SergeFerrari Group

French limited company (*société anonyme*) with capital stock of €4,919,704
Head office: Zone industrielle la Tour-du-Pin – 38110 Saint-Jean-de-Soudain
382 870 277 Vienne Trade and Companies Register

2014 REGISTRATION DOCUMENT

AUTORITÉ DES MARCHÉS FINANCIERS

Pursuant to its General Regulation, specifically Article 212-23, the French Financial Markets Authority (AMF) registered this Registration Document on XX XXX 2015, under number XXXXXXX. This document can only be used in support of a financial transaction if it is supplemented by an offering circular approved by the French Financial Markets Authority. This document has been prepared by the issuer, and its signatories are liable for its contents. In accordance with Article L. 621-8-1-I of the French Monetary and Financial Code, the registration of this document was completed once the AMF had ascertained "*whether the document is complete and understandable, and whether the information that it contains is consistent*". This document does not imply ratification of the financial and accounting information included therein by the AMF.
Pursuant to Article 28 of (EC) Regulation 809/2004 issued by the European Commission, the following information is included in this document for reference purposes: the consolidated financial statements for 2011, 2012 and 2013 and the related audit reports, which may be found on pages 121 to 166 of the Base Document registered with the French Financial Markets Authority on May 20, 2014 under number I 14-032.

This document may be obtained free of charge from the Company's head office or downloaded from the AMF website (www.amf-france.org) or Company website (www.sergeferrari.com).

The English language version of this translation from the French language original was prepared for your convenience. All possible care has been taken to ensure that the translation is an accurate representation of the original. In the event of any inconsistencies between this document and the French language original, the latter shall prevail.

Definitions

In this Registration Document, unless specified otherwise:

- "Serge Ferrari" or "Group" means the entity consisting of SergeFerrari Group SA and its consolidated direct and indirect subsidiaries;
- "SergeFerrari" or "SergeFerrari Group" or the "Company" means SergeFerrari Group SA.

Disclaimer

This Registration Document contains statements and information on the objectives of Serge Ferrari Group which are forward-looking in nature and which may be identified as such by the use of the future or conditional tense, and by terms of a prospective nature such as “estimate”, “consider”, “have as objective”, “intend”, “should”, “hope”, “could” and “may”. Such information is based on data, assumptions and estimates considered reasonable by the Company. The forward-looking statements and objectives in this Registration Document may be impacted by known and unknown risks, uncertainties surrounding the regulatory, economic, financial and competitive environment, and other factors that may cause the Company’s future profits, performance and achievements to be significantly different from the objectives as formulated or suggested. These factors may specifically include those explained in Section 1.10. "Risk factors" of this Registration Document.

Investors are invited to give careful consideration to the risk factors described in Section 1.10. "Risk factors" of this Registration Document before deciding whether to invest. Should any or all of these risks materialize, they may have an adverse impact on the Company’s business, financial position, earnings or objectives. Furthermore, other risks, not yet identified or considered not significant by the Company, may have a similar adverse impact and investors may lose all or part of their investment.

This Registration Document contains information on the Group’s markets and competitive positions, including information about the size of the markets. Due to the lack of market studies in the Group’s sphere of activity, this information is drawn from Company estimates and is provided for information purposes only. The Group’s estimates are based on information obtained from customers, suppliers, professional organizations and other participants in the markets in which the Group operates. Although the Group considers that these estimates are relevant as of the date of this Registration Document, it cannot guarantee the completeness or accuracy of the data on which these estimates are based, or that its competitors define the markets in which they operate in the same manner. These estimates, and the data on which they are based, have not been verified by independent experts. The Group gives no guarantee that a third party using different methods to collate, analyze or calculate market data will obtain the same results. To the extent that the data relating to market share and market size in this Registration Document are only Group estimates, they do not constitute official data.

CONTENTS

1. Overview of the Group and its business 5

1.1. Overview of the Group 5
1.2. Overview of the Group's business 10
1.3. Market overview 16
1.4. Market and business trends in 2015 19
1.5. Industrial organization, plants and real estate 20
1.6. Research and development central to the Group's integrated system 26
1.7. Worldwide sales organization geared to targets 33
1.8. Capital expenditure 36
1.9. Organizational structure 38
1.10. Risk factors and insurance strategy 41

2. Corporate social responsibility 58

2.1. Social and environmental report 59
2.2. Employees 121

3. Report of the Chairman of the Board of Directors on corporate governance, risk management procedures and internal control 124

3.1. Governance principles 124
3.2. Remuneration and benefits 136
3.3. Chairman's report on risk management procedures and internal control 139
3.4 Statutory auditors' report on the Chairman's report 143

4. Financial and accounting information 145

4.1. Selected financial information 145
4.2. Pro forma financial information 147
4.3. Review of financial position and earnings 147
4.4. Foreseeable developments, future outlook and material post-balance sheet events 160
4.5. Cash and capital 162
4.6. Consolidated financial statements for the year ended December 31, 2014 168
4.7. Statutory auditors' report on the consolidated financial statements 210
4.8. Parent company financial statements for the year ended December 31, 2014 211
4.9. Statutory auditors' report on the parent company financial statements 229
4.10. Major contracts 231
4.11. Audit of historical financial reporting 231
4.12. Date of most recent financial reporting 231
4.13. Interim and other financial reporting 231
4.14. Dividend distribution policy 231

5. Shareholder structure and stock market 232

5.1. Shareholder structure and share capital 232
5.2. Stock market 243

6. Combined Ordinary and Extraordinary General Meeting on April 29, 2015 247

6.1. Agenda of the General Meeting 247
6.2. Biography and information on the candidate for the position of director 247
6.3. Draft resolutions 247

7. Additional information 252

7.1. Persons responsible for the Registration Document and financial report 252
7.2. Statutory auditors 252
7.3. Company information 254
7.4. Documents on display 256
7.5. Cross-reference tables 256
7.6. Glossary 261

1. Overview of the Group and its business

1.1. Overview of the Group

1.1.1. A major player in the flexible composite materials market

Created in 1973 at La Tour-du-Pin in the Rhône-Alpes region, Serge Ferrari Group designs, manufactures and distributes high-tech eco-responsible flexible composite materials whose unique characteristics allow them to be used in applications that meet the major technical and societal challenges of today and tomorrow. The major trends in the Group's markets are energy efficient buildings, shorter construction-deconstruction cycles, energy management, performance and durability of materials, as well as opening up interior living spaces and increasing glazed spaces in living areas.

Its main competitive advantage lies in a differentiating technology, Précontraint®[1], and its associated proprietary industrial know-how, combined with the use of specially designed PET (polyethylene terephthalate) micro-cables transformed into flexible woven membrane and covered while under tension with polymers that give the final material numerous physical properties, especially in terms of strength, strain capability and lightness, as well as acoustic protection and UV resistance. These materials are delivered in reels or rolls of composite materials mainly in thicknesses less than or equal to 2mm. Serge Ferrari's Précontraint® technology gives the Group a highly differentiated competitive positioning. The two main advantages of this material, i.e. high dimensional stability and long-term mechanical strength, have proven decisive in winning new market segments with highly demanding quality requirements and major projects that become important showcases for the Group. The patent has now entered the public domain.

Serge Ferrari Group markets its offering in three application segments that represent a total market currently estimated by the Group at around €3.1 billion, with each of the three main segments covering numerous market niches.

The Group's product offering includes:

- **innovative composite materials for architecture**: Précontraint® tensile composite roofs, solar protection and bioclimatic facades, acoustic solutions, and watertight under-roof membranes;
- **advanced composite materials for professionals**: light modular structures for industry, environmental protection, agro-energy, safety, and visual communications; and
- **innovative "consumer" composite** membranes: yachting, indoor and outdoor furniture, and solar protection.

The Group's present legal and economic configuration is the result of four major successive phases of development that can be summarized as follows:

- The creation and development of innovative technology and a corporate business model (1973 to 1989)

The first Group company (Tissage et Enduction Serge Ferrari) originally specialized in the production of truck tarpaulins. In a relatively competitive market consisting of low value-added products, the founder and father of the two present directors, Serge Ferrari, wanted to implement a differentiated approach based on innovation. During this period, his efforts were focused on developing and perfecting the technology called Précontraint® which included setting up the first production line completely financed by family shareholders. Sébastien Ferrari, the present Chairman and Chief Executive Officer, joined the Group in 1980;

- Globalization and external growth (1990 to 2001)

In this second phase, a number of acquisitions were made for the dual purpose of greater vertical integration and broadening the product range. In 1997, the Batyline®[2] business (indoor and outdoor furniture) was acquired. In 2000, the Group acquired 50% of Tersuisse, a company based in Lucerne, Switzerland, from Rhodia Group, the Group’s main supplier of micro-cables at the time. In 2001, the Group bought a competitor, Formo-Stamoïd based in Zurich, Switzerland, which expanded its range of coating technologies and products (mainly yachting and breathable protection for roofs and facades). The Group is growing steadily by approximately 10% a year. Romain Ferrari, currently Chief Operating Officer and an engineer by training, joined the Group in 1990 and was given responsibility for the Group's technology and environment policy.

- Acceleration of organic growth and globalization of business (2002 to 2008)

The Group entered an international deployment phase with the development of two marketing subsidiaries, in Florida (United States) and in Hong Kong to cover China and Southeast Asia. These bases allowed it to gain knowledge of local markets through proximity, not only to end customers, but also to specifiers, consultants and potential customers. At the same time, the Group completed the consolidation of Serge Ferrari Tersuisse, its supplier of PET micro-cables, by increasing its stake in the company to 100%.

- Group structuring and organization for future growth (2009 to 2013)

Mindful of the environmental challenges connected with its activity, the Group designed and incorporated into its offering a recycling service for its materials (Texyloop®), based on a technology developed internally and operated under an industrial partnership with the Solvay Group. A structuring phase came next, to better consolidate the expanded scope achieved in previous years: an ERP (SAP) was implemented, the patent portfolio rationalized and the management team strengthened with the arrival of Philippe Brun in 2010 (Chief Financial Officer) and Marc Beaufils in 2013 (International CEO). During this period, the Group experienced the combined effects of the economic slowdown and a sharp rise in raw material prices (by over 40% between April 2010 and April 2012). Drastic measures were taken, by discontinuing unprofitable or low-profit entry-range products impacted by increasing raw material prices, which accounted for 20% of sales in 2011, to refocus on higher-margin products. The Group also continued its marketing rollouts with the development of new marketing bases in Brazil and Japan.

- The definition of an ambitious development plan based on organic sales growth, and an IPO designed to finance that plan (as from 2014)

Following two fiscal years characterized by a return to more satisfactory profit levels (adjusted EBITDA of over 12% compared to 8% in 2012), the Group has drawn up a development plan based on requirements assessed at €100 million over the period between 2014 and 2018:
- €40 million for industrial investment (including €15 million relating to an investment in breakthrough technology):
- €35 million for business development (increase in working capital and the sales force):
- €25 million for expenditure on innovation.

SergeFerrari Group listed on the Stock Exchange in June 2014, and raised €43.4 million in order to finance this plan.

Serge Ferrari Group is today an integrated Group which has achieved industrial maturity and has direct or indirect commercial presence through a distributor network covering nearly 80 countries. With its proven capacity for innovation, growth, restructuring and resilience, the Group today has all the advantages to enter a new growth phase.

1.1.2. Numerous advantages for an ambitious strategy

Capitalizing on over 40 years of experience, Serge Ferrari Group aims to achieve strong growth between now and 2018 by leveraging its many strengths:

Proprietary know-how, Précontraint® Serge Ferrari, continuously improved by an integrated engineering and research team, and industrial equipment designed and built by a Group subsidiary: a differentiating element of its offering, the technology developed by the Group is currently protected by integrated know-how in terms of industrial process, design, manufacturing and adaptation of production equipment. This know-how constitutes a non-volatile form of protection that is particularly important in light of the patents, some of which have fallen into the public domain (such as Précontraint®);

An integrated Group: with all of its industrial sites, the Group covers the entire value chain and is characterized by complete vertical integration: innovation in the formulation of raw materials, engineering processes and machines, spinning special PET micro-cables, production capacity covering all technologies for making flexible composite materials (multiprocess coating, coating with Précontraint® and extrusion), logistics, an international distribution network and the recycling of its products. Thereby avoiding any dependency on third parties, this integration allows it to sustainably ensure optimal high quality;

An innovation capacity that expands commercial openings in the face of fast-changing demand and which alone can maintain or even increase selling prices: the strategic choice to invest strongly in innovation, implemented since its earliest years as a company, has led the Group to gradually strengthen its position in an increasing number of growing niche markets, meeting and even creating new needs or replacing traditional materials (such as concrete, steel, aluminium, glass and wood). This innovation capacity as well as its formulation of products and their physical properties, constitute a strong lever not only for commercial growth but also pricing power. This innovation power has been one of the driving factors in restoring margins following the take-off in raw material prices in 2010 and 2011. Around 5% of the Group's total headcount are assigned to innovation. The Group has an annual innovation budget of around €5 million;

Strong international exposure: in 2014, close to 75% of flexible composite sales were made outside France thanks to an international distribution network covering nearly 80 countries, directly (through four subsidiaries and five sales offices) and indirectly (more than 100 local distributors). This international anchoring constitutes a major advantage for growth over the next five years. This geographic presence allows it to make the most of its knowledge of end customers and specifiers (such as architects and contractors). Furthermore, this broad geographic exposure, which is relatively balanced among the three main regions (Southern Europe, "Wide Europe" and Rest-of-World), constitutes natural protection against regional economic cycles;

One of the widest innovative product ranges on the market: the Group's product offering is among the widest in the world. With its three relatively balanced sectors of commercial openings, the Group optimizes its development possibilities while arming itself against cyclical factors in certain markets. Ongoing R&D initiatives ensure that the scope of application of flexible composite materials is constantly being expanded;

An average 5% share of a market estimated by the Company at around €3 billion in 2013 and offering opportunities for growth: in each of its activity sectors, the Group faces competition consisting of a large number of small or medium-sized players with diverse profiles, ranging from specialists to generalists whose offering is geared more to commodities than high-tech materials. By contrast, few international players dominate the market;

Sustainable development central to its concerns: the Group has always given consideration to the environmental impact of its activities and strives to limit its carbon footprint. In partnership with Solvay, it is the only global company that can offer its own service for recycling end-of-life composite products and for producing high-quality second-generation raw materials;

A model employer: the Group benefits from a unique range of occupational skills, thanks to a human resources policy that combines demanding standards with special emphasis on productivity, the employability and training of employees, and an attractive pay policy. Staff turnover is low (a mere 3%

in France in 2013), which contributes towards preserving Group know-how and maintaining a cohesive environment within the Group. This encourages cooperation on projects, quick decision-making and operational flexibility;

A history of growth and profitability: the historical financial data reflect the Group's capacity to build a long-term growth strategy that is both organic and external, without sacrificing profitability (between 1991 and 2007, average annual growth exceeded 13% with EBITDA margin above 15%, based on data drawn from financial statements prepared to French accounting standard CRC 99-02). Despite the sharp drop in revenue in 2009 (down 14% in value), consolidated net income amounted to a slight loss (€1 million), reflecting the Group's relative protection against sharp fluctuations in business activity. In 2011, the Group combined a sharp increase in volumes (partly reflecting restocking in the sales divisions) and a significant rise in raw material prices (plasticizers, resins, antimony, titanium, etc.). The resulting deterioration in margins, combined with heavier working capital requirements, was accompanied by measures aimed at restoring Group competitiveness. This includes improving industrial performance by reducing the rejection rate and the volume of redundant inventories, improving sales performance via the geographic organization of sales, steering business in terms of margins and volumes and discontinuing unprofitable products or markets. Despite a revenue figure similar to that of 2012 and down 10% from 2011, 2013 net income came to €3.8 million compared to €0.9 million in 2012 and €1.3 million in 2011. This proves the Group's resilience in the face of rising raw material prices, its primary risk factor. 2014 confirmed the breakthrough already seen in 2013, with net income of €4.4 million;

An experienced management team benefiting from the support of a strategy committee: the Group has been able to form, around the two shareholder-directors, an executive committee comprising seven experienced members with international profiles. In setting up a strategy committee in December 2013 composed of three external independent figures, the Group is beginning to implement a governance model in compliance with the Middlenext code.

1.1.3. A proactive strategy aimed at accelerating growth

The Group's goal is to become the global standard-setter for flexible composite materials in its three main current sectors of application, via the implementation of a well-defined marketing strategy. The innovation policy will boost this approach by opening up new areas of application and by enabling an improvement in profit margin levels via the marketing of more innovative products.

Accordingly, the Group intends to base its strategy for growth and stronger financial performance on the following three key drivers: sales development, continuing innovation, and improvement in operating margins (the last factor is linked to improvements in industrial efficiency).

An ambitious sales lever to position itself in the most booming markets

To accelerate its growth and to make the most of the strong development prospects in regions outside its original market (Southern Europe), the Group will strive to:

- in the **WEUR** region (**W**ide **EUR**ope - Europe excluding France, Italy, Spain and Portugal): increase its penetration in the region's more mature but still insufficiently developed markets (UK, Northern Europe, etc.) and in developing markets such as Turkey. Strengthening the direct and indirect sales force and increasing the number of commercial partnerships are the principal means of achieving this goal;

- accelerate its roll-out in the RoW (Rest of World region, specifically in the United States and Asia), which are the regions with the highest potential. The hiring of an experienced Chief Executive Officer in September 2013, with the remit of implementing a development strategy structured in terms of regions and countries, was accompanied by a significant increase in the local sales force: around 50% of the hires made in 2014 and scheduled for 2015 involve this geographic region, which currently only represents 25% of the Group's sales;

The search for greater efficiency and the measurement of sales performance will also be made easier by the new customer relations management tool, Booster, implemented early 2015. Lastly, the roll-out of local marketing functions (Southern and German-speaking Europe, US, China, etc.) will enable the Group to adapt its communications to the local environment.

A technological lever driving commercial expansion

The bolstering of the sales force will continue to rely on technological innovation to maintain and develop the Group's differentiation and positioning. Accordingly, innovation initiatives must allow the Group to:

- improve the competitive positioning of its offering in its existing markets by boosting the performance of the products' technical properties as well as optimizing the formulation of certain raw materials (cost control, matching product formulation to production speed, enhancing pigment combinations for new dyes, etc.);

- create new products or adapt existing ones to new uses to expand the spectrum of commercial openings in new fields such as acoustics;

- continue the technological differentiation strategy pursued since the Group's foundation: an internal engineering office designs and develops sensitive technological processes, implemented by a Group company (CI2M) which makes sensitive production equipment (standard technical workstations procure their supplies directly from the OEM market). Preserving and strengthening know-how is essential for growing revenue and maintaining appropriate margins by strong differentiation.

Innovation allows the Group to differentiate itself from manufacturers of commodities and to retain its identity as a specialist manufacturer of high-tech and therefore high-value-added products. These include flexible composite materials that can be used in new applications such as coating for robotics, materials for aquafarming, new energies or the oil & gas sector. The Group's capacity to increase its average selling prices per square meter is directly related to its capacity for innovation.

Serge Ferrari is relying on an acceleration in organic growth thanks to the performance of its sales and R&D teams, combined with the pursuit of commercial, technological and industrial partnerships. However, as and when opportunities present, and although operating its current production facilities at full capacity is an essential means of improving profit margins, the Group does not rule out the use of external growth operations such as those it has successfully concluded in the past to accelerate certain stages in its development, to support the strategy pursued. In this respect, new technologies or foreign commercial and/or production sites located close to remote customers could be potential targets for strengthening its commercial presence.

Financial levers for an expected increase in margins and optimization of its balance sheet structure

The Group has the capacity to improve its profit margins, starting with operating its current production resources at full capacity. This should allow the Group to revert, after adjustment, to an EBITDA margin close to its historic regular pre-2008 levels. The Group aims to achieve an EBITDA margin of 15% by 2018.

€000	2014	2013	2012	2011
Adjusted EBITDA	17,319	16,947	9,884	14,272
Adjusted EBITDA (% of revenue)	12.2%	12.1%	7.1%	9.2%

(See Section 4.1.)

Achieving this goal means:

- keeping the range focused on high value-added products, a strategy launched in 2011 at the time of the last significant increases in raw material prices, due to the effect of an increasingly innovative product range;
- increasing the production plant usage ratio: the decision to stop marketing unprofitable products in 2011 and 2012 has freed up around 30% of the production capacity currently available. Reinforcing weekend shifts and improving productivity should enable production to increase by 40% in volume terms, with no other investments than the annual renewal and technology upgrade investments, which amount to roughly 2.5% of revenue;
- improving industrial efficiency thanks to our R&D efforts, in order to reduce the rejection rate (products that display aesthetic defects and are sold off at low margins);
- a significant reduction in working capital, due to the combined effect of:
  - the development of equipment intended to reduce the size of production runs;
  - the favorable impact of the geographic sales mix on the average customer payment terms, which are much longer in Southern Europe than in other regions (United States, Asia, etc.);
  - the availability of the SAP ERP system introduced at all the Group's industrial facilities on April 1, 2015 in order to optimize production and inventory planning.

