Half Yearly Report

And Consolidated Financial Statements
(Condensed and Unaudited)

30^{th} June 2018

Velcan Holdings S.A.

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Euronext Growth - ALVEL
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SUMMARY

I - MANAGEMENT REPORT

1. ABOUT VELCAN

Velcan Holdings is a Luxembourg headquartered investment holding company founded in 2005, operating as an independent power producer in India and Brazil and managing a global portfolio of financial assets.

The company owns and operates one 15MW hydro power plant in Brazil that it developed and built in 2009. Its major power project under development is a cascade of hydropower concessions located in India and totaling 571 MW.

Hydropower concessions provide long periods of cash generation but their development outcome is uncertain and many years are needed to bring these projects to maturity in emerging countries : it involves field studies in remote places, the assessment of many different environmental and technical parameters, obtaining the necessary authorizations and permits and land acquisition in political and regulatory environments that can be unstable or heavily hampering.

Hydropower development requires the prospection of a large portfolio of projects because only a few ones will eventually present competitive techno-economic parameters combined with low environmental impacts and will manage to obtain all the required approvals and permits. The Group has brought to an advanced stage of development two of the three Indian projects, forming a tandem of 426 MW which present attractive technical and economical features. With these projects, the Group is expecting to take advantage of the promising long term perspectives of the Indian economy.

Meanwhile Velcan Holdings actively manages its treasury, investing in listed and unlisted financial investments. As of 30th June 2018, 18% of the assets of the group are deployed in power projects or plants, 81% in listed and unlisted financial investments, and cash and cash equivalents (bank current accounts and deposits).

Velcan Holdings' headquarters are in Luxembourg, with administrative and financial offices in Singapore and Mauritius. The team dedicated to the development of the Indian hydropower cascade is based in New Delhi and at the project site (Arunachal Pradesh), and the team dedicated to the Rodeio Bonito plant is based in Sao Paulo and Chapeco.

2. H1 2018 KEY FIGURES (unaudited)

Consolidated Financial Data in Million Euros	30.06.2018	30.06.2017	Var %
§ Turnover Half Year	1.2	1.5	-15%
§ EBITDA Half Year	-0.4	-0.1	-366%
§ Net Result Half Year	1.2	-4.6	NA
	30.06.2018	31.12.2017	Var %
§ Cash & Financial assets	99	101	-2%
§ Market Capitalization	58	66	-12%
§ Cons. Equity	119	123	-3%
Issued shares less Treasury shares (in Thousands)			
§ Net outstanding shares	5,908	6,226	-5%
Book value per share (in Euros)	20.2	19.7	+2%

	POWER PROJECTS PORTFOLIO UPDATE	30/06/18	31/12/17
GLOBAL	**Portfolio of concessions and production facilities.**	629 MW	657 MW
BRAZIL	**Hydroelectric plant in operation**	15 MW	15 MW
BRAZIL	**Projects under development**	43 MW *	53 MW *
INDIA	**Projects under development.**	571 MW	571 MW
INDO	**Projects under development.**	0 MW *	18 MW *

* The entire Brazilian and Indonesian portfolios were already fully impaired as of 31/12/2017. The decrease of the Indonesian portfolio to zero MW comes from the sale of the Redelong HEP (18 MW) in late June 2018. The decrease of the Brazilian portfolio comes from the cancellation of the Quebra Dedo HEP (10 MW) by the Brazilian Electricity Regulatory Agency (ANEEL)in January 2018.

3. IMPORTANT EVENTS AND ACTIVITY OVER THE PERIOD

H1 2018 key figures comments

Velcan Holdings' turnover in the first half of 2018 (H1 2018) amounted to EUR 1.2m arising from sales of electricity by the Rodeio Bonito Hydro Power Plant (HPP) in Brazil. It was down by 15% when expressed in Euros but up by 2% when expressed in BRL relative to H1 2017.

Consumed purchases in Brazil amounted to EUR -0.1m for H1 2018 compared to EUR -0.2m during H1 2017.

