companies, owners of waste-to-energy processing plants in the United Kingdom. The conditions precedent to this agreement were met on July 23, enabling the transaction to be finalized.

- Change in governance:

  On July 31, 2020, at their General Meeting, the shareholders of CNIM Group approved the proposed change in the Group's legal status to a limited liability company with a Board of Directors *(Société Anonyme à Conseil d'administration*).

Consequently, the terms of office of the Management and Supervisory Board members were terminated. The Company is now headed by a Board of Directors and a Chief Executive Officer to whom each Division General Manager directly reports.

At the General Meeting of Shareholders, Nicolas Dmitrieff was appointed Director and, during the Board meeting that followed, Chairman of the Board of Directors.

Louis-Roch Burgard's appointment as Chief Executive Officer of CNIM Group at the Supervisory Board meeting held on May 26, 2020, was confirmed by the Board of Directors on July 31. Louis-Roch Burgard had previously been appointed Director at the General Meeting of Shareholders on July 31.

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STATUTORY AUDITORS' REPORT ON THE INTERIM FINANCIAL STATEMENTS

PricewaterhouseCoopers Audit
63 rue de Villiers
92 208 Neuilly-sur-Seine

Deloitte & Associés
6, place de la Pyramide
92 908 Paris La Défense Cedex

Statutory Auditors' Report
On the Interim Financial Statements

(Period from January 1 to June 30, 2020)

To the Shareholders
Constructions Industrielles de la Méditerranée (CNIM)
35 rue de Bassano
75008 PARIS

In compliance with the engagement entrusted to us at your Annual General Meeting, and in application of Article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we have:

- performed a review of the accompanying condensed consolidated interim financial statements of Constructions Industrielles de la Méditerranée (CNIM) for the period from January 1 to June 30, 2020, and
- verified the information provided in the interim report.

The condensed consolidated interim financial statements are the responsibility of the Management Board and were prepared at July 31, 2020 based on information available at that date, and should be considered in light of the uncertainties generated by the COVID-19 pandemic and the difficulties in measuring its impact on business and the Company's future outlook. Our role is to draw conclusions on these interim financial statements based on our review.

I - Opinion

We conducted our review in accordance with professional standards applicable in France.

A review consists primarily of interviewing the executive persons responsible for financial and accounting matters and applying analytical procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in France. Consequently, it does not enable us to obtain the same level of assurance that the financial statements taken as a whole are free from material misstatements.

Based on our review, we have not found any material misstatements that could cause us not to believe that the accompanying condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" adopted by the European Union.

Without qualifying our opinion, we draw your attention to the financial restructuring concluded in June 2020 following approval, by the French Commercial Court (*Tribunal de Commerce*), of the conciliation protocol, cash flow projections prepared for financial years 2020 and 2021 and the uncertainties generated by the COVID-19 health crisis, described in Note 2 to the condensed consolidated interim financial statements, on which Management has based its assumption of going concern.

II – Specific verifications

We have also verified the information provided in the activity report for the six-month period ended July 31, 2020 regarding the condensed consolidated interim financial statements that we reviewed.

We have no matters to report as to their fair presentation and their consistency with the condensed consolidated interim financial statements.

Neuilly-sur-Seine and Paris La Défense, August 4, 2020

The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte & Associés
Sébastien Lasou	Philippe Battisti

CERTIFICATION BY THE PERSON ASSUMING RESPONSIBILITY FOR THE INTERIM FINANCIAL REPORT

I hereby attest that, to the best of my knowledge, the condensed consolidated interim financial statements for the six-month period ended June 30, 2020 have been prepared in accordance with applicable accounting standards and present a true and fair view of the assets and liabilities and financial position of the Company and all entities in the consolidation scope as at June 30, 2020, and the results of their operations for the period then ended. I also hereby attest that the accompanying activity report for the six-month period ended June 30, 2020 presents a true and fair view of the major events that occurred during the first half of the financial year, their impact on the interim financial statements, the main related party transactions, and a description of the main risks and uncertainties for the remaining six months of the financial year.

Paris, August 4, 2020

Louis-Roch BURGARD
Chief Executive Officer
Directeur Général