1.2. Overview of the Group's business

The Group’s commercial offering consists of a wide range of flexible composite materials, whose properties derived from the structure of the PET micro-cable membrane, the manufacturing technology used and the surface treatments applied, open up a large number of fields of application.

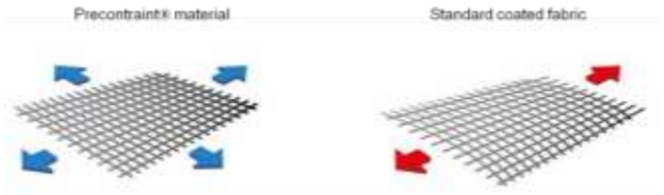
Delivered to customers around the world in the form of reels of various widths or pre-cut pieces, these materials are then incorporated or undergo special transformation by the customer or by other service providers.

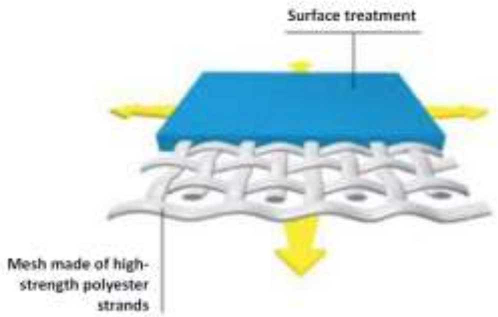
2014 revenue from flexible composite materials breaks down as follows: 40% architecture, 35% advanced materials for industry professionals and 25% composite membranes for the consumer market.

1.2.1. Start-up technology: Précontraint®

Choosing a positioning as specialist led the Group, shortly after it was formed, to design a novel production technology allowing the composite materials produced to have unrivaled physical properties.

Précontraint® is a manufacturing technology that consists of applying the coating while keeping the warp and weft threads in tension in both directions throughout the manufacturing cycle.





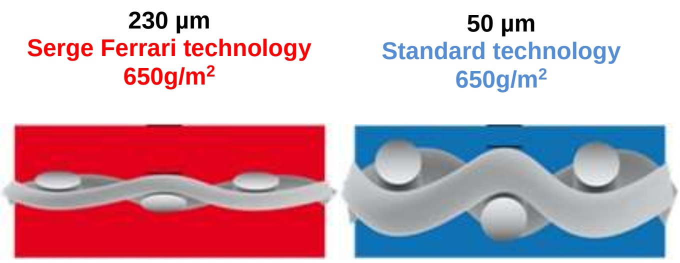
Précontraint® bi-directional tension

Coating with high-performance polymers

The flexible PET (polyethylene terephthalate) micro-cable high-strength membrane is coated with several layers of polymers while under bi-directional tension: the result is the dual benefit of eliminating both deformation under load and the need to periodically adjust the tension of the material after final installation, in contrast to products of lesser quality. The very high dimensional stability of the material is a decisive advantage in most application sectors.

The main characteristics of the materials that use this technology include high durability, perfect uniformity between different product batches and, equally important, greater durability due to the thickness of the coating layer that protects the material's membrane.

Because of the tension applied, the supporting material is flatter and the polymer coating is uniform across the entire surface produced. In contrast, membranes produced using standard manufacturing technology have less uniform thickness, as the micro-cables forming the membrane are less flattened. Standard technology produces a coating layer of irregular thickness (as shown in the diagram below), which results in earlier degradation of the material and weaker UV resistance, especially compared to products made using Précontraint® technology.

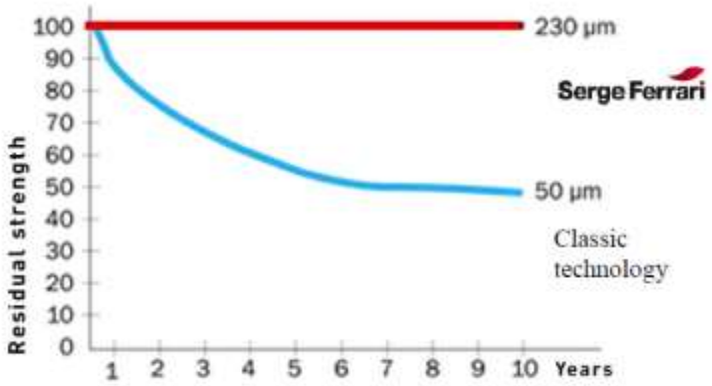


Furthermore, the uniformity of the surface treatment produces a material that is more effective in terms of protection against light and UV, as well as weather and wear.
These characteristics of greater effectiveness and durability will be particularly important for certain application sectors, notably architecture, both at the point of installation and in use throughout the service life of the product (up to 30 years).

The use of Serge Ferrari materials as part of outfitting a building with sun blinds significantly limits:

- restrictions during installation: thinner blinds require less bulky headrails; and
- the cost of use as there are fewer after-sales problems due to the absence of deformation and greater durability of mechanical properties.

These two advantages are shown in the following graph derived from an external survey performed by ENKA Floride showing the ratio between residual UV resistance and thickness of coating layer:

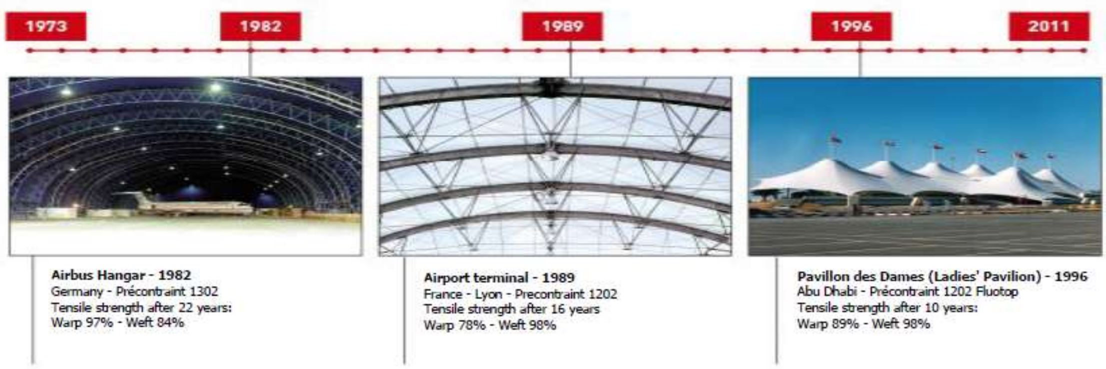


Source: ENKA Florida

Keeping the membranes under tension throughout the coating process also gives them very high resistance to tearing. They have very high stretch resistance in the weft direction compared to standard membranes, as shown by the results of deformation-under-load tests:

EN 15977

The durability and resistance of Serge Ferrari materials under traction are illustrated by long-term use, along with stability of performance:



1.2.2. A wide range of flexible composite materials meeting environmental and societal challenges

- A range of high-tech products

The fruit of a proactive and continuous R&D policy, Serge Ferrari's range of composite materials has been enriched over the course of time to meet changes in the demand for flexible composite materials that may come to replace traditional materials or meet as-yet unsatisfied needs.
The following diagram lists the main changes in the ranges to meet problems posed by new lifestyles and new uses:


Soltis® low emission (low-E)


Précontraint® TX 30 tensioned roofing


Stamoid® Pure

The following timeline shows the launch phases of each product range:

1970 - 90	1990-2000	2000-10	2010-20
Précontraint technology and range	FluoTop architecture range	Yachting range	Bioenergy range
	SOLTIS solar protection range	Stamisol range	Acoustic range
		SIGN range (visual communications)	Civil defense and emergency range
			Stamoïd Pure SOLTIS low-E Précontraint TX 30

Thanks to industrial tooling that incorporates not only Précontraint® technology but also standard manufacturing technologies such as extrusion and coating, the Group currently has one of the largest ranges in the market with nearly 1,200 references (color/width).
Its total sales can be broken down by type of manufacturing technology used, as follows:

- approximately 70% of sales require Précontraint® technology (mainly intended for the Architectural and Professional sectors) ;
- approximately 20% use standard coating processes (notably Stamskin®, Stamisol® and "SK" Silicon products mainly intended for the "Consumer" sector and solar and watertightness ranges intended for the Architectural sector) ;
- approximately 10% by extrusion (mainly intended for the "Consumer" sector and for acoustic solutions in the Architectural sector).

- Properties meeting new environmental and societal challenges

The proposed composite materials offer numerous advantages for all possible fields of application and respond to changes in lifestyle and sustainable development requirements:

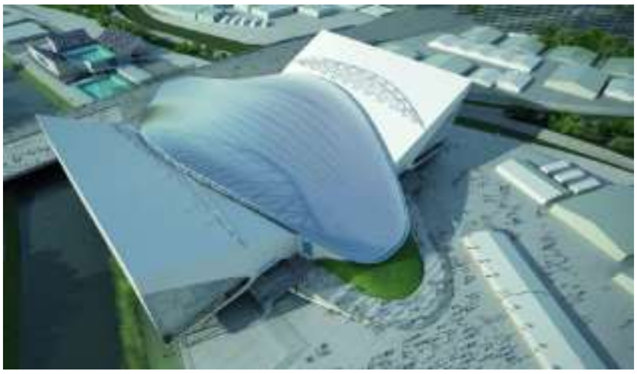
- thermal performance by using multiple layers;
- earthquake and extreme weather conditions;
- aesthetic quality;
- solar protection while permitting light transmission and limiting thermal transmission;
- scalability;
- no need for tension adjustment;
- prefabrication before installation;
- environmental performance: LCA (life cycle analysis) and Eco Identity (measure of progress exceeding regulatory requirements);
- greater durability.

All these characteristics are a determining factor in the Group's positioning as a technological player in the specialty markets. Depending on the technical complexity of the product, the price range can vary from 1 to 5.
Having an innovative range is also a strong lever in exerting pricing power. Thus, in recent years, the Group has succeeded in increasing its average per-m2 price despite increases in its manufacturing costs.

In 2008, this product offering was enriched by an associated integrated service: a composite-material recycling process which no other company in the world is able to offer. This complementary service is often a decisive factor in the award of certain architectural contracts.

This ability to regenerate high-quality raw materials has, for example, been a decisive advantage in winning the London sports equipment contract, where the organizers needed to create a spectacular effect at certain sites but also wanted to leave a minimal footprint once the events had ended.

The aquatic sports center built using Serge Ferrari Précontraint® materials included a central part (which was kept and will be used permanently) and two wings intended to cover adjacent spectator stands: These two wings were dismantled and the materials fully recycled into PET fibers and high-quality R-PVC granules.



The Group also offers associated peripheral systems, such as cleaning agents, adhesives, tensioning systems, waterproofing systems and finishing accessories. These systems, connected with the use of the material during or after installation, are mostly produced in-house. They generated around €6 million in revenue in 2014 and strengthen the all-inclusive, comprehensive character of the Group's offering.

1.2.3. A product offering geared to three distinct sectors

Serge Ferrari Group's offering is organized around three booming sectors focused on different end customers and having their own distribution networks:

- Innovative composite materials for Architecture (40% of flexible composite material sales 2014),
- Advanced composite materials for industry professionals (35% of 2014 sales),
- Composite membranes for the consumer market (25% of 2014 sales).

The contribution of each of these three main sectors to the Group's consolidated revenue is relatively balanced, offering a degree of protection against cyclical fluctuations in any one sector. In the future, revenue is expected to grow more strongly in the Architecture and Consumer sectors.

1.2.3.1 Innovative composite materials for Architecture

These materials are intended for the construction industry in general, in both the residential and commercial sectors, and for infrastructure such as stadiums and airports. In this sector, the influence of specifiers (architects, surveyors and designers) is a determining factor, especially for the range of tensile roofs, which cannot be advertised to end users. The product ranges and their respective applications are as follows:

- Composite tensile roofing (Précontraint range): for large-scale infrastructure (stadiums, museums, airports, etc.)
- Solar protection and bioclimatic facades (Précontraint and Soltis ranges): to form a thermal shield in large glazed spaces, for outside or indoor use;
- Acoustic solutions (Batyline AW range): these materials have an acoustic absorption coefficient of up to 65%;
- Waterproof breathable membranes (Stamisol range): for insulating roofs and facades.

The composite materials are delivered on reels to processing firms, which are sometimes based in different countries to the assembly and construction locations: in this case, the materials are prefabricated and delivered for installation at the destination location.

The dedicated recycling service for end-of-life installations is a strong differentiating factor in this sector.

1.2.3.2 Advanced composite materials for professionals

These materials are used by professionals, mostly for industrial purposes.

The product offering enables the Group to address the markets for the construction and leasing of light and scalable permanent or temporary structures for industry (storage buildings, bespoke structures designed for specific public events), where the Group occupies a dominant position due to the technical performance of its materials. The anti-deformation and fire retardant properties of the Group's materials fully meet industrial companies' demand for such uses and comply with the requirements of fire-prevention standards.

The products for professionals are also used in the agro-energy and environment markets (methanization facilities, waste water treatment plants, etc.). Serge Ferrari has developed barrier materials in this area, which confine odors and gas emissions and prevent liquid spillage. The requirements of construction companies have changed, as these companies are increasingly taking on the role of site operator as well: their ultimate financial advantage is based on the use of higher quality and more durable materials from the moment when the infrastructure is built.

Lastly, in the visual communications range, Serge Ferrari materials allow easy winding of advertising materials, and can be adjusted for any kinds of ink and digital printing systems.

The main uses are as follows:

- Light modular structures for industry (Précontraint and Stamoïd ranges): fireproof materials, which are the market leaders for the building of structures with dimensions over 20 meters;
- Environmental protection, agro-energy and safety (Précontraint range): the materials act as screens for confining odors, gases and liquids;
- Visual communications (Précontraint and Sign ranges)

1.2.3.3. Composite "consumer" membranes

These are product ranges where the end users are private individuals. These product ranges and their related uses are as follows:

- Indoor and outdoor furniture (Batyline range): these materials are designed to withstand adverse weather conditions and to be used outdoors all year round.
- Solar protection (Précontraint and Soltis ranges): the uses are identical to those for Architecture, but for private individuals;
  Yachting (Stamoïd range): the materials are used to make covers, tops and biminis. The Nanotop technology enables maintenance expenses to be reduced.

1.3. Market overview

The market for flexible composite materials that Serge Ferrari serves is a relatively recent market populated mainly by medium-sized players with little international presence. This market is very different from the market for traditional materials. However, their specific properties (stability, lightness) lead to a gradual replacement of traditional materials with composite materials in an increasing number of niche applications.

To the Company's best knowledge, there is no study available of the world market for flexible composite materials in the fields of application targeted by the Group. Available studies of technical textiles mainly refer to applications outside the scope of the Group's business.

1.3.1. A target market estimated at €3.1 billion (2013 estimate)

The Group has carried out a detailed country-by-country review of markets for which its products provide appropriate technological solutions. On the strength of its close knowledge of final markets (notably, the various calls for tender, its privileged relationships with specifiers, etc.), the Group estimated the size of its target market worldwide at approximately €3.1 billion in 2013.

This internal analysis by the Group estimated its market share at 4.2% of the total world market worth €3.1 billion, but with relatively large geographic disparities: 8.0% in Southern Europe, 5.4% in Wide Europe and 2.0% in Rest of World.

These market share figures show a fragmented competitive environment in which Serge Ferrari is one of the technological leaders in the sector. The Group has demonstrated its ability to:

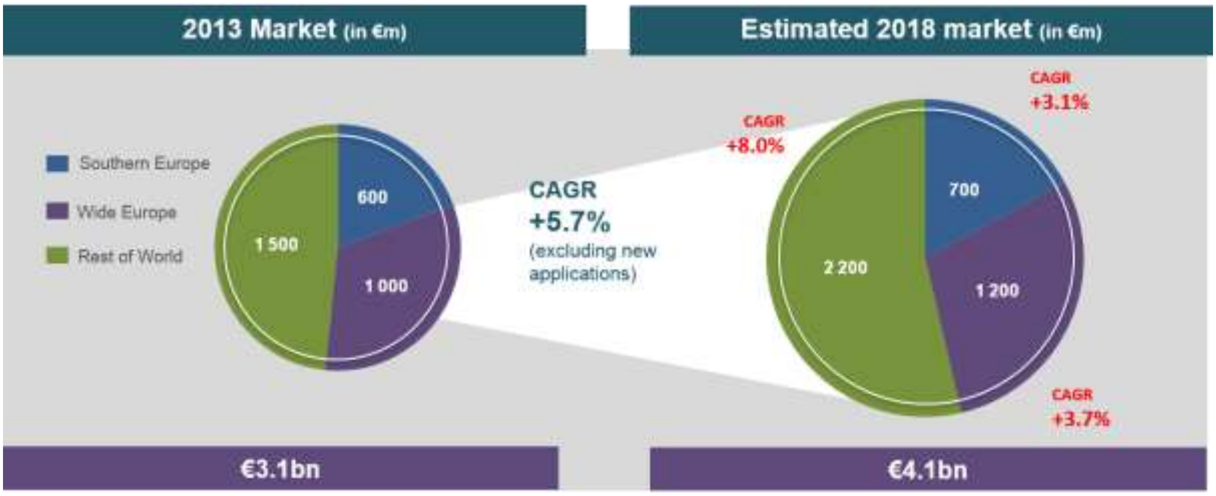
- increase its average selling prices to over-compensate the rise in raw material costs between 2010 and 2012, through the combined levers of improved product mix and continuous innovation, and
- to achieve 75% of its growth between 1995 and 2013 through organic growth.

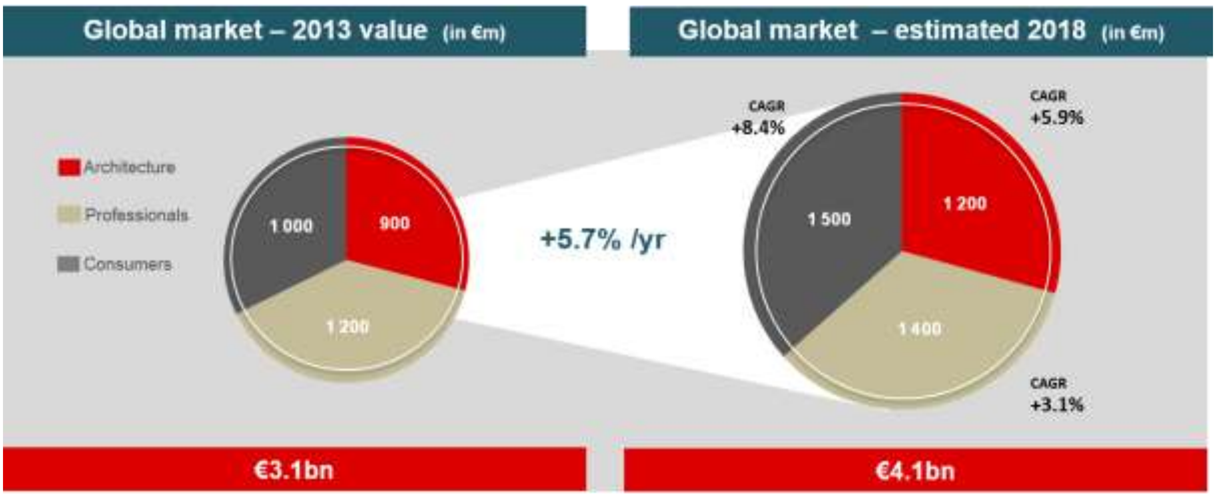
The still-limited size of these market shares is due to the fact that the technology developed by the Group since 1974 meets a recent demand and that the replacement of traditional materials by flexible composite materials is a gradual process.

The Group therefore believes that it can maintain its position among the technological leaders (in this sector which has seen no consolidation and which should remain fragmented in the next few years), to improve its market shares and be able to raise its prices in the medium term thanks to new innovations.

According to Group estimates, its global market should grow to some €4.1 billion by 2018 (5.7% average annual growth over the period) driven by more or less steady growth depending on the geographic region.