Operating costs were up relative to H1 2017 (EUR -2.1m for H1 2018 compared to EUR -1.4m for H1 2017) due to lower accounting capitalization of payroll expenses (including employee share plans). Independently from accounting schemes, payroll payments were stable. Depreciation, Amortization & Provisions were stable (EUR -0.3m).

As a result, operating result was slightly lower (EUR -0.8m) compared to H1 2017 (EUR -0.5m). Other operating income amounted to EUR 0.5m and was mostly related to the sale of a hydro asset in Indonesia.

Net financial income for H1 2018 was EUR 2.1m vs. EUR -4.9m in H1 2017 mainly due to the appreciation of the US dollar vs the Euro as most of the Group's financial investments and cash are invested in US dollar. The FX realized and unrealized gain was EUR 1.8m, while the financial gain excluding FX was EUR 0.3m against EUR 2.6m in H1 2017. As mentioned earlier and as detailed in this report, the majority of the financial assets of the Group are USD Bonds. Like many asset classes, USD bonds have suffered from the rising USD base rates. Although the Group has managed to perform better than the market in general, it is likely that results will suffer for as long as the USD base rates will be rising. EUR 80 m equivalent of financial assets, cash and cash equivalent are allocated in USD as of June 30th 2018. The evolution of the EUR-USD rate between June 30th and December 31st 2018 will therefore impact the annual results.

Net result, Group share, was therefore a gain of EUR 1.3m vs. a loss of EUR -4.6m in H1 2017.

Group other comprehensive income amounts to EUR -2.0m, mostly due to the appreciation of the Euro compared to the Brazilian currency (14%) and the Indian Rupee (4%) and its impact on the Group conversion reserves where the assets held in foreign currency in Brazil (Rodeio Bonito) and India are translated into Euro. The Group total comprehensive income for H1 2018 amounts to EUR -0.8m.

Shareholders equity amounts to EUR 119.3m as of 30th June 2018 vs. EUR 122.8m as of 31st December 2017 mostly due to a capital reduction.

The Company has conducted a share buyback program between the 22nd February 2018 and the 27th June 2018 during which it has completed the purchase of 323,475 shares, at a weighted average price of EUR 9.38 and for a total amount of EUR 2,988,592 in accordance with the description of the share buyback program published on February 22nd, 2018 and the resolutions of the General Meetings of Shareholders held on June 28th, 2017 and July 28th, 2017. All the of 323,475 shares bought back were cancelled accordingly on 29th June 2018 through a capital decrease from EUR 6,605,442 to EUR 6,281,967.

The number of 374,069 Treasury shares as of 30th June 2018 is stable compared to 31st December 2017. The net number of outstanding shares is 5,907,967.

Book value per outstanding share is EUR 20.2, up 2% compared to 31st December 2017.

Brazil - business and main events during H1 2018

The production of 23,740 MWh during H1 (against 22,495 MWh in H1 2017) was moderate due the rainfall in Rodeio Bonito catchment area being still well below the historical long term average. This reflects the low precipitation levels in Brazil in 2018.

This resulted in an overall MRE[1] system (Energy Reallocation System) in deficit, as it has been the case since 2014, and a negative impact amounting to BRL -0.2m in H1 2018 (compared to BRL - 0.6m for H1 2017) for Rodeio Bonito. Translated in Euros, the consumed purchases (Mainly MRE) impacted the operational result, by EUR -0.1m in H1 2018 against EUR -0.2m in H1 2017, and against EUR -1.3m for the full year 2017.

The MRE impact could be much more negatively significant during H2 given the projections made by the Government of Brazil for the production of the power plants within the MRE system. For July 2018 (the last known figures at the date of publishing this report) the total MRE impact was BRL -0.2m.

The operation and maintenance of Rodeio Bonito are satisfactory with a technical availability of 95% for H1 2018.

Due to these combined effects and the forex variation, the turnover has decreased by 15% when expressed in Euro and increased by 2% when expressed in BRL in H1 2018 (EUR 1.2m or BRL 5.1m) compared to H1 2017 (EUR 1.5m or BRL 5.1m).