Forecast growth per region and per market is shown below:





The Company also expects, in terms of the intrinsic characteristics and properties currently offered by flexible composites, on the basis of ongoing R&D work and business development, that its products could become substitution products to edge out traditional materials in various new applications. It believes these new market openings could be:

a) New applications in present markets, for example:
- Stainless steel wire membranes for cladding and ceilings;
- Composite architectural cladding;
- Metal plates covered with a protective coating for architectural cladding;
- Corrosion-resistant materials for undersea uses; as well as

b) New application sectors such as aquafarming, new energies, oil & gas, etc.

These potential substitution markets, which constitute future growth drivers, have not been integrated into the target markets to which the above figures relate.

1.3.2. Group competitive environment

The competitive situation, which is relatively fragmented, needs to be analyzed in terms of the Group's main business lines:

- Many competitors have product offerings based more on commodities than on high-value-added materials. To stand out from them, Serge Ferrari's distribution network must be organized to continually promote and demonstrate the qualitative advantage of its products.

- No specialist player is present in as many ranges of applications as Serge Ferrari Group, which can use its sales networks with specifiers on a wider range of products.

The Company's main competitors in each of its three markets are as follows (not ranked by size and without covering the entire competitive environment):

Main competitors

Architecture		Professionals		Consumers	
Verseidag (Germany)	◔	Mehler (Germany)	◑	Herculite (US)	◑
Seaman (US)	◔	Sioen (Belgium)	◑	Twitchel (US)	◔
Hiraoka (Japan)	◑	Heytex (Germany)	◔	Phifer (US)	◑
Chukoh (Japan)	◑	Hanwha (SKorea)	◔	Glen Raven (US)	◕
Saint Gobain (US)	◑	SRF (India)	◔	Pará (Italia)	◔
Hunter Douglas (Netherlands)	◔	Dickson Coating (France)	◑	Sattler (Austria)	◔
Phifer (US)	◔	Seaman (US)	◔		
Dörken (Germany)	◔	Verseidag (Germany)	◔		

◔ Competitors' respective active presence in each segment (company estimates)

The Group stands out from its competitors in terms of its highly innovative processes, unique product benefits and advanced products (where the average price is higher due to the unique benefits they provide).

No information on the size of the business of the operators mentioned is provided, due to:

- the lack of public data, since the operators concerned are not listed companies;
- the existence of multiple business sectors, where the operators are listed: these companies' segment reporting does not provide data that can be compared to Serge Ferrari's revenue figures. They include SIOEN Industries (a Belgian group listed on Euronext in Brussels, ticker SIOE), Hanwha Corporation (a South Korean conglomerate listed in Seoul, ticker KRX: 000880), Low&Bonar (a UK group, which controls Mehler Texnologies, listed on the London Stock Exchange in London, ticker 536301) and SRF (an Indian group listed on the Bombay Stock Exchange, ticker SRF).

The Company's competitive environment, which is fragmented in terms of the business sectors and geographic regions that it covers, was a factor in the development strategy disclosed at the time of the IPO (see Section 1.1.3). The risks relating to the competitive environment are set out in Section 1.10.1.

1.4. Market and business trends in 2015

In the second half of 2014, the Group launched its 2014/2018 strategic development plan, which is aimed at:

- accelerating organic growth,
- improving margins, and
- continuing its margin-boosting innovation policy.

Sales growth over the last 9 quarters is as follows:

(€000)	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015
Southern Europe (SEUR)	12,561	14,010	10,341	10,030	12,877	15,142	10,486	10,112	13,652
Wide Europe (WEUR)	12,550	14,449	13,888	11,577	11,933	15,265	12,511	11,641	12,160
Rest of World (ROW)	8,101	9,776	7,062	6,930	7,972	8,650	8,325	9,069	7,516
Flexible composite materials	33,212	38,235	31,291	28,537	32,782	39,057	31,322	30,822	33,328
Change vs prev. year	-5.7%	0.2%	7.7%	-2.6%	-1.3%	2.1%	0.1%	8.0%	1.7%
Other	2,017	1,787	2,209	2,304	2,194	1,809	1,829	2,509	1,958
Total revenue	35,229	40,022	33,500	30,841	34,976	40,866	33,151	33,331	35,286

The growth rate for sales of flexible composite materials in the 1st quarter of 2015 (+1.7%) was slower than the 8.0% growth rate observed in the 4th quarter of 2014.
The increase in volumes was roughly 1.6%. Sales in Southern Europe increased by 6%, while sales recorded in Wide Europe rose by 1.9% (which would seem to show that sales of watertight breathable products in Germany under the exclusive agreement signed with Wurth on January 1, 2014 are now beginning to pick up again).
Conversely, the revenue generated in the Rest of World region contracted by 5.7% compared to Q1 2014. We would, however, point out that the sales recorded in this region in Q4 2014 were up 30.8% compared to Q4 2013.

No significant events occurred up until the date when this Registration Document was prepared.

1.5. Industrial organization, plants and real estate

1.5.1 An integrated industrial group

- A Group present throughout the entire value chain

The Group covers the entire value chain with comprehensive vertical integration that includes:

- the creation of technological workstations along the coating lines: standard components such as ovens are purchased and not developed in-house;
- R&D and engineering departments responsible for process development, including raw material formulation, process and machine engineering, production tool manufacture and formulation development;
- the supply of PET for micro-cables (with a dedicated subsidiary, avoiding any major dependency on third parties and offering better quality control) as well as the polymers needed for coatings;
- the production process with production capacities incorporating all the technologies involved in manufacturing flexible composite materials (spinning, weaving and coating including Précontraint® and extrusion);
- logistics and order processing for distributors and end customers, to meet requests of any size using machines dedicated to transforming reels (large format) into customized rolls;
- a direct and indirect international distribution network covering more than 80 countries and structured to be as close as possible to customers, specifiers and contractors;
- an associated service for recycling its products using Texyloop®, a joint venture with Solvay. Serge Ferrari is the only composite materials Group in the world to have a plant that can recycle them, which is a unique advantage.

- Internally designed production lines

The Group is unique in designing its production equipment and creating its own technological workstations. This know-how is a non-volatile intellectual property factor.

Its subsidiary CI2M designs and makes production lines for the entire Group in close collaboration with the engineering department.

The in-house engineering department designs (including plans, specifications, definition of necessary components, etc.) and improves Serge Ferrari's industrial plant, focusing on developing the Group’s production machinery but also working on equipment intended for customers and partners. 25% of CI2M's operations are external to Serge Ferrari Group. The existence of an in-house engineering department creates a real entry barrier as it enables the Group to develop equipment in response to highly specific demands. It also improves production efficiency by limiting the number of breakdowns and defects (quality rejections) and by increasing machine productivity.

The engineering department also helped create the recycling equipment at the plant in Ferrare, Italy, with Solvay contributing its equipment for recycling cable jackets, mainly made of PVC, and Serge Ferrari for recycling PET/PVC composite materials.

- Procurement and cost control of raw materials

Raw materials account for over 50% of the Group's production costs and are therefore a major determining factor for the Group's profitability. The procurement department is responsible for negotiating purchases with the aim of guaranteeing permanent availability of raw materials at the lowest cost.

The main raw materials used by the Group are:
- products partly or fully derived from the ethylene distillation plant (PET, PVC resins and plasticizers),
- refined ores: antimony trioxyde (flame retardant) and titanium dioxide (white pigment)
- varnishes, pigments and solvents.

The main PET suppliers are located in Asia (Taiwan, Korea and China).
Other raw materials are mostly purchased in Europe, in refined form or after processing; ores such as antimony (flame retardant) are mostly sourced from China.
Although the Group has not been exposed to significant dependency in sourcing its raw materials, it is nevertheless exposed to the risk of fluctuation in raw material prices. Despite having no price indexing clauses in its customer contracts, the Group has succeeded in recovering the 2010-2012 rise in chemical prices by passing them on in its selling prices thanks to the innovative character of its offering.

- Production

Serge Ferrari's reputation is built upon its proprietary know-how of Précontraint® technology. However, the Group's production facilities also incorporate more traditional production technologies in order to fill orders for materials with different specifications.

Sales of Précontraint® materials accounted for approximately 70% of Group revenue in 2014 versus 20% for standard coating technology and 10% for extrusion.

In total, over 24 million m² of products were produced in 2014 across all the Group's production sites, as shown in the table below:

	Procurement	Manufacture of industrial equipment	Production			Distribution	Recycling
	Components	Production assets	Précontraint coating	Standard coating	Extrusion	Order preparation and delivery	Raw material collection, sorting and recycling
La Tour-du-Pin (France) 50,000m²		CI2M	Serge Ferrari SAS 3 lines		Serge Ferrari SAS 2 lines	Serge Ferrari SAS 95% of volumes	Collection, sorting, crushing
Lucerne (Switzerland) 10,000m²	Serge Ferrari Tersuisse – PET micro-cables						
Eglisau (Switzerland) 16,000m²				Serge Ferrari AG 4 lines		Serge Ferrari AG 5% of volumes	
Ferrara (Italy) JV 40%	Recycled PET fibers						Fiber separation and PET

Overall, the Group believes that its current configuration of industrial facilities allows it to absorb, with no additional capacity investment, an increase in volumes of approximately 30% with a product mix equivalent to that of the past three years. The availability rate per site is not relevant, given the Group's degree of integration and the fact that the rate should be assessed in light of the product mix in the Group's order book.

- **Logistics**

Logistics is almost entirely centralized at La Tour-du-Pin, France. It is organized in three parts:

- reception of 1.8m and 2.7m reels from all plants, including those manufactured in Switzerland which does not have its own distribution system, with the exception of Stamisol products;
- processing, which consists in sawing or cutting up reels and preparing smaller rolls of material, while performing an aesthetic quality check. This is another advantage offered by Serge Ferrari, in that it has the capacity to prepare and deliver small-size rolls itself and thus meet the needs of all customers, regardless of size;
- shipment of products in crates designed specifically for shipping containers. The Group prepares between 80 and 100 orders per day requiring nearly 10 transits at the truck loading/unloading dock. Carriers are used to dispatch and route the products to the various customers.

- **Associated recycling operation: a unique environmental facility**

Environmental policy and sustainable development have always been a major concern of Serge Ferrari Group. Since its early days it has been interested in environmental issues to limit its footprint both upstream and downstream in the value chain.

Specified by large international architectural firms, Serge Ferrari's flexible composite materials contribute to the durability of structures by their low physical density and high performance. These materials combine insulation, translucence, lightness, strength, resistance and stability. Précontraint technology offers the best weight/performance ratio and dimensional stability over time and is thus in tune with the challenge presented by natural resources: to do better with less and for longer.

In 1998, Serge Ferrari laid the foundations for a recycling technology which now operates at industrial level. This technology called Texyloop® is unique in the world. It gives composite materials (manufacturing waste and retired material) a second life by generating high-quality raw materials, thus facilitating the implementation of the type of environment-friendly solutions that major customers are looking for.

Operationally, the Texyloop recycling system includes a collection network, a sorting plant, an industrial plant and a number of re-use production lines including reincorporation of the material into certain Serge Ferrari ranges. (See Section 2.1 of the Social and Environmental Report).

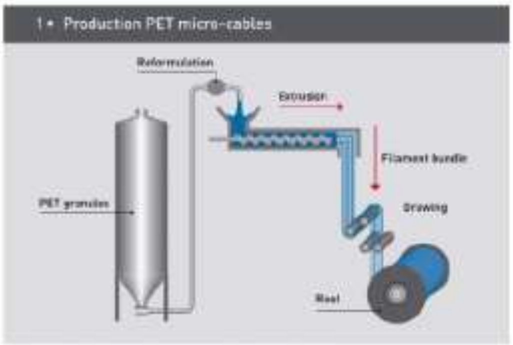
In operational terms, the Group collects the composite materials to be recycled, then in stage 1 mechanically sorts and grinds them at its wholly-owned subsidiary, Texyloop®, before shipping this "pre-recycled" material to Italy where it undergoes an industrial process to separate the two components, i.e. fibers and chemical products.

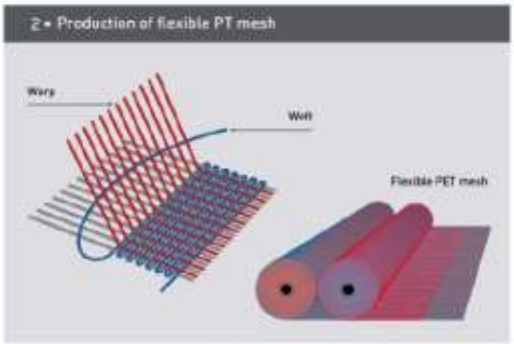

Composite materials collected

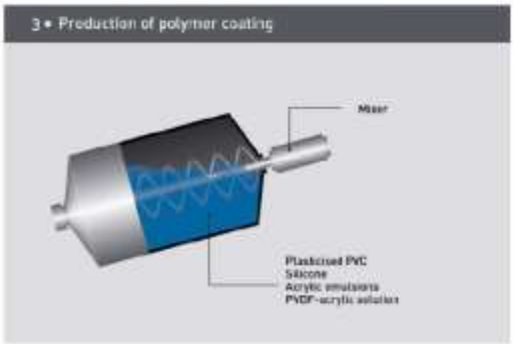

Vinyloop® JV industrial plant

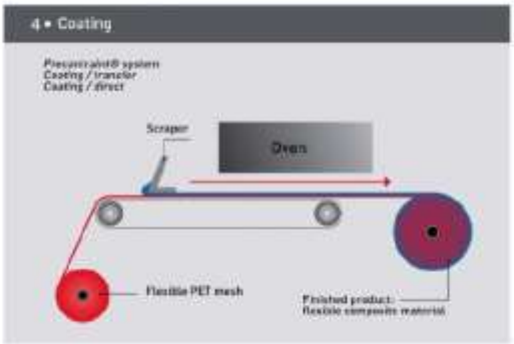

Materials produced by the "pre-recycling" phase

1.5.2. Phases of production using Précontraint® technology









- Phase 1: Manufacturing micro-cables (in Switzerland)

A bundle of extruded PET strands (polyethylene terephthalate, a common polyester) is extruded to form a super-strong micro-cable made up of 192 strands. The characteristics of this cable can vary depending on the final product.


- Phase 2: Weaving a membrane composed of PET micro-cables (in France)

The weaving process creates a membrane made of Précontraint® materials. The Group has 100 machines covering every type of weaving operation.

The weaving process gives the materials their mechanical properties: the size and number of micro-cables can be varied to alter the breaking strength.


- Phase 3: Production of coating polymers

This stage consists of preparing the paste consisting of the coating polymers that will be applied to the PET weave from raw materials and formulations developed in-house. This paste is then mixed in a large mixer.

The R&D teams regularly work on optimizing the composition (or "formulation") of this paste in order to improve its performance in terms of cost, efficacy and color.

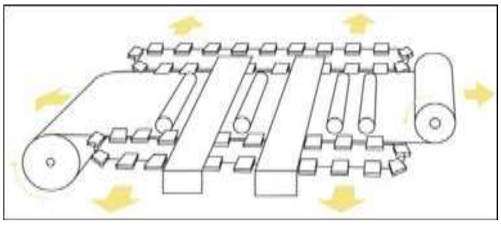
- Phase 4: Coating with polymers (in France and Switzerland)

The most important stage in making a Précontraint® or standard material, this consists of covering the PET membrane with a PVC paste (a common thermoplastic polymer) used for its plasticizing properties and additives designed to provide flame retardant and UV resistance properties. Other liquid polymers such as silicones and acrylic resins are also used. Dye can be added immediately after making this paste by using a heavy mixer. The paste can also be stored in tubs and used later to add color depending on the customer order.

The PET membrane is then placed on a coating line. Once a layer of coating has been applied, the material passes into a baking oven.

The membrane is tensioned in both weft and warp directions throughout the coating operation.
The tensioning process is shown in the following diagram:

Diagram of coating line (arrows indicate direction of tensioning)



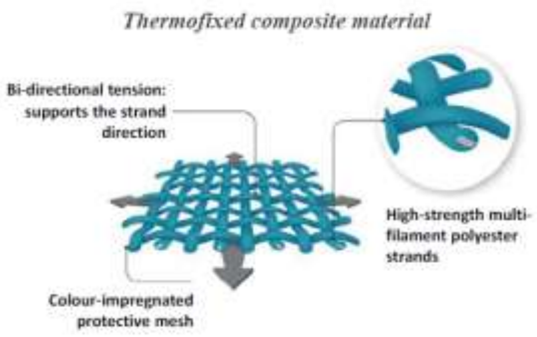
The Group has three Précontraint® production lines in total (see table above), the most recent of them able to handle widths between 1.8m and 2.7m used mostly in architecture, where clients specify large widths to minimize the number of welds.

The finished products are systematically inspected at the end of the line to identify materials with visible defects (rejects) and tests are carried out on samples to verify the properties and quality of the products delivered to customers. Strength and resistance tests are carried out on selected products, and additional tests are sometimes conducted in control laboratories.

1.5.3. Phases of production based on industrial extrusion technology

Extrusion is a standard technology that is particularly appropriate for thermofixed materials. In contrast to Précontraint®, the micro-cables are first sheathed by an extrusion process before being woven.
The polyester micro-cables obtained in this way are high-tenacity strands thanks to the sheath's special formulation.

These micro-cables are then woven while being heated and widened using pins at the sides. This process is called thermofixing. The setting time depends on the end use of the material.



This technology allows:
- the use of micro-cables of different colors;
- the production of shorter lengths;
- the creation of flexible products that adapt to shapes, which is useful not only for furniture but also for acoustic solutions and is not possible with Precontraint®.

1.5.4. Production using standard industrial coating technology (non-Précontraint®)

- Stamskin materials (produced in Switzerland)

This coating transfer technology guarantees high product elasticity. These materials are also very resistant to friction and caustic effects of cleaning products. They are used to make seat covers for hospitals, airports, restaurants and general use.

- Stamisol materials (produced in Switzerland)

This technology (direct coating on non-woven substrate) produces lighter materials than via Précontraint®. They are waterproof while allowing water vapor to pass through and are called breathable membranes. They are used for roof and facade underlays, especially for old buildings.

- "SK" Silicone materials (produced in Switzerland)

These materials are highly resistant to chemical aggression and have high flame retardant properties.

1.5.5. Factory ownership

All production site premises in France are leased on arm's length terms from real estate companies (SCIs) with the same shareholders as the Company.
The leases signed with the SCIs controlled by Sébastien and Romain Ferrari (through Ferrari Participations and Ferrimmo) are standard leases (standard 3-6-9 year rental agreements, automatically renewable, with a security deposit usually equal to three months' rent). In 2014, the Group paid total rent of €2.7 million.

The premises of the three sites in Switzerland are all owned by the Group.
The Vinyloop joint venture owns all the premises it uses.
All foreign marketing subsidiaries lease their premises from third parties.

1.6. Research and development at the heart of the Group's integrated business mechanism

R&D lies at the heart of the design-marketing mechanism, as it works in close collaboration with:
- marketing (planning new products);
- the engineering department, which designs industrial equipment;
- production (product quality);
- procurement (optimizing raw material costs).

As of December 31, 2014, the R&D department employed just under 5% of total Group headcount: each industrial facility has its R&D team, with most employees working at La Tour-du-Pin.
Some R&D work is outsourced via contracts with external laboratories in Germany, Switzerland (EMPA, a research institution focused on materials) and France.

Projects are organized in terms of:
- developing innovations in terms of new products or new markets for existing products;
- adjusting formulations to reduce costs by reducing the cost-mix of the raw materials used or to improve the properties of existing formulations;
- improving manufacturing processes and production tooling (for example, to reduce the rejection rate).

The R&D teams also operate a technology watch and participate in collaborative projects. Several dozens of projects of this type are currently underway. Each project is reported separately to monitor its development and evaluate its cost.

For highly innovative products, the Group works through partnerships with business clusters or public bodies such as the CNRS or CEA. A program with an initial lifetime of four years and a completion horizon of 2016/2017 at the earliest is current underway as part of a partnership with business clusters (such as Techtera, Elastopole, Plastipolis and IAR) in which many private sector industrial companies are involved as well as university laboratories and the CNRS. As is common with this type of collaborative project, the results, depending on the nature of the subject, could belong to any one of the partners or to several of them depending on their intellectual and financial inputs. It could therefore result in patents solely for the Group or co-owned patents or a patent solely for one or more partners.
Each private partner will benefit from a right of use in its field of activity and will pay the public bodies who run the research laboratories financial compensation, the amount of which and terms and conditions for payment will be defined by joint agreement among the various partners.

The Group has a portfolio of around 40 patents on products and manufacturing processes, but sometimes considers it more prudent not to file a patent in order to achieve better protection (as it will not fall into the public domain when the protection period ends).

1.6.1 Group innovation policy

Total gross expenditure on research and development (regardless of the method of recognition and before restatement for the French research fax credit or CIR) amounted to €5,091,000 in 2014 compared to €4,546,000 the previous year. This innovation drive will be maintained over the coming years and is one of the components of the growth acceleration plan described in Section 1.1.1 of this Registration Document.

1.6.2 Intellectual property portfolio

The Group's intellectual property assets include a portfolio of trademarks and patents and a licensing agreement relating to its composite materials recycling business.

1.6.2.1. Trademark portfolio

Following an initiative launched in 2011 in order to streamline its trademarks (highlighting the Serge Ferrari trademark over the other Group trademarks), the Group now has 32 trademarks. These trademarks primarily correspond to the product ranges dedicated to special applications. Most of the trademarks can be grouped by type of manufacturing process:

- Précontraint coating:
    - 3 trademarks: Précontraint® (architecture), Soltis® (architecture, solar protection), Fluotop® (architecture, surface treatment).
- Extrusion:
    - 3 trademarks: Batyline® and Canatex® (multi-color micro-cables), and Defender® (for tear resistance, including highly resistant steel micro-cables and intended for the industrial sector).
- Non-Précontraint coating (products made in Switzerland):
    - Products intended for "Consumers": Stamoïd®, Stamskin® and Stamisol®.
    - Anti-condensation products: Drop Stop® and Nanotop®.
    - Visual communications range: Decolit®, Sign-it® and Expolit®.
    - Other: Stamfood® (food-grade film for the industrial market), Stamcoll® (adhesive in the accessories range), Siltop® (hybrid textile) and Texysolar®.

The Group also owns other miscellaneous trademarks including:

- Flexlight®: a new impregnation process (high-end fiberglass-based micro-cables) the first deliveries of which occurred in early 2014.
- Texyloop®: recycling process.
- Eco-Identity®: environmental label for materials (low toxicity, recyclability, etc.).
- Texwork®: the trademark of an international composite materials trade fair organized by Serge Ferrari in France every two to three years.
- Zebu®: the name of the Group's in-house newsletter.

Certain other trademarks, such as Stam® and Stamolux®, are not used.

All the Group's trademarks are protected in most of the markets in which the Group operates. The protection granted to the Group's trademarks relies on them being registered or used. They are registered nationally, in the European Community and internationally for varying periods depending on the country.

1.6.2.2. Patent portfolio

Committed to innovation since its inception, the Group has full ownership of a portfolio of 33 active patents, 18 of which are currently being used. The Group's patents are highly varied, covering:

- industrial processes for manufacturing materials;
- coating formulations;
- optimization systems and technologies for using materials;
- accessories associated with sales of materials;
- new products, etc.

These patents are presented in the following table, classified by category of manufacturing process for the material corresponding to the patent.

Process category of the material corresponding to the patent	Exploitation of patent	Name of patent	Description of patent
Précontraint	Exploited	ATS 1	Air Tension System. Tool for setting up modular structures, using compressed air
		ATS Double peau	Same as ATS 1 but for double layer of material, separated by an air layer
	Not yet exploited	Alarme	Tear alarm system, via electrical conduction (connected to Condtext Batyline)
	Not exploited	Anti-plis	Crease resistance system for solar protection
		COMA	"COnnexion Membrane Armature" for modular structures
		Lambrequin lumineux	For solar protection
		Vario Soltis	For solar protection
		Sign'it window	For visual communication
		Rib Stop	Tear resistance system
Extrusion	Exploited	Anti-Lac	Tear resistance. For the "Defender" range of products (security)
		Silicord	Elastic system. For yachting and facades
		Batyline Chanvre	Hemp added to resins to improve environmental footprint. Outdoor use
		Dalle Lallemand	Self-stabilizing ceiling tile
		Batylux	Optical fibers for illuminating facades. For architecture and facades
		Batyline DB	Sound absorbing material. For architecture, acoustic range
	Not yet exploited	Snake (now Wip)	Solar protection system.
	Not exploited	Condtext Batyline	Anti-tear system using electrical conduction (connected to Alarm)
Non-Précontraint coating	Exploited	Sign'it	Self-adhesive system. For visual communication.
		Passe Cable Tex	System for running electrical cables in a watertight material. Patent developed for a customer (large industrial group) which has the exclusive license to use it.
		Texysolar	Technology for modular photovoltaic structures
		Ferrari F1 No. 1	Process for silicone coating on a water-based substrate
		RTV impregnation f1 No.2	Process for water-based silicone impregnation
	Not exploited	Siltop	Hybrid material made of silicone and PVC
		Hard Top	Mono filament stiffened in weft direction to make it semi-rigid
Other	Exploited	Cloison Souple Securit	Truck interior partitioning system. Patent registered for a customer to whom the Group has granted an exclusive license
		BASIL	Silicone adhesive
		Bioplast	Formulation of a plant-based raw material, produced by subcontractors. For accessories
		Pliure verre	Fold-removing liquid. For all uses
		Filet de camouflage	Camouflage jacket for security use
	Not exploited	FCM	Multispectral camouflage net (security)
		SUVIR	Infra-red UV weld. Fast silicone baking process
		Polyplastone	Polymer made from plant material
		Matériau facade	Facade incorporating additive systems to add various functionalities: cooling, lighting, greenery, etc.

Total patents exploited: 18 patents
Total patents not exploited / not yet exploited: 15 patents

In addition to regularly filing patents, the Group has through its proprietary know-how developed a type of natural protection that does not rely on patents.

The Group has a patent on the manufacturing process using Précontraint® technology, but as it was filed in 1974 it has now fallen into the public domain. This process is now "protected" by the Group's know-how, which is classed as proprietary due to the history of the development required to perfect this know-how.

Given the extensive R&D required to develop it, the Group believes its activity is not threatened by any patents that may be filed by third parties. (Section 1.10.3. explains the limits to the protection provided by patents and other intellectual property rights.)

For each of its 33 patents, the following table summarizes the references, patent names, priority and expiry dates as well as the country where the patent was obtained and the countries in which the patents are pending.

Ref.	Family	Priority date*	Expiry date	Status	
				Country where patent obtained	Country where application in progress
F2-B-13640	ANTI-PLIS	June 19, 1996	June 18, 2017	Belgium, France, Germany	
F2-B-13916	LAMBREQUIN LUMINEUX	Feb 7, 1997	Feb 5, 2018	France	
F2-B-17875	ANTILAC	Mar 2, 2001	Feb 12, 2022	Austria, Finland, Portugal, Italy, Netherlands, Ireland, Greece, France, Spain, Great Britain, United States, Turkey, Sweden, Denmark, Germany, Belgium, Switzerland	
F2-B-18145	SILICORD	Mar 8, 2001	Feb 12, 2022	Germany, Austria, Belgium, Spain, France, Great Britain, Italy, Netherlands, Switzerland, Australia	
F2-B-18384	CONDTEXT BATYLINE	Oct 10, 2001	Oct 8, 2022	France	
F2-B-18411	SIGN'IT	Sept 27, 2001	Sept 26, 2022	Germany, Austria, Belgium, Denmark, Spain, France, Greece, Finland, Great Britain, Ireland, Italy, Luxembourg, Monaco, Netherlands, Portugal, Czech Republic, Slovakia, Sweden, Switzerland, United States, Canada	
F2-B-18691	BATYLINE CHANVRE	Feb 8, 2002	Jan 30, 2023	Germany, Austria, Belgium, Bulgaria, Cyprus (GR), Denmark, France, Spain, Estonia, Finland, Great Britain, Greece, Hungary, Ireland, Italy, Luxembourg, Monaco, Netherlands, Portugal, Czech Republic, Slovakia, Slovenia, Sweden, Switzerland, Turkey, United States, China, India	
F2-B-19855	SILTOP	Dec 9, 2002	Dec 2, 2023	Germany, Austria, Belgium, Denmark, Spain, Finland, France, Great Britain, Greece, Ireland, Italy, Monaco, Netherlands, Portugal, Sweden, Switzerland	
F2-B-20038	ATS 1	Jan 14, 2003	Dec 16, 2023	Germany, Austria, Belgium, Spain, France, Great Britain, Hungary, Italy, Netherlands, Portugal, Switzerland, Turkey	
F2-B-20039	COMA	Mar 7, 2003	Mar 7, 2023	France	
F2-B-21059	FCM	July 16, 2004	July 16, 2024	France	
F2-B-21060	SUVIR	Apr 20, 2004	Apr 20, 2024	France	
F2-B-21174	CLOISON SOUPLE SECURIT	Mar 16, 2004	Mar 16, 2024	France	
F2-B-21273	HARD TOP	May 11, 2004	May 11, 2024	France	Europe
F2-B-22380	BASIL	Oct 3, 2005	Oct 3, 2025	Germany, Austria, Belgium, Denmark, Spain, Estonia, Finland, France, Hungary, Italy, Great Britain, Netherlands, Czech Republic, Sweden, Switzerland	
F2-B-22509	ALARME	Nov 17, 2005	Nov 9, 2026	Germany, Austria, Belgium, Spain, France, Great Britain, Greece, Italy, Netherlands, Poland, Portugal, Slovakia, Slovenia, Turkey	
F2-B-22513	VARIO SOLTIS	Apr 24, 2012	Apr 24, 2032		France
F2-B-23593	SIGN'IT WINDOW	Dec 21, 2007	Dec 21, 2027	France	Europe
F2-B-23978	RIBSTOP	Dec 10, 2007	Dec 10, 2027	France	

Ref.	Family	Priority date*	Expiry date	Status	
				Country where patent obtained	Country where application in progress
F2-B-24071	ATS DOUBLE PEAU	Aug 1, 2007	Aug 1, 2027	France, Poland, Portugal, Sweden, Switzerland, Czech Republic, Europe, Germany, Austria, Belgium, Denmark, Spain, Finland, Great Britain, Italy, Norway, Netherlands, China, United States	
F2-B-27696	PASSE CABLE TEX (TEXEL)	June 19, 2009	June 19, 2029	Germany, Austria, Belgium, Denmark, Spain, Finland, France, Great Britain, Greece, Ireland, Italy, Luxembourg, Netherlands, Poland, Portugal, Sweden, Switzerland, Turkey	China, India, Brazil, Russia
F2-B-31139	DALLE LALLEMAND	Jan 26, 2005	Jan 20, 2026	Germany, Austria, Belgium, Denmark, Spain, France, Great Britain, Italy, Netherlands, United States	
F2-B-31858	TEXY SOLAR	Nov 4, 2011	Nov 4, 2031		France PCT
F2-B-31861	BATYLUX	May 27, 2011	May 27, 2031	France	
F2-B-33092	BIOPLAST	May 16, 2008	May 16, 2028	France	Europe
F2-B-33586	BATYLINE DB	July 8, 2011	July 8, 2031	France	Japan, United States, Europe
F2-B-35697	PLIURE VERRE	Nov 23, 2013	Nov 23, 2033		France
F2-B-39598	SNAKE	Apr 4, 2013	Apr 4, 2033		France

**The priority date is the date that the very first patent application was filed for a given invention.*

1.6.2.3. License agreements benefiting the Group

The Group also uses two licenses granted by agreement:

- In 1998 Solvay Group granted the Group an exclusive worldwide license to the free use of the Vinyloop® process for the Group's fields of activity (see Section 1.5.1. of this Registration Document).
  This license is linked to the patent for:
  - separating PVC polyester material using a solvent that dissolves it selectively;
  - PVC precipitation.

This license will remain in force until it falls into the public domain in March 2019.

- The Group also owns a license in a field (Smart Textiles) that is not part of its core business and is not a growth vector.

The Group has not granted any license, with the exception of those relating to the use of the trademark by its distribution subsidiaries.

1.6.2.4 Other intellectual property rights

The Group has a large number of registered domain names, as shown in the following table. The Group's policy is to register the domain names corresponding to a given trademark as soon as it is created, for preventive purposes. Domain names are managed by a third party (a website hosting company) and are automatically renewable annually.

Domain name	Date created	Expiry date	Domain name	Date created	Expiry date
architecture-textile.com	2007-09-18	2014-09-19	prilan.com	2011-08-02	2014-08-02
architecture-textiles.com	2008-04-22	2015-04-22	prilan.fr	2011-08-02	2014-08-02
batyline.ae	2012-07-03	2014-07-03	sergeferrari.ae	2012-08-20	2014-12-24
batyline.at	2008-04-22	2015-04-21	sergeferrari.at	2010-12-24	2014-12-23
batyline.ch	2008-04-22	2015-04-30	sergeferrari.ch	2010-12-24	2014-12-31
batyline.cl	2012-06-29	2014-07-03	sergeferrari.cl	2012-09-06	2014-12-27
batyline.co.uk	2008-04-22	2015-04-22	sergeferrari.co.uk	2010-12-24	2014-12-24
batyline.com	2007-11-08	2014-07-31	sergeferrari.com	2010-12-24	2014-12-24
batyline.com.au		2014-07-02	sergeferrari.com.au		2014-10-25
batyline.de	2012-06-29	2014-06-29	sergeferrari.com.br	2012-10-12	2014-12-23
batyline.es	2009-03-05	2015-04-22	sergeferrari.cz	2012-09-03	2014-09-03
batyline.eu	2008-04-22	2015-04-30	sergeferrari.de	2010-12-24	2014-12-24
batyline.fr	2008-04-22	2015-04-22	sergeferrari.es	2010-12-24	2014-12-24
batyline.it	2009-04-24	2015-04-24	sergeferrari.eu	2010-12-24	2014-12-31
batyline.us	2008-04-22	2015-04-21	sergeferrari.fr	2010-12-24	2014-12-24
ci2m.fr	2007-12-20	2014-12-20	sergeferrari.it	2010-12-24	2014-12-24
expobaches.com	2007-09-18	2014-12-05	sergeferrari.pl	2011-06-16	2014-06-16
expo-baches.com	2008-04-15	2014-12-05	sergeferrari.ru	04.01.2011	2015-01-04
facadetextile.ch	2008-04-22	2015-04-30	sergeferrari.sk		2014-07-05
facadetextile.com	2008-04-22	2015-04-22	sergeferrari.us	2010-12-24	2014-12-23
facadetextile.eu	2008-04-22	2015-04-30	sergeferrari.xxx	2011-12-21	2014-12-21
facadetextile.fr	2008-04-22	2015-04-22	sergeferrari-clean.com	2012-07-27	2014-07-27
facciatetessile.com	2008-04-15	2015-03-17	sergeferraricleaner.com	2011-10-14	2014-10-14
facciate-tessile.com	2008-04-15	2015-03-17	sergeferrari-shadesail.com	2012-06-29	2014-06-29
fluotop.ae	2012-07-03	2014-07-03	sergeferrari-textiles.ae	2012-09-19	2014-09-19
fluotop.at	2012-06-29	2014-06-28	sergeferrari-textiles.at	2012-07-27	2014-07-26
fluotop.ch	2012-06-29	2014-06-30	sergeferrari-textiles.ch	2012-07-27	2014-07-31
fluotop.cl	2012-06-29	2014-07-03	sergeferrari-textiles.cl	2012-07-27	2014-07-27
fluotop.co.uk	2012-06-29	2014-06-29	sergeferrari-textiles.co.uk	2012-07-27	2014-07-27
fluotop.com	2008-04-15	2014-07-30	sergeferraritextiles.com	2012-07-27	2014-07-27
fluotop.com.au		2014-07-02	sergeferrari-textiles.com	2012-06-29	2014-06-29
fluotop.com.br	2012-06-29	2014-07-04	sergeferrari-textiles.com.au		23.07.2014
fluotop.de	2012-06-29	2014-06-29	sergeferrari-textiles.com.br	2013-02-07	2015-02-06
fluotop.es	2012-06-29	2014-06-29	sergeferrari-textiles.de	2012-07-27	2014-07-27
fluotop.eu	2012-06-29	2014-06-30	sergeferrari-textiles.es	2012-08-31	2014-08-31
fluotop.fr	2012-06-29	2014-06-29	sergeferrari-textiles.eu	2012-07-27	2014-07-31
fluotop.it	2012-06-29	2014-06-29	sergeferrari-textiles.fr	2012-07-27	2014-07-27
fluotop.ru	29.06.2012	29.06.2014	sergeferrari-textiles.it	2012-07-27	2014-07-27
fluotop.us	2012-06-29	2014-06-28	sergeferrari-textiles.ru	26.07.2012	26.07.2014
precontraint.ae	2012-07-03	2014-07-03	sergeferrari-textiles.us	2012-07-27	2014-07-26
precontraint.at	2012-06-29	2014-06-28	sergeferrari-texyloop.ae	2012-09-19	2014-09-19
precontraint.ch	2012-06-29	2014-06-30	sergeferrari-texyloop.at	2012-07-27	2014-07-26
precontraint.cl	2012-06-29	2014-07-03	sergeferrari-texyloop.ch	2012-07-27	2014-07-31
precontraint.co.uk	2012-06-29	2014-06-29	sergeferrari-texyloop.cl	2012-07-27	2014-07-27
precontraint.com	2008-04-15	2014-07-31	sergeferrari-texyloop.co.uk	2012-07-27	2014-07-27
precontraint.com.au		2014-07-02	sergeferrari-texyloop.com	2012-06-29	2014-06-29
precontraint.com.br	2012-06-29	2014-07-04	sergeferrari-texyloop.com.au		23.07.2014
precontraint.de	2012-06-29	2014-06-29	sergeferrari-texyloop.com.br	2013-12-31	2014-12-31
precontraint.es	2012-06-29	2014-06-29	sergeferrari-texyloop.de	2012-07-27	2014-07-27
precontraint.eu	2012-06-29	2014-06-30	sergeferrari-texyloop.es	2012-08-31	2014-08-31
precontraint.fr	2012-06-29	2014-06-29	sergeferrari-texyloop.eu	2012-07-27	2014-07-31
precontraint.it	2012-06-29	2014-06-29	sergeferrari-texyloop.fr	2012-06-29	2014-06-29
precontraint.ru	29.06.2012	29.06.2014	sergeferrari-texyloop.it	2012-07-27	2014-07-27
precontraint.us	2012-06-29	2014-06-28	sergeferrari-texyloop.ru	26.07.2012	26.07.2014
prilan.com	2011-08-02	2014-08-02	sergeferrari-texyloop.us	2012-07-27	2014-07-26

Domain name	Date created	Expiry date
soltis-stores.com	2008-06-06	2014-06-06
soltis-stores.fr	2008-06-06	2014-06-06
soltis-textiles.ae	2012-08-20	2014-07-22
soltis-textiles.at	2008-04-22	2015-04-21
soltis-textiles.ch	2008-04-22	2015-04-30
soltis-textiles.cl	2012-09-06	2015-09-16
soltis-textiles.co.uk	2008-04-22	2015-04-22
soltis-textiles.com	2007-09-18	2014-06-12
soltis-textiles.com.au		02.07.2014
soltis-textiles.com.br	2012-09-18	2014-09-15
soltis-textiles.de	2008-04-22	2015-04-27
soltis-textiles.es	2009-03-05	2015-04-22
soltis-textiles.eu	2008-04-22	2015-04-30
soltis-textiles.fr	2008-04-22	2015-04-22
soltis-textiles.it	2009-05-29	2015-05-29
soltis-textiles.ru	23.06.2008	23.06.2014
soltis-textiles.us	2008-04-22	2015-04-21
soltis-toiles.com	2008-06-06	2014-06-06
soltis-toiles.fr	2008-06-06	2014-06-06
stamisol.ae	2012-07-03	2014-07-03
stamisol.at	2008-04-22	2015-04-21
stamisol.ch	2008-06-02	2014-12-31
stamisol.cl	2012-06-29	2014-07-03
stamisol.co.uk	2008-04-22	2015-04-22
stamisol.com	2007-09-18	2014-06-21
stamisol.com.au		02.07.2014
stamisol.com.br	2012-06-29	2014-07-04
stamisol.es	2009-03-05	2015-04-22
stamisol.eu	2012-06-29	2014-06-30
stamisol.fr	2008-04-22	2015-04-22
stamisol.it	2009-05-29	2015-05-29
stamisol.ru	23.06.2008	23.06.2014
stamisol.us	2008-04-22	2015-04-21
stamoid.ch	2008-06-02	2014-12-31
stamoid.com	2008-01-10	2014-06-26
stamoidmarine.ae	2012-07-03	2014-07-03
stamoidmarine.at	2008-04-22	2015-04-21
stamoidmarine.ch	2008-04-22	2015-04-30
stamoidmarine.cl	2012-06-29	2014-07-03
stamoidmarine.co.uk	2008-04-22	2015-04-22
stamoidmarine.com	2007-09-18	2014-06-21
stamoidmarine.com.au		02.07.2014
stamoidmarine.com.br	2012-06-29	2014-07-04
stamoidmarine.de	2008-04-22	2015-04-27
stamoidmarine.es	2009-03-05	2015-04-22
stamoidmarine.eu	2008-04-22	2015-04-30
stamoidmarine.fr	2008-04-22	2015-04-22
stamoidmarine.it	2009-05-29	2015-05-29
stamoidmarine.ru	23.06.2008	23.06.2014
stamoidmarine.us	2008-04-22	2015-04-21
stamoidsign.com	2008-04-15	2014-06-21
stamskin.com	2008-04-15	2014-06-21
stamskin.de		27/05/2015
stamskin.nl		27/05/2015
stamskinnl.nl		27/05/2015

Domain name	Date created	Expiry date
tersuisse.com	2008-04-25	2015-03-14
textilefacade.co.uk	2008-04-22	2015-04-22
textilefacade.com	2008-04-22	2015-04-22
textilefacade.eu	2008-04-22	2015-04-30
textilefacade.us	2008-04-22	2015-04-21
textilfassade.at	2009-07-06	2014-10-07
textilfassade.ch	2007-10-08	2014-10-31
textilfassade.com	2007-10-08	2014-10-08
textilfassaden.at	2009-07-06	2014-10-07
textilfassaden.ch	2007-10-08	2014-10-31
textilfassaden.com	2007-10-08	2014-10-08
textilfassaden.de	2009-09-14	2014-09-15
texwork.eu	2007-07-20	2014-07-31
texwork.fr	2007-06-14	2014-06-14
texyloop.ae	2012-08-20	2014-07-22
texyloop.at	2008-04-22	2015-04-21
texyloop.ch	2008-04-22	2015-04-30
texyloop.cl	2012-09-06	2015-09-16
texyloop.co.uk	2008-04-22	2015-04-22
texyloop.com	2007-09-18	2014-09-27
texyloop.com.au		23.07.2014
texyloop.com.br	2012-10-05	2014-09-15
texyloop.de	2008-04-22	2015-04-27
texyloop.es	2009-03-05	2015-04-22
texyloop.eu	2008-04-22	2015-04-30
texyloop.fr	2009-03-08	2015-03-08
texyloop.it	2009-07-23	2014-07-23
texyloop.ru	23.06.2008	23.06.2014
texyloop.us	2008-04-22	2015-04-21
texysolar.com	2013-08-30	2015-07-13
texytool.com	2011-10-21	2014-10-21
zebu-web.com	2008-04-15	2014-08-03

1.7. Worldwide sales organization geared to targets

1.7.1 Sales operations in 80 countries

As of December 31, 2014, the Group's sales network covered nearly 80 countries via a direct sales force of 122 employees and an indirect sales force consisting of a network of over 100 distributors. This global sales force is divided into three main geographic regions, each under the responsibility of a Business Area Manager:

- Southern Europe (France, Italy, Spain, Portugal and Malta), composed of 28 people;
- Wide Europe (rest of Europe), composed of 38 people;
- Rest of World (excluding Europe), composed of 56 people.