The EBITDA (earnings before interests, taxes and amortization) of the plant amounted to BRL 3.7m against BRL 3.5m in H1 2017. When converted in EUR, the EBITDA was down to EUR 0.9m vs 1.0m in H1 2017.

Besides, as previously reported, the development of the Quebra Dedo hydropower project (10 MW) has been stalled for several years because of administrative and environmental issues. The project had less than 15 years of concession left, and has been cancelled by the Brazilian Electricity Regulatory Agency (ANEEL). The related development costs were already entirely provisioned in the Group's balance sheet since 2011.

India - business and main events during H1 2018

In India, the Group continued to develop the hydroelectric concessions obtained in 2007 in the State of Arunachal Pradesh.

For the hydroelectric tandem Heo-Tato-1 (426 MW), the feasibility studies have been completed and all the three major authorizations have been obtained in 2015: Techno-Economic Clearance (TEC), Environmental Clearance and Forest Clearance. Very few privately held projects have reached such level of development in Arunachal Pradesh – and in the Indian Himalayas. Since late 2015 the Group is focusing on the project main next steps as described below.

[1] In Brazil, « guaranteed energy » or « ensured energy » means the annually marketable energy as approved by MME – Ministério de Minas e Energia (Department of Mines and Energy) and guaranteed through the Brazilian power system for power plants opting for the MRE (Energy reallocation Mechanism), mechanism functioning at national scale, even if the production is impacted by a bad hydrology some years. This mechanism covers the hydrological risk in case some Brazilian areas are experiencing drought, whereas other areas are experiencing heavy rains. The guaranteed energy is usually sold through mid-term fixed inflation-linked contracts. However this mechanism does not cover the risk of a national drought across Brazil which results in an overall MRE system in deficit. In this case, the Rodeio Bonito plant EBITDA could collapse drastically as all participants of the MRE system will have their guaranteed energy reduced proportionally to the overall deficit. In this case the plant has to purchase electricity in the spot market to compensate for its generation deficit, called MRE payments as consumed purchases.

- Post TEC technical investigations and studies

Most post TEC field studies and investigations at site required at this stage by Central Electricity Authority have been already completed between 2016 and 2017. The detailed tender design level topographical surveys of project components (power houses and intake areas) and internal project roads has been completed for Heo HEP and Tato-1 HEP intake site and roads as of May 2017. The detailed topographical survey of the Tato-1 HEP power house and adit sites could still not be completed because the suspension bridge destroyed in 2017 has still not been rebuilt, leaving the concerned sites inaccessible as of date. Sedimentation studies initiated in April 2016 are still going on. For the past 10 years hydrological measurements have been conducted. The Group has now completed a dependable and detailed set of studies and investigations which will bring the Projects to the main next technical step, the tender level design.[2] It will start along with the beginning of discussions with power purchasers and EPC contractors, when the projects will move towards financial closure.

- Amendment of the Concession Agreement

Following the TEC, which has frozen the installed capacity of the projects to 426 MW, the Group has engaged the process for amending the concession agreement in order to amend such installed capacity. The negotiations with the Government of Arunachal Pradesh cover several matters such as a new implementation timeframe for the projects, the administrative fees related to the execution of the new concession agreement, a minority equity participation requested by GOAP, and the final quantum of free power due to the Government once the project will be commissioned. Discussions are still under way.

- Land acquisition

Under the concession agreement and applicable regulations, the land is to be acquired by the State government and then leased to the project developer. Due to the absence of land registry in tribal areas and to the complexity of the applicable regulations, this remains one of the major challenges. The procedure involves notably a social impact assessment, public hearings and consultations, public consents for acquisition of the land, field surveys, administrative ownership surveys and rehabilitation/resettlement plans.

In June 2016, the Group has submitted applications to the Deputy Commissioner of the West Siang District, Arunachal Pradesh in order to initiate the acquisition of the land required for Tato 1 and Heo HEPs. A Notification has been issued by the Commissioner, Land Management, GoAP in February 2017 appointing the Rajiv Gandhi University, Itanagar, Arunachal Pradesh as Social Impact Assessment unit. The Notification of the start of the Social Impact Assessment (SIA) has been issued by the Government on 3rd August 2017, and first onsite site surveys and interviews of the local public by the SIA Team surveys have been conducted in September 2017. The SIA and Social Impact Management Plan (SIMP) draft reports have been completed and submitted to the district administration on 26th December 2017. The public hearings required by the regulations in order to discuss the SIA and the SIMP with the local public have been held in all the 8 concerned villages on 23rd and 24th of January 2018. During the hearings, the local people have expressed their support in favor of the projects, and expressed their concerns notably about the future influx of a migrant population of workers during construction. The SIA unit has concluded the projects entail more benefits than costs and has submitted the final SIA and SIMP reports to the State Government on 2nd February.

Such SIA & SIMP reports have been reviewed by the Expert Group (an independent body appointed by the Government on 14th February 2018), which assesses the costs and benefits of the project and its public purpose. The Expert Group has held a meeting on 29th March 2018 but has not yet issued any recommendation to the

[2] for Tato-1 power house it will be the case when the aforementioned bridge is rebuilt and detailed topographical survey completed.

State Government, to the best of our knowledge, to determine whether or not the land required for the project shall be acquired.

Meanwhile, the District Administration has initiated the procedure to establish the land revenue registry and to collect the consent of at least 80% of the land owners through a prefectural decree dated 21st March 2018. This implies a negotiation between the Government and the affected populations for the establishment of a list of owners and the determination of the quantum of land which belongs to each owner (land revenue registry), so that the financial compensations can be distributed amongst the owners. Considering a significant part of the land is disputed between clans or within the same clans, in particular in the Heo Project land, the Group expects this procedure to take time. Following site surveys and meetings conducted on 28th April, 9th and 10th May 2018, the District Commissioner has issued preliminary reports starting to identify clan wise collective ownership of the different land parcel. These reports are incomplete as they do not yet list individual ownerships and sometimes list several clans on single parcels without any breakup between the concerned clans. They recorded 32% of Heo HEP sites and 4% Tato-1 HEP sites as under dispute and the Group believes these preliminary reports do not yet take into account all existing claims and disputes. Claims can be registered later during the course of the process and the Group also foresees that it is likely that more claims will be presented, notably before the establishment of individual ownerships or allocation of shares of financial compensations (for the complete land owners registry). The next step will indeed be for the State Government to establish the complete list of individual land owners, with their holdings, and to collect the consents of each of the land owners. Each concerned village council will also be required to give its official collegial consent. Once all consents will have been collected and the acquisition recommended at State level, the State Government will have to conduct another set of surveys and procedural steps such as detailed and individual census of affected facilities, marking land boundaries, hearing of individual objections, preparation of Rehabilitation & Resettlement plans, public hearing on such plans, financial awards, etc.. One of the sensitive steps of the procedure will be to award financial compensations as it should require the State Government to determine precisely the land revenue registry and /or to settle the disputes.

As per our knowledge it is the first time the State Government acquires land under this new Land Acquisition Act (2013) and the procedure is complex. The Group's teams are in daily contact with the concerned authorities and actively supports and follow-up the procedure.

- Road infrastructure requirements

The public roads leading to the project sites are undergoing an upgrade and widening program, that will, once completed, allow the transportation of construction and electrical & mechanical equipment. The last stretches totaling 87 Km are currently scheduled or expected to be ready between 2020 and 2022. A joint survey has been conducted in November 2016 between Velcan's Team and the Border Roads Organization (BRO/Ministry Of Defense) in order to assess what stretches are critical in view of making sure the BRO would have them ready earlier. Following several joint meetings under the umbrella of the Ministry of Power (MoP, Govt. of India), MoP has submitted a request to the Ministry of Defense for that purpose. Tentative budgets have been prepared by the Ministry of Defense in November 2017 and February 2018. Further tripartite discussions are still expected to continue but no further progress was made by the Central Government on this particular subject during H1 2018, despite the request of the Group.