This strong international anchoring, reflected in the fact that nearly three quarters of total revenue is generated outside France, is the fruit of a proactive policy to win export market share launched in 2002 with the creation of the first foreign subsidiary.

Since then, the Group has multiplied its sales operations and today has four subsidiaries (United States, Hong Kong covering China and Southeast Asia, Japan and Brazil) and five sales offices (Spain, Turkey, China, Korea and Dubai). These foreign locations are shown on the following map:

This physical presence in the field harbors a major challenge:

- on the one hand, to acquire a better understanding of the local economic fabric and the players in those target markets, insofar as contact with customers alone is often insufficient and the Group has to mark its presence among all players in the value chain; and
- on the other hand, to hire appropriate sales profiles for the relevant areas of distribution.

Operationally, the sales department works closely with the Group and regional marketing departments, which design many different types of communication tools and organize training and motivation sessions for the distributor network. Distributors, in general, are not bound by an exclusive relationship and are not linked by any contractual agreement requiring minimum sales. The purpose of the distributors is to deliver to smaller-sized end customers.

Specialist distributors market materials relating to one or more niche activities. They have their own sales forces with whom the Group continuously interacts (training, information, etc.). These distributors cover from hundreds to over a thousand customers in their sales territory.

Thanks to its partnerships with distributors, the Group has agents who work for Serge Ferrari but are not included in the sales workforce figures.

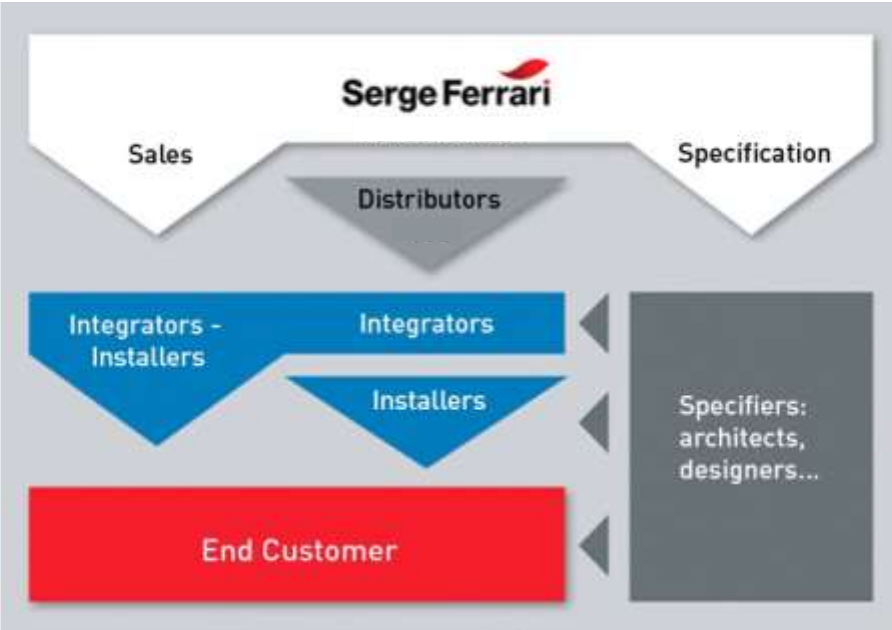
1.7.2. Sales organization with a dual mission

The Group develops a commercial approach tailored to the characteristics of each application sector. As in the case of any intermediate product aimed at a specialty market and having specific technical characteristics, it is essential to address the entire demand as much as possible.

This involves simultaneously:

- visiting and building relations with specifiers: in many markets, the decision to buy is usually made by the user-customer based on recommendations by specifiers and professionals;
- approaching end customers directly or supporting distributors in their dealings with manufacturer-customers.

Thus, the Group has organized its sales network to make itself known at all levels: upstream by addressing product specifiers, as well as downstream by running promotions among professionals who are indirect customers, e.g. stores that sell blinds rather than manufacturers of blinds who are the Group's direct customers. Serge Ferrari's direct customers are thus approached upstream by specifiers as well as downstream by professionals.



These actions require a larger sales force than for commodity products.

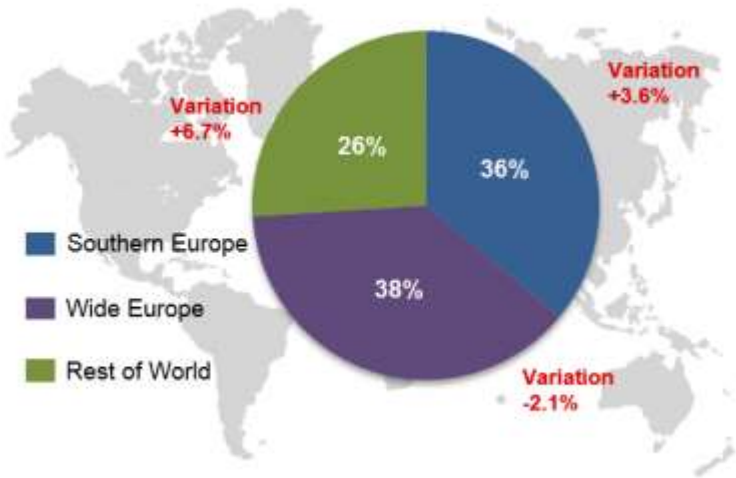
The distribution networks vary depending on the technicity and value-added of the products and the country (according to the degree of penetration of Serge Ferrari products). The Group strives to structure its distribution network in countries where it is least represented in order to apply the same model internationally and to be more effective in its sales approach.

1.7.3. Sales targets per region

Serge Ferrari generates almost 75% of its revenue outside France and its brand name is widely recognized in the B-to-B sector.

The trend in the breakdown of revenue between 2013 and 2014 partly foreshadows the Company's expectations:
- strong growth in the Rest of World region, where the Group has its lowest market share;
- low growth in Southern Europe, where the Group's business is more developed;
- moderate growth in Wide Europe.

These trends are further discussed in Section 4.3 of the Registration Document.



Accordingly, the Group is seeking to drive its penetration in the Rest of World region (focusing on the United States, South America and Asia), which represents a global market of €1.5 billion according to Group estimates for 2013.

To benefit from these regions' higher growth prospects, the Group plans to expand its footprint in countries where the development potential has been verified, but where its market share is still very small (2% according to its own estimates). Serge Ferrari has implemented the following measures in order to accelerate its ramp-up on international markets:

- focusing its strategy on countries with strong potential, for which precise business plans have been drawn up and will be updated on an annual basis:
  - in North America, priority is assigned to the United States, where the potential is highest;
  - business development in Latin America will focus on Brazil, Mexico and Colombia;
  - in the Africa, Middle East and India region, the highest growth potential is in South Africa, where Serge Ferrari's sales growth is driven by a distribution partner, and in India, where the architect specifier network has been strengthened;
  - in the Asia-Pacific region, where priority has been given to China, Indonesia and Australia;
- lastly, the implementation of a specific regional product and pricing policy (the average sales prices per square meter in 2014 amounted to 112 in Wide Europe and 131 in Rest of World, based on an index of 100 in Southern Europe, a situation already noted in 2013).

This sales strategy should also have a favorable effect on the Group's gross margin on average standard costs, which amounted to 44% for Southern Europe, 46.6% for Wide Europe and 50% for Rest of World in 2014.

1.8. Capital expenditure

The following capital expenditure was incurred during the fiscal years ended December 31, 2013 and 2014:

(€000)	2014	2013
Total expenditure	6,953	5,353
Intangible assets	2,480	2,459
Property, plant and equipment	4,312	3,119
Financial assets	161	-225

- Intangible assets

(€000)	2014	2013
Total intangible assets	2,480	2,459
Research and development expenses	1,287	1,341
Other intangible assets	234	1,118
Intangible assets in progress	958	0

- ***Research and development expenses***: This relates to capitalized R&D on identified projects with proven chance of success. These projects relate to the development of new products, innovative processes and new chemical formulations.

- ***Other intangible assets and intangible assets in progress***: in 2014 these investments mainly related to spending on IT systems, including the SAP ERP system (SAP progress plan at the La Tour-du-Pin sites (2012-2013) and roll-out at the Emmenbrücke site in 2014) and the BOOSTER customer relationship management tool (2013 - 2014).
  As of December 31, 2014, part of the costs were recognized under 'Intangible assets in progress', as the solutions were not yet operational: BOOSTER became operational as of January 1, 2015 and SAP Emmenbrücke as of April 1, 2015.

- Property, plant and equipment

Capital expenditure was related to ongoing re-engineering operations on industrial equipment to maintain or increase the Company's technological advantages. The purpose of this expenditure is to prolong the lifetime of the industrial equipment by upgrading to the latest available technologies. This is therefore not maintenance but upgrade expenditure to permit production under conditions compatible with changing technological requirements while respecting productivity and competitiveness requirements.

(€000)	2014	2013
Total property, plant and equipment	4,312	3,119
Buildings	638	249
Technical installation, equipment & machinery	2,714	1,801
Other PP&E	353	863
PP&E in progress	607	206

- Building: these amounts relate to outfitting or refitting the buildings leased to the industrial companies by the real estate companies, and to repair work on buildings owned by the Group (roofing of the Swiss sites in 2014).

- Technical installation, equipment & machinery: this relates to capital expenditure to improve productivity and industrial equipment.

- PP&E in progress: this mainly relates to programs to improve coating lines that were not operational by December 31 of the year in question.

The Group allocates on average nearly 2.5% of its revenue to investment in technological renewal and adaptation (primarily tangible assets, excluding buildings, and production-related IT expenditure, which is recognized under 'Other intangible assets'.

The Group made no investments on increasing capacity in 2013 or 2014.

- **Financial assets**

Financial investments primarily involve the financing provided to Vinyloop, in which the Group has a 40% interest via a joint-venture with Solvay. Vinyloop regenerates raw materials from manufacturing off-cuts and end-of-life composite materials collected, sorted and delivered to Vinyloop's industrial facility by Texyloop, as well as from cable waste collected by Solvay.
The joint-venture's financial performance is based on:
- the sale of the raw materials generated by the recycling process: sale prices are in accordance with market prices;
- the entry fee paid by materials manufacturers whose production waste or end-of-life products are recycled: this entry fee is satisfactory for the portion of the products collected by Texyloop, but is still not enough to ensure Vinyloop's financial breakeven where the other products (cable waste) are concerned.

The Group re-capitalizes Vinyloop where necessary.

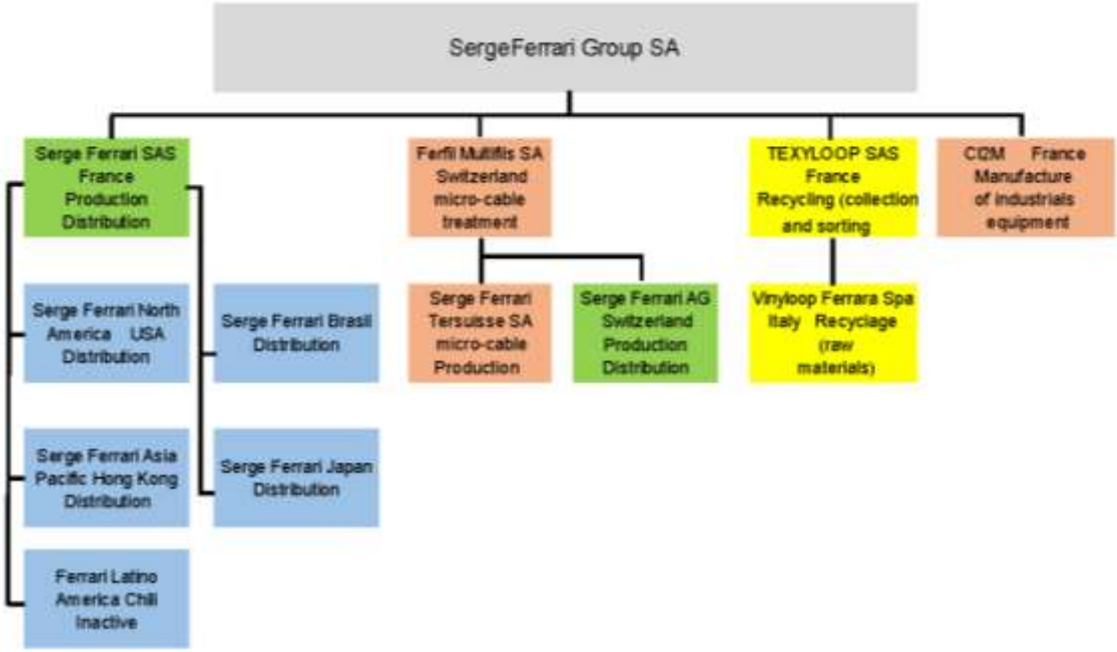
- **Planned investments**

The Group estimates that the investments in property, plant and equipment and intangible assets (excluding R&D) required as part of its 2014-2018 development plan amount to €40 million, including €15 million for a breakthrough technology production team (small production runs).
The overall expenditure on innovation amounts to around €5 million per year: the portion of research and development expenditure capitalized every year is expected to remain at the same level as in 2013 and 2014, i.e. €1.3 million after deducting a research tax credit of around €0.5 million.
The Company is not currently planning to invest substantial amounts in property, plant and equipment and intangible assets over the coming years for which the Company's management bodies have made firm commitments at the date when this document was prepared.
At the date when this document was prepared, the estimated investments in property, plant and equipment and intangible assets excluding R&D for 2015 amounted to €5.3 million. Most of these investments are already in progress.

1.9. Organizational structure

1.9.1 Legal structure

As of the date of this Registration Document, the Group's legal structure was as follows:



1.9.2 Group companies

The Group currently consists of the parent company SergeFerrari Group SA and its five direct and seven indirect subsidiaries, as follows:

Manufacture of composite materials and components thereof

Serge Ferrari SAS (France): created in 1973 at the La Tour-du-Pin site in Isère, from the merger by absorption of its subsidiary Précontraint Ferrari SAS approved by the General Shareholders' Meeting of April 30, 2014, this entity weaves the PET micro-cables that constitute the membrane of the composite materials and also performs coating and extrusion. It has a total of five material production lines (three for Précontraint® technology and two for extrusion technology) as well as a logistics department, which prepares orders before shipping worldwide.

Ferfil Multifils SA (Switzerland): created in 2000 and based in Eglisau, Switzerland, this wholly-owned subsidiary is responsible for cabling, twisting, warping and packaging PET micro-cables and has equity interests in two Swiss indirect subsidiaries, Serge Ferrari Tersuisse and Serge Ferrari AG.

Serge Ferrari Tersuisse: acquired by the Group in 2000 (initially 50% then increased to 100% in 2005), this wholly-controlled indirect subsidiary based in Emmenbrücke, Switzerland, has industrial tooling for producing all the special micro-cable reels necessary to produce the membranes for the flexible composite materials marketed by the Group.

Serge Ferrari AG: acquired in 2001 and based in Eglisau, Switzerland, this entity wholly controlled by the Group has four production lines for manufacturing composite materials by coating (non-Précontraint®). The company also delivers some of its production directly to Swiss and German customers.

Distribution

Serge Ferrari Brasil: created in 2012, this wholly-owned subsidiary distributes the Group's offering in Brazil.

Serge Ferrari North America Inc.: created in 2000 and based in Florida, this US indirect subsidiary wholly controlled by the Group markets the Group's offerings in the United States and Canada.

Serge Ferrari Asia Pacific Ltd: created in 2007 in Hong Kong, this indirect subsidiary wholly controlled by the Group markets the Group's offering in Asia, and serves as the logistics platform for the Group company based in Japan.

KK Serge Ferrari Japan: created in 2004 in Kamakura, Japan, this indirect subsidiary markets the Group's offering in Japan. Its share capital is 83% controlled by the Group, the balance being held by the local director.

Ferrari Latinoamerica S.A.: this company has been inactive since 2011.

Other operations

CI2M (manufacture of special machines): this wholly-owned subsidiary was acquired by the Group to integrate the designing of production tools for composite materials incorporating the Précontraint® technology.

TEXYLOOP SAS (collection and sorting of production waste and end-of-life composite materials): created in 2003 (and starting industrial production in 2008), this wholly-owned subsidiary also based at the Tour-du-Pin site carries out studies and research and develops procedures for collecting and recycling flexible composite materials. It also performs the first mechanical stage of recycling collected PVC materials. At the end of the second stage, which is an industrial process performed by Vinyloop (see below), Texyloop sells the fibers resulting from the recycling-by-separation performed by the Vinyloop industrial equipment.

VINYLOOP FERRARA SPA: 40%-owned by the Group through its subsidiary Texyloop, this entity is a joint venture whose 60% majority shareholder is Solvay Group. This entity has an industrial facility operated by Solvay teams, at a site adjacent to Solvin Italia, and used by the Group to carry out the industrial/chemical stage of recycling PVC materials to separate the fibers from the chemical substances. It sells the R-PVC to Solvay and the regenerated fibers to Texyloop, which then markets them.

The Group also has three non-controlling interests in non-consolidated companies, which themselves have companies within the consolidation scope and mentioned above:
- SIBAC in Tunisia (18.06% stake) which uses composite materials to make tensioned architectural elements and lined ponds;
- VR Développement in France (20.10% stake), a holding company which owns Rovitex, a French lamination specialist, with which the Group has set up industrial partnerships;
- 2FB2I in France (5% stake), a holding company that wholly owns MTB in France with which the Group develops partnerships in equipment construction and composite material grinding.

The relationships between the Group and these companies are essentially industrial partnerships: developing new products, manufacturing equipment, providing industrial services within each company's field of activity, etc.