- Forest Clearance

The issuance of the Forest Clearance stage 2, which allows to physically take over the forest land (subject to land acquisition by the Sate Govt. being complete), is subject to the fulfilment of some conditions (in addition to the land acquisition). The Forest Clearance stage 1 issued by the Ministry of Environment and Forests (MOEF, Govt. of India) notably requires the State Government to identify additional compensatory afforestation land (land where forest is to be replanted) of 7 Ha for Heo HEP and 12 Ha for Tato-1 HEP. The State Government has proposed to the Ministry a piece of land in 2016, which has been rejected in January 2017 as inappropriate for afforestation purpose by the MOEF. Another proposal has been sent by the State Government to the MOEF in November 2017. MOEF has requested additional technical clarifications in May 2018, which are currently under examination at State level.

On a separate matter, in view of some technical layout adjustments required for one access road and several quarry sites, the Group submitted in June 2017 an application for the approval of such changes which will amend some of the technical features and maps of the Stage 1 Forest Clearance. The application has been approved by the District Forest Department in February 2018 for both projects. The State Government has approved the amendment for the Tato-1 HEP and forwarded it to the Ministry of Environment and Forests on 29th June 2018 for final approval, which is pending as of date. The approval for the Heo HEP amendment at State level is still pending. As part of this revision of the forest land layout maps, the revision of the entire procedure under the Forest Right Act (FRA) also had to be conducted. This regulation aims at ensuring forest dwellers and tribal populations are agreeable to the project in their area and that their traditional rights are preserved (such as fishing rights or use of timber for example). It involves multistage collegial approvals by different local authorities, from the village councils (approved in March 2018) to the State level district committee (in July 2018). The final compliance certificates have been issued for both projects on 31st July 2018 by the State Government.

The Pauk HEP (145 MW)

The project progress continues at a slower pace, commensurate with the Project's specific technical and administrative characteristics. After several months of technical discussions, the Company obtained from the Central Water Commission (Govt. of India) the approval of the project basic design in April 2017, and the approval of the geological investigation plan from the Geological Survey of India in August 2017. Based on such approvals the next step is mainly to conduct the approved investigation plan. However the performance of site investigations remains subject to the clearance of landownership disputes. As an example, after several months of negotiations, a work order to shift a drilling machine at Pauk Power house site could be signed and shared between several clans on 23rd March 2018. The drilling equipment could be transported on a part of the required path during the month of May 2018 and accesses prepared in September 2018. However thereafter new inter-clan disputes interrupted the work. Orders have been issued by the district administration to direct the restart of the work, without success as of date. Such disputes have often slowed down or prevented activities at the site in the past years, but the Group hopes to restart reinvestigation by the end of the 2018.

Conclusion on the Indian portfolio

VELCAN Holdings keeps making progress in areas that depend on itself and continues to see long term promising prospects in the Indian electricity market.

In the current advanced project development phase, most activities are under the purview of local and national Government entities, including instrumental land acquisition and road infrastructures. These activities are progressing at variable paces but generally slowly and they regularly encounter impediments and delays. They are also always subject to political and legal risks such as changes in legislation and / or government. Local and central elections in scheduled in May 2019 may not encourage in the short term the significant measures that are required in terms of hydropower policy, market incentives and budgetary decisions, although there is hope a new national hydropower policy could be promulgated before the elections.

The Indian commercial and financial market conditions are still not favorable to the sale of hydropower, as the market remained constrained by both the bad financial health of electricity distribution companies (DISCOMS), the insufficient regulatory framework not allowing the sale of power through long term bankable PPAs and the heavy exposure of the banking sector to bad infrastructure loans (for example see the recent IL&FS case, a major infrastructure lender which has reached a near-to-bankruptcy situation) .

The Group's team pushes all project activities including by assisting the Government for those activities which are not its direct responsibility and by providing support to Government entities whenever possible. VELCAN Holdings follows closely the overall situation of the market, but like all infrastructure markets in emerging countries, it is not possible to predict if all the conditions necessary to the project implantation will align or when. The pace of the concessions' progress towards the execution of a long term bankable PPA and the financial closure will continue to depend on the political willingness of the central Government to support the hydropower sector.

In view of the context detailed above, the Company had decided to book a provision of EUR 2.2m (16%) on the intangible value of the Indian projects as of 31st December 2017. Such provision remains unchanged as of 30th June 2018.

Indonesia - Main events and activity during H1 2018

After the Meureubo 2 (59 MW) HEP and the Sukarame (7 MW) SHP were sold because of the administrative blockages encountered, including the unavailability of satisfactory PPAs, the Redelong HEP was the last project of the Group in Indonesia.

The Company has fully divested the project on 28th June 2018, sold to an Indonesian industrial group. The small size of the Redelong project (18 MW) did not economically justify having full operations in the country.

Like other projects of the Group in Indonesia, the Redelong project costs were already fully impaired as on 31st December 2017. The sale price, which is to remain confidential, allowed only a partial recovery of such costs, given the uncertainties affecting the sector in Indonesia.

As of the date of this report, the Company has shut down its entire operations in Indonesia.

4. IMPORTANT EVENTS SINCE 30th JUNE 2018

- Share buyback program,

The Company has launched on 13th September another buyback program, the purpose of which is to buy back shares of the Company from minority shareholders wishing to sell them at current market conditions, but not finding sufficient liquidity, in view of their cancellation, and towards active management of the shareholders' funds.

Under this program, the Company may purchase a maximum of 254,128 shares, representing 4.05% of the share capital, at a maximum purchase price per share EUR 8.1, hence for a maximum total amount of EUR2,058,434.00 (excluding acquisition costs).

As of the date of this report, the Company has bought back 63,526 shares at an average price of EUR 7.67 under this program. The full details of such buyback program are available on the company's website.

- Extension of Heo HEP and Tato-1 HEP Techno-Economic Clearances

The Central Electricity Authority, Government of India, has extended the Techno-Economic Clearances (TEC) it had issued on 28th July 2015 to the Heo HEP (240 MW) and on 28th October 2015 to Tato-1 HEP (186 MW). The two TECs, initially granted for a 3 years validity period as per C.E.A regulations, are essential to the project development process as they freeze the projects' technical parameters, which in turn constitute the basis for other authorizations and procedures such as for example environmental studies and clearances, land acquisition, forest land use permits or grid connectivity studies.

After having re-assessed the progress and the situation of the projects, and after receiving a non-objection from the Government of Arunachal Pradesh, C.E.A has granted this first extension for a standard duration of 2 years, without altering the techno-economic parameters approved in 2015.

Given the ongoing discussions with the Government of Arunachal Pradesh about the execution of an amended concession agreement for the current power capacities of 240MW and 186MW, the TECs extensions have been granted subject to the condition of signing such amendment and settling related administrative fees. As of date, the negotiations regarding the terms of the amended concession agreement, notably the administrative fees, are still underway. The extension of the TECs and the expected amendment of the concession agreements are among some of the important steps for the development of the projects.

II - CONSOLIDATED BALANCE SHEET (ASSETS)

In thousands of Euros

Assets	30.06.2018	31.12.2017
Non current assets		
Intangible assets	13,599	13,862
Tangible assets	8,796	10,315
Non current financial assets	3,295	5,236
Deferred tax assets	-	-
Total non-current assets	**25,691**	**29,413**
Current assets		
Current financial assets	64,690	57,869
Inventories	13	15
Trade and other receivables	151	285
Income tax receivables	53	46
Other current assets	260	532
Cash and cash equivalents	30,621	37,536
Total current assets	**95,788**	**96,282**
Total assets	**121,479**	**125,694**

III - CONSOLIDATED BALANCE SHEET (LIABILITIES)

Thousands of Euros

Liabilities	Note	30.06.2018	31.12.2017
Equity			
Issued capital	8	6,282	6,605
Additional paid in capital	8	125,357	128,020
Other reserves and conversion reserves	8	(13,589)	(2,235)
Net income for the year		1,254	(9,621)
Equity attributable to the equity holders of the parent		**119,304**	**122,770**
Non-controlling interests		7	21
Total Equity		**119,311**	**122,790**
Non current liabilities			
Non current provisions	10	801	835
Other non current liabilities	11	1,043	1,041
Total non-current liabilities		**1,844**	**1,876**
Current liabilities			
Current financial liabilities	9	-	-
Current provisions	10	5	6
Trade and other payables	12	261	684
Income tax payables		42	62
Other current liabilities	13	15	276
Total Current Liabilities		**323**	**1,028**
Total Liabilities		**121,479**	**125,694**