The table below shows the key figures for each of the consolidated direct and indirect subsidiaries based on their separate company financial statements for the year ended December 31, 2014:

(amounts in thousands)	Curr.	% control	Share capital	Shareholders' equity	Revenue	Net income	Headcount
Direct subsidiaries							
Serge Ferrari SAS	EUR	100%	14,169	38,718	127,547	3,621	408
Serge Ferrari Brasil	BRL	100%	854	821	4,125	255	6
Texyloop SAS	EUR	100%	1,101	-608	1,286	-890	1
Ferfil Multifils SA	CHF	100%	1,000	9,546	20,479	262	9
CI2M	EUR	100%	500	709	1,558	-38	16
Indirect subsidiaries							
Serge Ferrari North America Inc.	USD	100%	600	2,765	15,307	567	14
Serge Ferrari Asia Pacific Ltd	EUR	100%	1	741	3,526	69	4
KK Serge Ferrari Japan	JPY	83%	31,429	29,840	190,478	5,296	3
Ferrari Latino America	CLP	100%	265,000	-73,801	----	----	----
Vinyloop Ferrara Spa (est.)	EUR	40%	499	-681	3,942	-2,675	NA
Serge Ferrari Tersuisse	CHF	100%	14,000	18,319	21,645	2,609	56
Serge Ferrari AG	CHF	100%	10,000	11,319	35,903	10	88

1.9.3. Main intercompany cash flows

As of the date of this Registration Document, the main cash flows between Group companies relate to the following agreements:

- **Administrative services agreement**

On January 1, 2012, Serge Ferrari SAS entered into an agreement with a number of Group companies to provide accounting, personnel management and IT services.

This administrative services agreement results in the invoicing, with a margin for management fees, of the cost of the services used by the beneficiary companies (payroll of HR staff assigned to administrative oversight of each company, office equipment and the use of IT systems, accounting costs).

Services are invoiced quarterly based on the annual budget. Calculations are adjusted at year-end.

Serge Ferrari SAS invoiced these companies for a total amount of €481,000 in 2014 under this agreement (no invoices were issued to Précontraint given this company's merger with Serge Ferrari SAS with retroactive effect from January 1, 2014).

- **Central cash management (cash pooling) agreement**

Under the cash pooling agreement signed on January 1, 2012, Serge Ferrari SAS manages the cash of some Group companies via a central cash pooling account. This agreement was signed with the following companies: Ferrari Participations, SergeFerrari Group, Serge Ferrari SAS, Texyloop and CI2M.

As of 1 January 2014, the reciprocal advances agreed under this arrangement bear interest at the EURIBOR 3-month rate plus 170 basis points when used for trading and 120 basis points when used for investment.

Intercompany trade receivables and payables not settled within 60 days are reclassified to current accounts.

Thus, as of December 31, 2013, the aggregate of cash pool accounts plus current accounts opened in the name of SergeFerrari Group in the books of Serge Ferrari SAS amounted to €21,680,000.

- **Operating license agreement covering the "Serge Ferrari" trademark**

On January 1, 2012 SergeFerrari Group granted the following subsidiaries a license for an indefinite term to use the "Serge Ferrari" (the fee charged to each licensee amounts to 0.8% of revenue):
- Serge Ferrari SAS
- Serge Ferrari North America
- Serge Ferrari Japan
- Serge Ferrari Asia Pacific Ltd
- Serge Ferrari AG
- Serge Ferrari Tersuisse AG
- Serge Ferrari Brasil.

In fiscal year 2014, Serge Ferrari Group recognized income of €1,109,000 from trademark royalties.

- **Tax consolidation agreement**

Under the tax consolidation agreement, SergeFerrari Group, the Group's parent company, consolidates its subsidiaries Serge Ferrari SAS, Précontraint Ferrari, Texyloop and CI2M for taxation purposes. Any tax losses are reallocated to the subsidiaries.

As of December 31, 2014, the corresponding corporation tax current accounts showed the following balances, including carryforwards from the previous year and income tax for 2014:
- Serge Ferrari SAS tax current account : €100,000
- Texyloop tax current account : (€43,000)
- CI2M tax current account : (€129,000)

1.10. Risk factors and insurance strategy

Investors are advised to take into consideration all the information in this Registration Document, including the risk factors described in this section, before deciding to purchase or subscribe to shares in the Company. In preparing this Registration Document, the Company has reviewed the risks that may adversely impact the Group or its business, financial position or earnings, and considers that no other significant risks exist apart from those presented here.

1.10.1 Risks related to the market in which the Company operates

Risks related to the price of raw materials and energy

The risks related to raw material and energy prices (chemical products as well as the transport costs borne by the Group are linked to oil prices) are the main risk factor affecting the Group.

The Group uses large quantities of raw materials in its manufacturing processes (approximately 57% of standard production costs in 2013 and 2014), mainly from petrochemicals (polyvinyl chloride [PVC], polyethylene terephthalate [PET] and plasticizers), which are indirectly impacted by fluctuations in the price of crude oil. The Group is also exposed to changes in the prices of other raw materials essential to its activities, such as dyes, varnishes, antimony (flame retardant), pigments, etc. The rise in raw material prices in 2011, especially oil and petrochemicals, had a negative impact on the Group's profits in the months before it passed them on in higher selling prices. For this reason, operating margins declined between 2010 and 2011. Although the Group was able to recover this increase from its customers in 2011 and 2012, its earnings were affected due to the time required to raise the Group's selling prices following the rise in raw material prices.

Transport costs were also impacted by changes in oil prices and suffered the consequences of oil price volatility.

Since 2011, the Company has no longer benefited from framework agreements, as suppliers want to retain as much flexibility as possible in setting their prices. Almost all purchases are transacted at spot prices, negotiated over- the-counter between the Company and its suppliers, generally one month ahead. The Group also procures supplies on a sale-or-return basis, whereby the Company is invoiced on the basis of the monthly price of the supplies used during that month.

The following table shows the hypothetical impact of a +/-10% variation in the price of raw materials historically subject to greater price fluctuation than the average spread recorded between 2010 and 2012, based on 2014 purchases:

(€000)	2014	10% price rise	10% price fall
Highly sensitive purchases	5,209	-521	521
EBIT	8,534	-521	521
Net income after tax (34.43%)	4,362	-342	342
Total shareholders' equity	94,643	-342	342

On the commercial level, sales contracts do not include price-review clauses as prices are set when the order is signed. For almost all customer orders, delivery dates are specified in terms of days or, at most, a few weeks from the date when the order is received. From time to time, in the "Architectural" segment, prices may be quoted as valid for a minimum 6 months and maximum 9 months. These price offers incorporate a “review clause” to recover all or part of rises in the cost of materials incurred or exchange rate fluctuations when the offer is expressed in a foreign currency.

For managing the risk of fluctuations in the cost of materials, which mainly affects processed products and not primary raw materials (barrels of oil), the Company cannot use hedging. However, it does have numerous operational measures to minimize such fluctuations and their impact on its results. These measures include reducing production times, bargaining to revise prices, ongoing search for alternative sources of supply, as well as a strong innovation policy focused in particular on the chemical formulations of its products and substituting some components.

If raw material prices rise in the future and the Group is unable to recover the resulting additional costs immediately or fully from its customers due to the extent of the price increase, the deadlines imposed by agreed purchase orders, competitive pressure or market conditions, and if the Group is unable to optimize the formulation of its products, this could have a material adverse impact on the Group’s business, financial position or earnings.

Risks related to the competitive environment

In each of its markets, the Group has to face active competition from players of various sizes. However, the Group believes that it currently enjoys a strong competitive positioning globally, thanks mainly to an innovative and high-value-added range of products recognized in France and internationally. Indeed, the Group estimates its share of the world market at 4%. In sales terms, the Group's exposure to competition mainly takes the form of varying degrees of pressure on prices. The arrival of new players, some of whom have much greater financial resources, or of new products or technologies developed by its competitors, could also affect the Group’s competitive position. The Group cannot guarantee that it will be able to maintain its margins in the face of competition, especially if new entrants penetrate one or more of its markets or if competition intensifies for any other reason. These competitive pressures could lead to a reduction in the demand for the Group's products or force the Company to lower its selling prices or to make additional investments. These factors could have a material adverse impact on the Group’s financial position, earnings or outlook. The Group believes that maintaining its proactive R&D policy is the best way to keep its competitive positioning.

Risks related to technological developments

The flexible composite materials market in which the Group operates is in permanent competition with traditional materials in some of its application segments (architecture in particular), and may also experience technological developments and see new composite materials appear that are more efficient or less expensive. Since its formation, the Group has therefore devoted a very significant part of its resources to R&D in order to widen its range of products and/or make them more efficient, as well as to develop manufacturing processes and equipment that can maximize the quality of the materials offered. Nonetheless, it is imperative that the Group continues its commitment to R&D in order to retain its position as a benchmark in technological innovation and to be able to adapt to any future technological innovations in the sector.

Although the Group believes that the risk from new technology is very limited, should the Company fail to match the pace of technological development or be slow in developing its solutions compared to competitors with more substantial resources, its inability to develop new products or to market them on time would make its commercial offering less attractive, which could have an adverse impact on the Group's business, revenue, earnings, financial position or growth.

Risks related to the economic environment and to the Group's opportunity sectors

In an economic context that still remains uncertain in France as well as in some of the Group's target countries, such as Brazil, the Group may face a deterioration in its financial position or see its existing and prospective customers having increased financing difficulties themselves. However, the Group believes that the diversity of its application markets and geographic outlets gives it a form of protection against dependency on the economic conditions in any particular country or application segment even though the Group may from time to time see some of its customers and/or distributors having financial difficulties. Furthermore, this uncertain economic environment could exert greater pressure on prices, which would adversely impact the Group's revenue, financial performance and competitive positioning.

In order to limit the impact of economic conditions on its business activities and financial results, the Group devotes a significant part of its sales initiatives to international development, especially in regions where it anticipates sustained demand (Asia and the United States in particular) and to diversifying its product offering, application markets and customer base.

1.10.2. Risk related to the Group's business

Risks related to industrial environmental and safety regulations and regulatory changes

See Section 1.10.3. below.

Risks related to fires and industrial accidents

The Group's facilities carry a certain number of safety, fire or pollution risks, mainly due to the toxicity or inflammability of certain raw materials, finished products or manufacturing or supply processes. In particular, the Group's manufacturing processes that use inflammable materials (varnishes, solvents, chemical products, PET, PVC, etc.) can create a high risk of fire or explosion.

The Group is therefore diligent in putting in place measures to manage fire and industrial accident risks, specifically:
Regarding fires, in conjunction with the regional fire department (SDIS 38) a plan called ETARE No. 411 has been established to identify premises in risk areas (with insufficient means) and risks related to their activities. In addition, staff regularly receive training in firefighting (how to use extinguishers, and evacuation drills). The fire control center is also connected to a computerized CCTV system.

Regarding industrial accidents, in accordance with its ISO 14001 certification, the Group has put in place an annual improvement plan which consists in particular of organizing the security of sensitive areas (truck loading/unloading), arranging ATEX (explosive atmosphere) zones, conducting studies and fire scenarios (flow of thermal emissions), as well as training staff to be able to identify explosion-risk areas and monitor (exhaust) air pollution.

Despite these measures, the Group may be pursued for liability in the event of a claim involving the Group's activities or products. If that should occur, the consequences on its business, financial position, earnings and outlook could be materially adverse.

Risks related to the marketing network

Risks related to the portion of revenue achieved through distributors
In addition to its own sales force, the Group in some geographic regions uses distributor partners, usually on a non-exclusive basis (see Section 1.7.2 of this Registration Document). The Group currently considers that it is not dependent on any one of these partners, given that the most important one accounts for less than 10% of consolidated revenue for the years 2013 and 2014. Over 1,500 customers were invoiced in 2014, bearing in mind that the actual number of end customers is much higher than this in view of the volume of sales made by distributors, each of which serves a large number of local and regional customers. The Group may, however, encounter difficulties in recruiting new distributors, or in renewing or terminating commercial agreements with some of them, or may find that some distributors have solvency problems. Should any of these risks materialize, it could materially affect the Group's business, financial position, earnings, growth and outlook in the medium and long term.

Risks related to the development of a marketing partnership policy
In order to develop its marketing opportunities in countries where it has little presence, the Group has decided to set up marketing partnerships with specialized players. The first partnership of this kind was established in Germany as of January 1, 2014, with a second agreement following in Austria as of July 1, 2014, for the exclusive distribution of one of the Group's product ranges. This partnership, currently in the start-up phase, could be extended to other countries depending on the results obtained. The limited success or failure of such partnerships could limit the Group's growth in some geographic regions and/or force it to make marketing investments of a different kind that may affect its earnings to a greater or lesser extent.

Risk related to international development
For many years, the Group has achieved a significant portion of its consolidated revenue outside France (France accounting for 75.6% of its total composite materials revenue in 2014, 75.2% in 2013, 73.7% in 2012 and 74.9% in 2011), thanks to a global distribution network consisting of its distribution subsidiaries (4 subsidiaries and 5 sales offices abroad) as well as a network of largely non-exclusive independent distributors (see Sections 1.7.2 and 1.7.3 of this Registration Document for more details about international development). This direct or indirect local presence has proven particularly important in building knowledge of the local economic fabric, the various players in each opportunity segment, and local practices, specifics and regulatory constraints, to facilitate the marketing of the Group's offering. Accordingly, the Group intends to recruit a large number of sales staff in these three geographic regions (see Section 4.4 of this Registration Document). However, despite its local presence in the field, it may take longer than expected for international sales networks to add significantly to Group revenue and may require additional marketing drives in one or more of its markets, which could have a material adverse impact on the Group's business, earnings, financial position or outlook.

Risks related to industrial means of production

Risks related to the adequacy of industrial equipment and current production capacity
The Group currently has three production sites whose unused capacity should allow it to absorb growth in the order of 30% of production volumes without significant additional capacity investment (see Sections 1.5 and 1.8 of this Registration Document). The Group will therefore need to monitor its order book and the adequacy of its industrial equipment and anticipate any significant change that may force it to accelerate its investment plan. If its industrial capacity is stressed in the future, the Group may not be able to benefit from the growth in one or more of its markets and may be forced to undertake major investments to cope with it. Should the Group not be able to make the necessary investments to meet customer demand or if the cost of such investment proves to be significant and is not offset by orders to match the investment expenditure, such a situation may have an adverse impact on the Group's growth, financial position, earnings or outlook.

To minimize the impact of a downturn in business, the Group operates a proactive prospection policy, focusing on the international market, and ongoing R&D to develop its products and services for new applications.

Risks related to its recycling activity
Since 2008, the Group has expanded its offering by developing a recycling service for its own materials (see Section 1.5.1 of this Registration Document), which could be a decisive factor in obtaining certain contracts, particularly for architectural projects. This activity has been developed as part of a joint venture with Solvay. The Group holds all the intellectual property rights relating to the process - unique in the world - for recycling PEC-PVC composites under a cost-free license granted by Solvay, valid for the Group's activities and until the last patent covered by the license falls into the public domain. However, a very large part of the industrial recycling is done by a plant mainly owned and operated by a subsidiary of Solvay Group.

If the partner decided for industrial or strategic reasons to shut down the recycling plant, the Group would no longer be able to market this service, as the Group does not have its own recycling facilities. Although this activity adds little to Group revenue, it has strong differentiating marketing impact and can be decisive for some customers when choosing the Group's materials. Also, discontinuing its recycling activity could have a more or less significant impact on the Group's business and development mainly in the architectural segment. Furthermore, the joint venture is part of the partner's business unit that was sold in 2013 to a financial group with holdings in the chemical industry: this transaction was authorized by the European Union subject to the completion of certain divestments in the relevant business sectors. The proposed divestments are currently being reviewed by the European monopolies commission. The Company has received no information from the buyer that would lead it to discontinue this activity.

If such a situation were to occur, the benefits of the license would not be called into question. However, the Company would be unable to use it if a new partnership with a player in the chemical industry with suitable facilities had not be signed.

Furthermore, as regards managing the risk of these licensed processes coming out of patent and into the public domain by 2028, the Company believes that the development work and technological adjustments it has carried out since being granted the license gives it a technological lead over third parties hoping to use this technology. The Company estimates that it would take several years to master the process.

Risks relating to the quality of the Group’s products

The growth in Group sales depends on the quality and reliability of its products and on its customer relationships. The Group, which is ISO 9001 certified, has put in place various measures for quality management, including its QSE policy, leadership responsibility, resource management and production quality. Projects are reviewed based on dashboards that report progress and focus on problems (via internal and external audits).

Should the Group’s products repeatedly fail to meet customer requirements, its reputation and sales volumes may be impacted. Sales of materials come with a warranty of up to 30 years. To this effect, the Company has product insurance (covering manufacturing defects) and lays down a provision for warranties, which have proven sufficient to date, to cover customer complaints (see Section 1.10.5 regarding insurance and Note 2.21 of the Financial Report included in Section 4.6 of this Registration Document regarding provisions). The Group cannot, however, guarantee that its customers will not have product quality or reliability problems that may have a significant adverse impact on the Group's earnings, reputation, business, financial position or outlook. The Group also cannot exclude the possibility that its member companies may be held liable under third party liability or contractual provisions for product faults, which could adversely impact the Group's earnings, reputation, business, financial position and outlook.

Risks related to WCR requirements and business seasonality

Some Group activities, such as Solar Protection and Bioclimatic Facades in the Architecture segment, or Yachting, Outdoor Furniture and Solar Protection in the Consumer segment, are subject to the extreme seasonality of their customers (see the product presentation in Section 1.2.4.). The relatively greater activity from March to September in the northern hemisphere, where most sales are concentrated, creates organizational constraints for the Group that involves stock control, production planning, deliveries and the availability of human resources, to manage this period as effectively as possible, as well as working capital requirements that can vary significantly depending on the time of year.
Similarly, international expansion may put financial pressure on working capital requirements.

The Group has therefore set up various measures to better manage and mitigate seasonality. To do so, the Group has set up a structure with support functions including, in particular, a procurement department and an industrial department, one of whose missions is to identify the requirements of each business line in order to implement industrial synergies such as optimizing industrial equipment and guaranteeing supplies to ensure that planning and production schedules are met. The development of new application markets that are non-cyclical or have divergent cycles, particularly in the southern hemisphere, as well as markets in regions and countries with varying cycles, should also help alleviate seasonality.

However, despite all the measures implemented by the Group, strong seasonal growth that is beyond the Group's ability to absorb in its various areas could have a material adverse impact on the Group's business, earnings, financial position or outlook.

Risks related to inventory impairment

As the gross value of inventories as of December 31, 2014 and December 31, 2013 amounted to respectively 23.7% and 33.1% of the balance sheet total, the Group's earnings, financial position and outlook could be impacted by a material provision for inventory impairment.

Nevertheless, risk management procedures have been put in place. Purchases and inventories of raw materials are mostly managed by an integrated IT system. Orders are prepared based on industrial planning information, in response to manufacturing triggers (orders, forecasts, etc.). To minimize its working capital requirements on these purchases, the Group works on a sale-or-return basis, which ensures that the supplier does not invoice until the material has been used up. In their raw state, the raw materials have a low risk of spoilage. However, in their prepared form (plastisols) their shelf life is no more than a few days, which is why these preparations are only ever made to order for an identified process. Components and/or finished products are also unaffected by expiry dates, but are more affected by products or particular colors not selling because they do not meet market needs. This is the reason why a provision for low turnover is set up on these product lines. Lastly, a "lower of cost or market" provision is set up for products with aesthetic defects whose selling price will be lower than normal.

Thanks to this vigilant management, total provisions on inventories have been kept well under control over the last few years, the ratios amounting to 9.3% at December 31, 2014, 9.8% at December 31, 2011, 7.1% at December 31, 2012 and 6.8% at December 31, 2013.

Risks related to IT systems

The Group uses complex IT systems (notably for managing its production, sales and logistics, and for bookkeeping and financial reporting) that are essential for running its commercial and industrial activities. Despite a policy of strengthening its procedures for backing up its IT systems and infrastructure, a failure in any of them could have a material adverse impact on the Group's business, financial position, earnings or outlook.

The Group's IT systems could be hit by complex and targeted attacks. The IT security systems of a growing number of companies have in fact recently experienced intrusions or attempted intrusions. The techniques used to hack into, interrupt, degrade the quality of or sabotage IT systems are constantly evolving, and it is often impossible to identify them before an attack is launched. The Group may therefore not be able to defend itself against such hacking techniques or to quickly install an appropriate and effective response. Any failure or interruption of the Group's IT services due to such intrusions or other factors may have a material adverse impact on the Group's business, financial position, earnings or outlook.