IV - INCOME STATEMENT

Thousands of Euros

Statement of Profit & Loss	30.06.2018	30.06.2017
Operating revenues	1,241	1,466
Other operating revenues	-	-
Total operating revenues	**1,241**	**1,466**
Purchases	(58)	(162)
External expenses	(788)	(713)
Payroll expenses	(1,291)	(663)
Operating tax expenses	(4)	(11)
Depreciation, Amortization & Provisions	(361)	(393)
Current operating result	**(1,262)**	**(477)**
Other operating income	511	-
Operating result	**(751)**	**(489)**
Financial Income	2,450	1,929
Financial expenses	(360)	(5,890)
Financial Result	**2,090**	**(3,961)**
Income tax expense (-) / benefit (+)	(96)	(117)
Net result from continuing operations	**1,242**	**(4,567)**
Net result, group share	**1,254**	**(4,562)**
Net result, shares of non-controlling interests	**(12)**	**(4)**
Earnings per share (in Euros)	0.21	(0.76)
Diluted earnings per share (in Euros)	0.20	(0.76)
EBITDA	**(390)**	**(84)**

Statement of total comprehensive Income	30.06.2018	30.06.2017
Net income	1,242	(4,567)
Other comprehensive income, that will not be reclassified subsequently to profit or loss	(2,035)	(2,379)
Total Comprehensive Income	**(793)**	**(6,945)**
thereof attributable to non-controlling interests	13	2
Group Total Comprehensive income	**(781)**	**(6,943)**

V - COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. EFFECTIVE FOREIGN EXCHANGE RATES

1 € =	30.06.2018		31.12.2017		30.06.2017	
	Closing rate	Average rate	Closing rate	Average rate	Closing rate	Average rate
BRL (Brazilian Real)	4.53	4.14	3.98	3.61	3.59	4.14
INR (Indian Rupee)	79.93	79.55	76.68	73.57	75.08	75.11
AED (Dirham UAE)	4.29	4.45	4.39	4.15	4.08	4.10
USD (US Dollar)	1.17	1.21	1.20	1.13	1.11	1.12
SGD (Singapore Dollar)	1.59	1.61	1.61	1.56	1.50	1.54
IDR (Indonesian Rupiah)	16,732	16,662	16,133	15,115	14,651	15,034
NOK (Norwegian Krone)	9.85	9.34	9.85	9.34	9.32	9.43

2. COMMENTS ON THE BALANCE SHEET

ASSETS

Intangible Assets

The Group continued to develop its concessions in India (EUR +0.2m of gross intangible assets in H1 2018). The negative effect of currency fluctuations (EUR -0.4m) net of amortization and provisions allowance (EUR -0.1m) therefore prompted intangible assets to decrease by EUR 0.3m (to EUR 13.6m vs. EUR 13.9m at 31st December 2017).

Tangible Assets:

Tangible assets were down to EUR 8.8m at of 30th June 2018 versus EUR 10.3m at 31st December 2017, a decrease of EUR 1.5m. This variation is the net result of, on one hand, the decrease of the Brazilian Real on the book value of Rodeio Bonito expressed in Euros (EUR -1.2m) and, on the other hand, the depreciation expense of that same asset (EUR -0.3m)

Cash, Cash Equivalents & financial assets:

These assets were down (EUR -1.6m) despite the Group's positive financial result (EUR 2.1) because of the share buyback program (EUR – 3.0m). The appreciation of the USD over the last two months of H1 2018 has contributed to FX gains (EUR 1.8m) as most of the Group's Cash, Cash Equivalents and financial assets have been held in USD.