1.10.3. Legal risks

Risks related to regulations and regulatory changes

The Group is subject to a constraining regulatory environment notably covering the environment and safety, in particular as regards industrial safety, emissions or discharges of any kind, the use, production, traceability, handling, transport and storage of products and substances, including disposal and exposure to them, as well as site remediation and environmental clean-up. The Group is also subject to regulations governing safety, notably fire-prevention standards applicable to the Group's products and manufacturing sites.

Since June 2007, Serge Ferrari Group has complied with REACH regulations (Registration Evaluation and Authorization of Chemicals). The Group is also engaged in an initiative to anticipate and exceed these European regulatory requirements. Serge Ferrari regularly assesses the health and environmental performance of its composite materials on the basis of five key indicators: health precautions, internal air quality, environmental footprint, circular economy and renewable content. These Eco Identity system indicators measure the progress made over and above regulatory requirements. Moreover, the Group is a member of several sustainable development organizations including Orée and the INSPIRE institute (see Social and Environmental Report in Section 2.1 of this Registration Document).

Compliance with these regulations requires the Group to incur regular and large expenditures. Moreover, this regulatory environment frequently changes, making the requirements increasingly stringent. The Group's failure to comply with these regulations or inability to adapt to future regulatory changes could entail penalties of various kinds including financial, civil, administrative or criminal, and could lead to the withdrawal of the permits and licenses needed to pursue its activities (ICPE classification of its industrial sites in France). Changes in these laws and regulations and their interpretation could lead to significant expenditure and/or investment mainly in industrial tooling and/or adaptation of the formulation of its products, which could have a material adverse impact on the Group's business, earnings and outlook.

Risks related to the protection of intellectual property rights

The Group's future growth depends in particular on its ability to obtain, keep and protect its patents, trademarks and other intellectual property rights as well as its ability to internally retain its know-how in terms of innovation, the engineering of manufacturing processes and the design of industrial equipment. Despite the Group's efforts to protect its intellectual property, it cannot guarantee the level of protection that will be accorded to its portfolio of patents and trademarks, or prevent the risk of counterfeiting of its products or misappropriation or unlawful use of its intellectual property rights.
This is why the Group pays particular attention to retaining and developing its know-how in the design of industrial equipment:

- partly, because it is a non-volatile form of intellectual protection now that some patents relating to its Précontraint® technology have already fallen into the public domain;
- partly, because in the absence of ad hoc equipment that only the Group knows how to design, it would prove extremely difficult to manufacture flexible materials of equal quality.

With respect to Précontraint®, the Group filed a patent in 1974 which has now fallen into the public domain. From now on, the Précontraint® process (which is detailed in Section 1.2.1 of this Registration Document) is protected by the Group's know-how, which can be described as "proprietary" in light of the track record of the developments that have been necessary to progressively perfect it. Indeed, since 1974, the Group's teams dedicated to the design and manufacture of machinery have continuously developed and improved Précontraint® technology on the production lines at La Tour-du-Pin. The Group, which designs and makes its own production machinery through its subsidiary C12M, also therefore enjoys the protection associated with the production of machinery, as well as the protection resulting from the use of the technology. Consequently, the entry barrier is such that a competitor looking to achieve a similar level of quality would find itself unable to launch itself into designing and producing such machinery, as the cost of doing so would be disproportionate to the market share it could hope to gain. Competitors therefore generally use standard equipment, which does not allow access to the technology used by Serge Ferrari Group.

As regards risks related to the protection of intellectual property rights on recycling, see Section 1.10.2 of this Registration Document.

Limits to the protection conferred by patents and other intellectual property rights

The Group's commercial success and the protection of its innovations depend on its ability to obtain, keep and protect its related patents, trademarks, drawings and designs as well as other intellectual property rights and similar assets (such as software, trade secrets and industrial know-how - see Section 1.6.2.2. "Trademark portfolio").

The Company devotes serious financial and human effort to protecting its technology and implements measures commonly used in the industry to do so (such as filing patent applications for both key inventions and additional development). To the Company's best knowledge, the inventions incorporated in the Company's manufacturing process were or are protected by its patents and patent applications (see Section 1.6.2 of this Registration Document).

However, the Company may not be able to continue adequately protecting its patents, causing it to lose its technological and competitive advantage.

Firstly, the Company cannot guarantee that it will actually be issued patents for the innovations it has filed, as they are subject to assessment by the relevant intellectual property office before a patent can be issued.

In addition, even if issued, patents may be superseded ("anticipated") by earlier patent applications not yet published or by disclosures of earlier inventions.

Despite researching earlier filings and the constant watch it operates, the Group can therefore never be certain that it has been the first to conceive an invention and to file the patent application, given that, in most countries, patent applications are not published until about 18 months after they are filed.

Lastly, all patents have a time limit. This limit varies by region and country and runs from the date that the patent application is filed (20 years in France and Europe). This is why the Précontraint® process which was filed in 1974 has now fallen into the public domain.

The Company may also find it necessary to file trademarks, drawings and designs.
With respect to trademarks, when filing a trademark in a new country the Company may find that the trademark in question is not available in that country. A new trademark must therefore be sought for that country.

With respect to drawings and designs, the Company is not protected in countries where it has not filed patents, because it knows that it will not be protected in those countries if it has filed patents for the same drawing or design in another country more than 12 months ago.

The Group may therefore encounter difficulties in filing patents and securing some of its intellectual property rights (patents, trademarks, drawings or designs).

In addition, the issuance of a patent, or the registration of a trademark or drawing or design does not of and by itself guarantee its validity or enforceability. Indeed, the Company's competitors may at any time successfully challenge the validity or enforceability of the Company's patents, trademarks, drawings, designs or applications before a court or as part of other proceedings, which, depending on the outcome of such challenges, can reduce the scope of protection of these rights, render them partially or totally invalid, or allow them to be overturned by its competitors.

Lastly, changes in or divergent interpretations of the laws governing intellectual property in Europe, the United States or other countries may allow competitors to use the Company's inventions or intellectual property rights or develop or market the Company's products or technologies without being liable for financial compensation. Furthermore, there are still some countries that do not protect intellectual property rights as Europe or the United States do, and the effective procedures and rules necessary to ensure the defense of the Company's rights may not exist in those countries.

Consequently, the Company's rights as regards its patents, trademarks, drawings and designs, applications relating to them and its other intellectual property rights may not confer the expected protection against its competitors. The Company cannot guarantee that:

- the Company will succeed in developing new patentable inventions;
- the Company's currently pending patent applications will result in actual patents;
- the patents granted to the Group will not be contested, invalidated or circumvented;
- the range of protection conferred by the Company's patents, trademarks and intellectual property rights is and will remain sufficient to protect it from competitors and from the patents, trademarks and intellectual property rights of third parties covering similar devices;
- third parties will not challenge the Company's ownership of patent rights or other intellectual property rights;
- the Company's employees will not claim rights or additional pay or fair compensation for inventions that they participated in creating.

Limits to the protection of the Company's trade secrets and know-how

It is also important for the Company to protect itself against the unauthorized use or disclosure of its confidential information and trade secrets. The Company may be required to provide, in various ways, information, technologies, processes, know-how, data and inputs, that may not be patented and/or patentable, to third parties with whom it works (such as public or private entities, its distributors or its subcontractors) regarding product research, development, testing, manufacture and marketing. In such cases, the Company normally requires confidentiality agreements to be signed. This is because non-patented or non-patentable technologies, processes, know-how and proprietary information are considered to be trade secrets that the Company strives to protect partly by such confidentiality agreements.

However, these elements offer only limited protection and cannot prevent disclosure or illicit use of the Company's trade secrets and know-how by third parties, despite the precautions, primarily contractual precautions, that the Company takes with these entities.

Nothing can therefore guarantee that third parties involved (i) will keep confidential the Company's non-patented innovations or improvements and know-how, (ii) will not disclose the Company's trade secrets to its competitors or not develop those trade secrets independently, and/or (iii) will not breach such agreements, while the Company has no appropriate solution to counter such breaches.

Consequently, the Company's rights to its trade secrets and know-how may not confer the expected protection against its competitors and the Company cannot with certainty guarantee that:

- its know-how and trade secrets will not be usurped, circumvented, communicated without its authorization or used;
- the Company's competitors have not already developed technology, products or devices similar in nature or purpose to those of the Company;
- no contracting partner will claim the benefit of intellectual property rights to the Company's inventions, knowledge or results.

Specific limits related to infringement of intellectual property rights

It is important, for the success of its activity, that the Company be able to freely exploit its products without infringing the patents or other intellectual property rights of third parties, and without third parties infringing Serge Ferrari's intellectual property rights.

<u>Risk of the Company infringing the intellectual property rights of third parties</u>
The Company continues, as it has always done, to conduct the due diligence it considers necessary with respect to the above-mentioned risks before investing in the marketing of its various products. With the aid of its independent intellectual property consultants, it maintains a watch on its competitors (particularly for patent applications).

However, it is difficult to monitor the unauthorized use of products and technology. The Company cannot with certainty guarantee that:

- it will be able to prevent the misappropriation or unauthorized use of its products and technology, particularly in foreign countries where its rights are less well protected due to the territorial scope of its intellectual property rights;
- its products do not counterfeit or infringe patents or other intellectual property rights belonging to third parties;
- there do not exist patents that are complex to interpret, or other intellectual property rights, that may cover certain Company products, processes, technologies, results or activities such that third parties are counterfeiting or infringing its rights for the purpose of launching a claim for damages against the Company or proceedings to stop it manufacturing and/or marketing the challenged products or processes;
- there do not exist earlier trademarks, drawings and designs or other intellectual property rights of third parties that could justify legal proceedings against the Company for counterfeiting;
- that the Company's domain names will not be challenged by a third party with prior rights (for example, trademarks) under the Uniform Dispute Resolution Policy (UDRP) procedure or a similar procedure or infringement proceedings.

Litigation against the Company, regardless of its outcome, could entail very substantial costs and compromise its reputation and financial position. If such proceedings were to lead to a ruling against the Company, it could be forced (on pain of penalties) to interrupt or delay its research, development, manufacturing or sale of its products and processes named in those proceedings, significantly affecting its activities. Some competitors with more substantial resources than the Company's could support the costs of such complex proceedings more readily than it could. Any litigation of this type could thus affect the Company's ability to carry on all or some of its activity, should the Company be legally required to:

- stop selling or using any of its products that depend on the contested intellectual property in a given geographic region, thus reducing its revenue;
- obtain a license from the holder of the intellectual property rights, which it may not be able to obtain or may be able to obtain only on unfavorable terms;
- review its design or, in the case of a claim concerning registered trademarks, rename its products to avoid infringing third party intellectual property rights, which could prove to be impossible or very lengthy and costly process that could adversely impact its marketing efforts.

Risk of third parties infringing the Company's intellectual property rights

Other companies could use or try to use elements of the Company's technology whether or not protected by intellectual property rights, entailing potential damage to the Company. The Company cannot with certainty guarantee that it will not institute legal or administrative proceedings to enforce the monopoly conferred by its intellectual property rights (notably its patents, trademarks, software, drawings and designs or domain names), trade secrets or know-how.

The Company may find it necessary to institute legal proceedings to ensure that its intellectual property rights are respected and that its trade secrets and know-how are protected. Any litigation could entail significant expenditure, adversely impact the Company's earnings and financial position and potentially fail to deliver the protection or sanction sought.

Impact of legal proceedings

Should any of these events occur concerning the Company's intellectual property rights, it could have a significant unfavorable impact on its business, outlook, financial position, earnings and growth. However, as of the registration date of this Registration Document, the Company is not faced with any of these situations nor is it involved in any litigation, as plaintiff or defendant, relating to its intellectual property rights or those of a third party.

1.10.4. Financial risks

Currency risk

Due to the international scope of its business activities and operations, the Group is faced with fluctuations in the exchange rates of various currencies, which have a direct accounting impact on its consolidated financial statements. The risks concerned are transaction risks relating to income and expenses denominated in foreign currencies and their translation into euros in the balance sheets and income statements of foreign subsidiaries outside the euro zone.

The breakdown of revenue by currency was as follows in 2014: 81% in euros, 11% in US dollars and 6% in Swiss francs, while the remainder was generated in Japanese yen, Norwegian kroner and other currencies. At the same time, in value terms approximately 80% of raw material purchases and services were made in euros and 20% in US dollars. Moreover, although the Group benefits from partial automatic off-setting, some residual exposure remains. Lastly, a portion of the Group's production activities are based in Switzerland (PET micro-cables and composite materials) in an accounting currency other than the euro. These annual intercompany invoices, which amount to around CHF 45 million, have been the subject of a partial hedging policy. The foreign exchange loss for the 2013 fiscal year amounted to €418,000, while a gain of €566,000 was recorded for 2014.

Section 4.4 of this Registration Document explains the consequences of the change in the EUR/CHF exchange rate following the Swiss National Bank's decision on January 15, 2015 to remove the 1.20 rate cap whereby it had pegged the Swiss franc to the euro since September 2011.

- operating currency risk
The impact of a +/-20% change in the exchange rate of the US dollar and Swiss franc against the euro on net cash flows (sales denominated in foreign currencies - purchases denominated in foreign currencies) on the income statement would have been as follows in terms of pre-tax income and equity as of December 31, 2014:

		Impact on pre-tax income		Impact on equity before tax	
(€000)	Average 2014 rate	20% increase	20% decrease	20% increase	20% decrease
EUR/USD	1.33	1.06	1.59	1.06	1.59
Impact		1,806	-1,204	1,806	-1,204
EUR/CHF	1.21	0.97	1.46	0.97	1.46
Impact		-4,636	3,091	-4,636	3,091
Total		**-2,830**	**1,887**	**-2,830**	**1,887**

(Impact of an increase or decrease of the foreign currency against the euro, excluding any hedging transactions)

Further significant and lasting changes in exchange rates could have a material adverse impact on the Group's earnings, financial position and outlook. Over the first five months of 2015, the USD appreciated by an average of 19% against the EUR compared to the same period in 2014; the average appreciation of the CHF against the EUR was 14% compared to the same period in 2014.

The aim of the Group's hedging policy is to protect the budgeted exchange rates for its commercial cash flows in USD and CHF. The Group usually hedges around 50% of its transactions in its main foreign currencies, i.e. USD and CHF. However, in light of the announcements made by the Swiss National Bank, regarding the removal of the 1.20 cap on January 15, and by the ECB regarding its quantitative easing program on January 22, the Company reviewed the 2015 budget exchange rates set in October 2014 as well as the related hedging policy. In October 2014, for the purposes of fixing the 2015 and related hedging policy, the Group set the budget exchange rates at USD 1.30 and CHF 1.20 to EUR 1. The changes in foreign exchange rates observed in January 2015 led the Company to amend these budget rates and adjust its currency risk hedging policy, where applicable. As of the date of this Registration Document, the only hedges in effect arranged by the Company involved the US dollar.

- financial currency risk

The financial asset and liability positions at December 31, 2014 were as follows:

(amounts in thousands)	USD	CHF
Financial assets / Cash	2,139	---
Financial liabilities	---	5,350

These financial assets and liabilities, which have not changed significantly since December 31, 2014, are not the subject of currency hedges.

- currency risk relating to investments in foreign subsidiaries
A breakdown of consolidated non-current assets is provided in Note 21 to the consolidated financial statements. Non-current assets located in France are denominated in euros. Non-current assets located in Switzerland were translated on the basis of the closing rate of CHF 1.2024 to EUR 1 at December 31, 2014.

The currency hedges in effect at December 31, 2014 are explained in Note 31 to the financial statements set out in Section 4.6 of this Registration Document.

Risks related to customers

In fiscal years 2013 and 2014, the Group's main customer accounted for less than 9% of consolidated revenue and its top five customers accounted for 15.6% in 2014 and 17% in 2013. The Group therefore considers that it has no dependency on any single customer, all the more so given that its top customers are distributors who themselves address a large number of regional or local end customers. Note also that of the top 300 customers in 2012, 197 were already customers of the Group 10 years earlier, which demonstrates the lasting nature of its relationships.

The Group also considers the risk of customer insolvency to be low and has rarely encountered problems with collecting payment or bad debts. Thus, for fiscal year 2014, the net change in provisions for trade receivables impairment was €82,000 compared to €214,000 in 2013 (see also Note 31 "Financial risks" to the consolidated financial statements in Section 4.6 of this Registration Document). Nevertheless, given the weight of certain distributors in the Group's trade receivables, the Company cannot exclude the possibility that provisions or losses on these trade receivables may have a material adverse impact on the Group's earnings, financial position or outlook.

Risks related to suppliers

Given the extent of its vertical integration (see Section 1.5 of this Registration Document), the Group significantly limits its risk of dependency on any single supplier or provider. For most of its procurement, the Group has of least two possible sources.

Like its competitors, the Group has to mobilize resources to ensure sufficient inventories to limit any problems or delay in supply.
The R&D department works continually on projects to develop replacement products for many of the chemical compounds used in the formulation of the Group's flexible composite materials. While waiting for such a product to be developed, any problem or delay in supply could have an impact on the sale of certain ranges of products and could also have a more or less material impact on the Group's sales, earnings and outlook.

Liquidity risks

The Group regularly reviews its financing sources in order to maintain sufficient liquidity at any given time. As of December 31, 2014, cash and cash equivalents amounted to €45,178,000, boosted by the funds raised by the Company upon its June 2014 IPO.

The Group has also entered into a factoring agreement in relation to its French and foreign customers for an amount of €20 million, €13.1 million of which had been drawn as of December 31, 2014.

The bank borrowing repayment schedule is set out in Note 17 to the financial statements, which may be found in Section 4.6 of this Registration Document.

The Group's bank financing includes covenants to maintain financial ratios, as disclosed in Note 31 to the 2014 consolidated financial statements in Section 4.6 of this Registration Document. Breaching these covenants without obtaining a waiver or prior authorization from the lending banks could lead to a demand for the immediate repayment of the capital outstanding on the date of the breach, unless the bank pool has explicitly waived early repayment of the balance owing.

These ratios are tested at each annual balance sheet date based on the financial statements prepared in accordance with the French CRC 99-02 chart of accounts until December 31, 2013 inclusive and in accordance with IFRS as from January 1, 2014:

- Leverage ratio (Net debt / EBITDA) no greater than 3 as of December 31, 2014;
- Gearing ratio (Debt / Equity) no greater than 1.1 as of December 31, 2014.

As of December 31, 2013 and 2014, these ratios were in compliance.

The Company has conducted a special review of its liquidity risk and believes that it is able to meet its future contractual maturities over the next 12 months, as of the date of this Registration Document..

Rate risk

This point is developed in Note 31 "Financial risks" to the 2014 consolidated financial statements in Section 4.6 of this Registration Document.

As of December 31, 2014, total loans and borrowings amounted to €27,717,000, of which €23,268,000 is subject to floating rates.
The financing agreements signed with banks currently require close to 50% of the nominal amount of the contracted floating-rate loan to be hedged. As of December 31, 2013, €5,956,000 was hedged (in the form of fixed-rate payer swaps).

As regards the cost of net debt for fiscal year 2014 plus the increase in fair value of interest-rate hedges, which was -€575,000, a +/-10% change in interest rates applicable to the entire debt would impact 2014 consolidated net income by less than -1% after tax and therefore can be considered marginal.

Risk related to CIR

As part of its innovation policy, the Group benefits from the Research Tax Credit (Crédit d'Impôt Recherche or "CIR" mechanism) available in France to companies investing significantly in research and development. Research expenses eligible for CIR include salaries and benefits, depreciation of research equipment, services outsourced to public or private research bodies, and intellectual property fees.

The possibility cannot be excluded that the tax authorities may decide to contest the methods adopted by the Group for calculating R&D expenses or that the CIR may be challenged by an amendment to the regulations or by the tax authorities, in spite of the Group complying in every way with the regulations in force at the time. Such a situation, should it occur, would have an adverse impact on the Group's business, earnings, financial position, growth and outlook. The CIR tax credit recognized for 2014 amounts to €512,000.

Risks related to access to government advances

As of December 31, 2014, the Group benefits from an OSEO repayable advance in the amount of €107,000 granted in January 2013, to be repaid in eight installments as follows:

- €10,800 to be repaid on December 31, 2015, March 31, 2016, June 30, 2016 and September 30, 2016 and
- €16,000 to be repaid on December 31, 2016, March 31, 2017, June 30, 2017 and September 30, 2017.

Should the Group not comply with the contractual terms and conditions specified in the repayable advance agreements, it may be forced to repay the advances early.

1.10.5. Insurance and risk coverage

The Group has taken out a policy to cover the main insurable risks, with the insured amounts and deductibles it considers to be compatible with the nature of its activities. Furthermore, the occurrence of one or more major claims for damages, even if they are covered by these insurance policies and/or even if they were caused by a third-party fault in manufacturing or installation, could seriously impact the Group's activities and financial position given the interruption in its services that could result from such claims, the delays in insurance company payouts in the event that the policy limits are exceeded, and the resulting increase in future premiums.