Financial asset instruments (EUR 68.0m) are mainly composed of Bonds issued by corporations and Governments, and to a lesser extent by Collateralized Loan Obligation funds, for a total of EUR 52.2m, Listed equities (EUR 1.5m), Unlisted equities (EUR 1.1m), Quantitative funds (EUR 9.4m), Secured lending net of provisions (EUR 3.9 m) while the cash and cash equivalent is invested in short-term fixed deposits, money market funds and on bank accounts (EUR 30.6m).

The group's bond portfolio is mostly exposed to issuers in the BBB, BB and B categories (as defined by Standard's & Poor) and has 45% Emerging Markets exposure. About 50% of the bonds have maturities less than 6 years and the remainder spans a wide range. In H1 2018, the group has significantly reduced exposure to bonds with maturities 30Y and above but has, however, kept a few USD denominated bonds that are of perpetual nature.

At half-year end the biggest lines of the Group are with the following issuers : Olam (Singapore), CMA-CGM (France), Norddeursche Landesbank GZ (Germany), COMCEL TRUST (Paraguay), JBS (Brazil), BBVA Bancomer (Mexico), OmanTel (Oman), TRAFIGURA (Singapore) and the Republic of Argentina.

Direct lending includes a secured senior USD loan towards the financing of a tanker, of which the amount is EUR 3.7 m as of 30th June. Given the initial borrower's default and the uncertainties faced in enforcing the mortgage due to several ongoing litigations, a provision has been accounted. The exact amount of this provision, which is less than 2% of the net equity of the group is kept confidential given the several litigations that the Group has initiated. As of the date of this report, the underlying value of the secured asset is slightly higher than the total amount due to the Group.

LIABILITIES

Non-current provisions :
Non-current liabilities (EUR 0.8m) are broadly stable at constant exchange rates and stem from unresolved disputes relating to the Group's past ownership of Biomass facilities in India.

Other non-current liabilities:
Other non-current liabilities (EUR 1.0m) are broadly stable at constant exchange rates and stem from advances made to the group and whose reimbursement are contingent to conditions that are not met at this date.

3. COMMENTS ON THE INCOME STATEMENT

EBITDA was negative during H1 2087 (EUR -0.4m vs. EUR -0.1m in H1 2017). Net result, Group Share, was a gain of EUR 1.2m vs. a loss of EUR -4.7m previously.

CURRENT OPERATING PROFIT :

Turnover :
Velcan's turnover amounted to EUR 1.2m in H1 2018 arising from sales of electricity by the Rodeio Bonito Hydro Power Plant (HPP) in Brazil.

Purchases:
Purchases costs were down (EUR -0.1m compared to EUR -0.2m in H1 2017).

Operating costs:
Operating costs (external & payroll expenses) were slightly higher (see above).

Depreciation, Amortization and Provisions, Provision write-backs:
Depreciation and amortization of tangible and intangible assets amounted to an expense of EUR -0.4m. Tangible and intangible assets depreciation expense was mainly attributable to Rodeio Bonito HPP (EUR -0.4m).

Operating result was a loss of EUR -0.8m compared to a loss of -0.5m in H1 2017.

FINANCIAL INCOME

Net financial income for H1 2018 was EUR 2.1m vs a loss of EUR -4.2m in H1 2017. The financial income of the Group is mostly dependent on two items:

a) The interests it earns and the eventual capital gain it makes on its assets portfolio : in H1 2018, as mentioned above, the bond portfolio of the Group has performed poorly overall (EUR 0.3m) although still better than its underlying market. No default has occurred.

b) The Foreign exchange variations of the currencies in which the Group's financial assets are invested : in H1 2018, the Group's cash has been materially positively impacted by the strengthening of the USD vs the EUR over a most of H1 2018 period , as explained above.

Interest rates in the Eurozone are still weak. Rates have started to increase on USD financial assets.

COMPREHENSIVE INCOME

Comprehensive Income for H1 2018 amounted to EUR -0.8m vs. EUR -7.0m in H1 2017. The impact of currency fluctuations on Group equity was EUR -2m vs. EUR -2.4m in H1 2017.

This negative variation is mainly due to a lower Brazilian Real and a lower Indian Rupee when compared to EUR which impacted the book value of tangible assets booked in this currency (See above).