The Group's main policies, taken out with internationally respected insurance companies, are as follows:

• **Third party liability** covering personal injury, and tangible and intangible property damage, caused to third parties due to the Group's activities. The maximum insured limits are:

- Operational third party liability: €8 million per claim;
- Third party liability after delivery: €16 million per insured year
- Legal action and defense: €100,000.

Professional third party liability is also included in this policy as additional cover with a separate limit of €800,000.

Property damage and operating losses, with the following total limits including a limit of €65 million per claim:

- "Property damage" limited to €136 million covering fire, explosion and special risks, and €2 million for flood - Deductible of €300,000 per claim;
- "Operating losses" limited to €60 million gross profit - Deductible of 3 working days;

A part of these two policies, the Group has also for many years operated a risk prevention process which involves asking its insurers to provide consulting engineers to carry out annual audits, and implementing any resulting recommendations.

Manufacturing defects, for architectural composite materials and for breathable products. The total limits are €1,524,000 per year and €762,000 per claim.

The Group also has policies to cover the following:

- Transport - inventories and transits;
- Key personnel (Sébastien Ferrari and Romain Ferrari);
- Automobile fleet;
- Credit insurance.
- Directors' and officers' liability.

The Group also has insurance policies for its Swiss entities.

Should one or more of these risks materialize, they could have a material adverse impact on the Group's business, outlook, financial position, earnings or growth.

The expenses recognized by the Group for all its insurance policies totaled €875,000 for fiscal year 2014.

1.10.6. Risks related to the Company's organization

Risks of dependency on key personnel and on the need to attract and retain it

The Group could lose key personnel and be unable to attract new skilled personnel**.**
The Group's success largely depends on the involvement and expertise of its executive team as well as on the directors of the operational entities and managers of departments such as R&D, marketing and supply chain. The Group's executives are also significant shareholders in the Company: see Section 5.1.1 of this Registration Document on the shareholder structure and Section 3.1. for a description of the executive team.
Despite the structure put in place to secure the Group's development, the prolonged unavailability or departure of one or more of these people or other key employees could entail:

- the loss of know-how and customer relationships and the weakening of certain activities, all the worse if transferred to a competitor;
- - a shortage of technical skills, which may slow down certain business segments and, over time, restrict the Group's ability to achieve its objectives.

The Group also needs to recruit new directors, sales staff and skilled staff to develop its activities. Despite the Group's attractiveness in terms of growth prospects, it may not be able to attract or retain these key people on economically acceptable terms. Such a situation could prevent it from achieving its overall objectives and could have a material adverse impact on its business, earnings, financial position, growth and outlook.

Faced with this risk, the Group has put in place contractual provisions specific to its activity and in compliance with labor laws, including non-compete, intellectual property and confidentiality clauses. Lastly, the Group strives to create a dynamic and motivating working environment and pay policy.

Risks related to external growth operations

As part of its growth strategy, the Group may envisage acquiring complementary companies, activities or technologies to pursue its business development, improve its competitiveness in one or more of its current markets or to penetrate new markets. The Group cannot guarantee that such acquisition opportunities will present themselves, or that its acquisitions will turn out to be profitable.
Despite the structure put in place to this effect and the Group's experience curve in this matter, newly acquired entities may prove difficult to integrate, may temporarily monopolize and divert the management team from the Group's existing activities, dilute existing shareholding or negatively impact the Group's financial results and thereby have a material adverse impact on the Group.

1.10.7. Legal and arbitration proceedings

At the date when this Registration Document was registered, there were no administrative, legal or arbitration proceedings, including all proceedings known by the Company, suspended or threatened, which could have a material impact on the financial position, business and earnings of the Company and/or any of its subsidiaries, or which have had such an impact over the past 12 months.

2. Corporate social responsibility

2.1. Corporate social responsibility report

The corporate social responsibility report has been published as a separate document on the Company's website at www.sergeferrari.com, thus providing an improved reading experience compared to the insert on pages 59 to 120 of this Registration Document.

The social and environmental report covers the fiscal year ended December 31, 2014 and includes the following entities: Serge Ferrari Group SA, Serge Ferrari SAS, Serge Ferrari Brasil, Ferfil SA, Serge Ferrari Tersuisse SA, Serge Ferrari AG, Texyloop SAS, CI2M SASU, Serge Ferrari North America, Serge Ferrari Latino America, Serge Ferrari Asia Pacific and Serge Ferrari Japan. These entities are all fully consolidated in the CSR report. However, the Vinyloop Ferrara SAP joint-venture, in which Texyloop has a 40% interest, has been excluded from the scope of the report. Some indicators for this scope have been excluded due to lack of information regarding Group facilities located outside France. These exceptional exclusions are individually mentioned in the reconciliation table in the report. They do not concern significant factors and will be included in the 2015 corporate social responsibility report.

CORPORATE SOCIAL

RESPONSIBILITY REPORT

2014

Vertubleu* ! This report is not an exercise.

We have been an industrial company since 1974. We manufacture and distribute flexible composite materials that are used for many purposes: tensile architecture, solar protection, light scalable structures, indoor and outdoor furniture, etc.

Our story began with a major technological breakthrough, namely the invention of Précontraint technology, which renders composite membranes stronger and more durable by applying tension during the coating process (bi-directional tension throughout the manufacturing cycle). The benefit of Précontraint resides in a simple equation: improving the weight-performance ratio, or in other words, doing better with less. It is this weight-performance ratio that gives our composite materials the strength, lightness, stability and durability that have convinced architects to specify our products for covering infrastructure throughout the world.

However, although our history and convictions are in keeping with a frugal innovation approach, we nonetheless remain an industrial company:

- we consume non-renewable raw materials;
- our plants consume and discharge;
- our components include synthetic chemicals;
- our materials are coated with PVC;
- waste is an issue;
- we are not immune to the risk of accidents;
- our operators may be required to work under difficult conditions.

This is why we felt it was important to draw up a list of the main impacts that we generate and the initiatives we take to mitigate those impacts, taking a step further towards implementing a circular economy. For this reason, we created our own recycling outlet in Ferrare in Italy. In this report, you will find:

- information and key data that will help to improve your understanding of our business;
- indicators relating to our social and environmental performance.

This report is not an exercise. It is the expression of a progressive approach measured via available, comprehensible, measurable and comparable data.
In this report, we have given stakeholders who have supported us during major projects an opportunity to air their views. The views that we exchange and the discussions that we hold with these experts support and guide our approach.

Romain Ferrari | Chief Executive Officer

* Ancient French exclamation of resolve

The upper curve represents less use of materials (fewer materials and less energy consumed to provide the same service)

BIOSPHERE
SOCIETY
ECONOMY

The lower curve represents economic growth

Serge Ferrari

Contents

→ **I/ ABOUT US**
| Our business activities and products
| Key data
| Our model
| Our technology

→ **II/ WHAT ARE OUR MAJOR IMPACTS AND HOW CAN WE REDUCE THEM?**
| Our environmental impact
| Our synthetic chemical components
| Our plants consume and discharge
| Waste is an issue

| **Our staff impact**
| Our operators may be required to work under difficult conditions
| We are not immune to the risk of accidents
| Our business volumes fluctuate
| We need to preserve our human capital

| **Our social impact**
| We need to raise customer awareness
| We are increasing cooperation with our stakeholders
| We support employment and promote the attractiveness of our regions

→ **III/ APPENDICES**
| Indicators and cross-reference table
| Statutory Auditor's report

28 minutes
of useful reading…

An average reader will take just under half an hour to get through this CSR report, which focuses on:

- major impacts,
- measures implemented to reduce them,
- initiatives taken to go further.

The first section of this report provides an overview of the Company. The second section is dedicated to its impact. The third section sets out the indicators required by the French Grenelle II Act. These indicators may be viewed on our website sergeferrari.com.

Enhanced reading

The text is interspersed with QR codes giving access to video content designed to enhance your reading.

About us

About us

Our business activities and products

Serge Ferrari has been designing, manufacturing and distributing innovative flexible composite materials delivered in the form of reels since 1973. Starting with a single application, the Company has gradually expanded its offering, which now covers three different sectors:

→ **Innovative composite materials for architecture**
Précontraint composite tensile roofs, solar protection and bioclimatic facades, acoustic solutions and waterproof breathable membranes.

→ **Advanced composite materials for professionals**
Light scalable structures for industry, environmental protection, agro-energy, safety and visual communications.

→ **Composite membranes for residential markets**
Indoor and outdoor furniture, yachting and solar protection.
The durability, strength, lightness and recyclability of Serge Ferrari's materials meet the requirements of sustainable construction:

- lower material density,
- energy savings,
- functional strategy,
- circular economy

The circular economy according to **Emmanuel Delannoy**

For Emmanuel Delannoy, Director of the INSPIRE Institute, the circular economy consists of all the production and consumption methods that enable the consumption of natural resources to be combined with the creation of value by the economy. The circular economy is driven by various factors, including eco-design, industrial and regional ecology, different forms of collaborative economy, etc. The circular economy provides a tangible response to the reversal of scarcity and abundance, an issue of growing importance: raw materials, including fossil fuels, are dwindling and biodiversity and soils are becoming depleted, while there exists an intangible reserve that is insufficiently exploited, namely know-how, knowledge, skills and collective intelligence, etc. Accordingly, in Emmanuel Delannoy's view, we must go beyond the ability to produce at the lowest cost and reverse the pattern generated by successive industrial revolutions, in order to place service at the center of the model and raw materials on the edge. In the words of INSPIRE's director, "*Serge Ferrari is right at the heart of the matter! The Group is investing heavily and innovating strongly in these areas of action. These commitments reflect the firm decisions made by its management. They have conducted an in-depth review, which is primarily reflected in a determination to work inside a network together with their customers and suppliers, in order to achieve sustainable business solutions*".

About us

→ OUR HISTORICAL MILESTONES

1973	Foundation of the Company by Serge Ferrari
1974	First development of the Précontraint® process
1985	Approval of the diversified niche business model
1997	Acquisition of the Batyline business (Taraflex)
1998	Vinyloop® basic process with Solvay
2000	Acquisition of Swiss-based Tersuisse (Lucerne) (JV with Rhodia Group)
2001	Acquisition of Swiss-based Forbo-Stamoid (Zurich)
2002	Foundation of Serge Ferrari North America (Florida)
2004	Development of Serge Ferrari Japan (Tokyo)
2005	Acquisition of a 100% interest in Tersuisse
2007	Development of Serge Ferrari Asia Pacific (Hong Kong)
2008-2012	New Group ERP (SAP)
2011	Launch of the Serge Ferrari umbrella brand
2012	Foundation of Serge Ferrari Brasil; improvement of product mix; new sales organization
2013	Re-engineering of formulations; industrial efficiency plan
2014 IPO	The Company becomes a French limited company with a Board of Directors.

SIAAP water treatment plant
Today, water treatment plants are reducing their impact and producing agro-energy

Key data

→ REVENUE
€142.3 million

Breakdown of revenue by market

Innovative materials for architecture	40%
Advanced materials for professionals	35%
Composite membranes for residential markets	25%

Breakdown of revenue by geographic region

Southern Europe	36%
Wide Europe	38%
Rest of World	26%

→ INTERNATIONAL

Production and recycling facilities
La Tour-du-Pin (France), Eglisau (Switzerland), Emmenbrücke (Switzerland) and Ferrara (Italy)

Subsidiaries
United States, Japan, Hong Kong and Brazil

Offices
Spain, Turkey, China, Singapore and Dubai

→ HUMAN RESOURCES
605 employees
377 manufacturing and logistics
122 sales
106 support functions

33 nationalities represented
42% of staff in the international segment

A network of over 100 distributors
A portfolio of 1,500 customers in France and abroad

→ INNOVATION
R&D department
28 employees

Annual budget
€5 million or 3.6% of revenue

3 Laboratories
Lucerne
Eglisau
La Tour-du-Pin

33 active patents
18 of which are currently in use

Our model

→ Innovative industrial production technology

In 1973, Serge Ferrari invented Précontraint, a patented material that combines lightness, strength and durability and offers a weight-performance ratio that meets the requirements of the most demanding projects. Thanks to this technological advance, which is still relevant today, the Group has been able to establish itself on many markets in France and worldwide.

→ Lighter construction systems

Using Précontraint composite materials helps to reduce the material density of structures and increase the functional density of resources. These materials:

• are intrinsically efficient in terms of their use of raw materials,
• are light and extremely strong and durable,

• can be installed quickly (prefabrication prior to installation),
• are easily scalable, dismantlable and reusable,
• are 100% recyclable thanks to the Texyloop process.

→ Reducing energy consumption

Précontraint composite membranes help to improve the energy footprint of buildings by achieving efficient solar gains. They make an effective contribution to reducing the use of air conditioning.

→ Improving visual and acoustic comfort

Thanks to their different texture and transparency, Précontraint composite materials provide the right amount of natural or artificial light, without sacrificing user comfort. Their intrinsic sound absorption performance is high and avoids the need to use bulky absorbent materials.

> London Main Olympic Stadium
The Précontraint membrane roof has been partially dismantled and reintegrated into in the new configuration.

Texyloop, according to Dan Epstein, Head of Sustainable Development for the ODA (Olympic Delivery Authority)

> Scan QR code to watch video

Our technology

Bi-directional tension: threads kept perfectly straight
Surface treatment
High-strength polyester micro-cable mesh

→ Précontraint technology: the manufacturing process

Précontraint technology consists in performing the coating operation under bi-directional tension (in the direction of both warp and weft) throughout the manufacturing cycle. The flexible high-strength PET micro-cable mesh is coated with several layers of polymers whilst remaining under bi-directional tension: this provides a dual benefit, namely eliminating distortions under load and avoiding the need to periodically adjust the tension of the material after final assembly.

→ Mechanical and aesthetic durability

The membrane is flatter due to the tension applied. **It is better protected by a very thick, uniform layer of coating on top of the threads.**
Conversely, materials produced using standard industrial technologies display significant shrinkage and are therefore less protected by the coating, leading to faster deterioration.

240 microns of protection (Type I)
> Better protection against UV rays and wear
80 microns of protection (Type I)
> Less protection against UV rays and wear

→ Stable dimensions

Tensioning the membranes throughout the coating process also makes them highly resistant to stretching over the long term. Accordingly, Précontraint materials suffer minimal extension in the warp direction compared with conventional materials.

Précontraint composite material

Under tension for 100 hours

BEFORE	DURING	AFTER
	0.8% extension	0.4% residual extension
	200 daN/m	Zero load

Standard coated material

Under tension for 100 hours

BEFORE	DURING	AFTER
	2.5% extension	1.4% residual extension
	200 daN/m	Zero load

What are our major impacts and how can we reduce them?

What are our major impacts and how can we reduce them?

Our components include synthetic chemicals

→ IMPACT

The raw materials we use for our manufacturing processes include a large number of synthetic chemical products, including PET, PVC resins, solvents, silicones, varnish and plasticizers. For this reason, we are committed to measuring and reducing the impact of our products on health and the environment:

→ INITIATIVES

• By performing LCAs (life-cycle assessment, a method of assessing a product's environmental impact throughout its life cycle) on our products. We currently perform this assessment on 86 categories of items representing 65% of our product references. These LCAs, which are ISO 14040 and ISO 140044 certified, are performed by specialized and independent consultants (EVEA Conseil).

• By designing the Eco-Identity tool, which rates five environmental and health indicators for a product. This tool enables us to assess our preparation for potential future regulatory requirements, by showing whether our product offering complies with the legislation (R), or exceeds what is required by the legislation (R+1, R+2 and R+3). This tool, which now covers 95% of our products, will be extended to all our ranges in 2015.

• **By introducing FDES** environmental and health declaration forms **and EPDs** (Environmental Product Declarations) for several product ranges.

SAMPLE ECO-IDENTITY PROFILE: STAMSKIN ZEN

HEALTH PRECAUTION
INDOOR AIR QUALITY
ENVIRONMENTAL FOOTPRINT
CIRCULAR ECONOMY
RENEWABLE CONTENT
R+3
R+2
R+1
R

HEALTH PRECAUTION: R+3: phthalates content less than 0.1%
INDOOR AIR QUALITY: R+2: A+ classification for health labeling
ENVIRONMENTAL FOOTPRINT: R+2: specific LCAs
CIRCULAR ECONOMY: R+2: effective recycling via the Texyloop process
RENEWABLE CONTENT: R: no bio-sourced components

> The Eco-Identity profile sets out a product's environmental and health performance. Level R represents compliance with the regulations. Establishing this profile helps to guide our actions for improvement depending on the product's actual use.

• By including precautionary measures as early as the design stage: for instance, we have recently designed several products with no phthalate (an additive currently used in plastics to make them supple and flexible), i.e. Batyline (outside France) and Stamskin (Zen and Top).

• By focusing on bio-sourced components produced from bio-mass (hemp fibers, plasticizers produced from rapeseed, etc.). We have filed several patents in this area and have created eco-designed products, such as DECOLIT BB 251 Biosourcé, made from exclusively bio-sourced plasticizers. Although the amounts produced are still symbolic (100,000 m^2 in 2014), production is increasing and is allowing us to try out alternative options in the field.

Environmental impact is a field of action in industrial ecology, according to **Suren Erkman**

Reducing the environmental impact of the products and services that form part of the industrial system in which we live is one of the many areas of action in the industrial ecology. “Industrial ecology”, which combines an analytical and operational approach, aims to reorganize the current industrial system, in order to make it viable and compatible with the biosphere. However, such compatibility entails rebalancing measures which require profound rethinking of the processes for producing goods and services whose everyday use generates pollution (organic waste, food packaging, solvents, etc.). To achieve this aim, the current industrial system, which is a greedy consumer of fossil fuels, must literally go on a diet. It must rely on new sources of energy, including intercompany collaboration on a large scale. “Serge Ferrari has already aligned itself with this approach, by going out to meet its suppliers and customers”, Suren Erkman underlines. “The new business models that the Group has introduced with Freitag and Lafuma, the systematic performance of LCAs and material flow assessments across the product range, the roll-out of these processes with its customers, and the PVC recycling partnership with Solvay are all initiatives that express an ability to co-design, innovate and draw up genuine industrial strategies over a 5 or 10-year timeframe. A company like Serge Ferrari is much further advanced in implementing the circular economy than all the words spoken on this subject”.

Suren Erkman is a science writer and professor at the Institute for Communication and Analysis of Science and Technology in Geneva, Switzerland

→ KEY DATA

100,000
square meters of products containing agro-sourced materials

65%
of our products have already been the subject of an LCA

Our plants consume and discharge

→ IMPACT
Like all plants, our three production facilities consume resources (water, air, etc.) and generate pollutants (discharges, VOCs– volatile organic compounds, etc.). This is why:

→ KEY DATA
100% of our industrial facilities will be ISO 14001 and ISO 50001 certified by 2015
We are investing €2 million per year in preventing risks and reducing our environmental footprint.

→ INITIATIVES
• We aim to extend ISO 14001 (environmental management system) certification to 100% of our industrial facilities (53% of our facilities were certified in 2014) and to introduce ISO 50001 (energy management system) certification in France.

• We are seeking to reduce our consumption of water, energy (GWh) and raw materials (PET, resins and other polymers, etc.), as well as CO_2 and VOC emissions and waste.

• We spent over €2 million on investments dedicated to preventing risks and reducing our environmental footprint in 2014.

• The extensive use of solvents at the varnishing stage is likely to generate significant emissions of volatile organic compounds (VOCs). We introduced a prevention and anticipation plan in 2000, which enables us to increase the effectiveness of our mitigation system.

• We implemented a plan aimed at protecting biodiversity in the surroundings of our La Tour-du-Pin production facility in 2014.

Implementation of the “Damselfly” Biodiversity Plan

During an audit focusing on native species living close to our La Tour-du-Pin industrial facility, a rare protected species was identified, namely the Southern Damselfly (dragonfly family). We specifically took measures aimed at stabilizing banks prior to development using plant engineering techniques (reinforcement with black locust piles and shrub willow meshing).

The main aims of the Biodiversity Plan are:
• to raise the awareness of employees working in production, in order to switch from a conventional pollution prevention approach to an approach aimed at preserving natural capital;
• to strengthen ties with local stakeholders via tangible concerted initiatives (voluntary organizations, district groupings, public-private development associations, ecologists and landscape architects);
• to encourage our integration into the local region, particularly among the neighboring community.

Waste is an issue

→ IMPACT

The LCAs have shown us that 80% of the impact of our products occurs in the upstream sector of our industry, during the raw material extraction and production processes. In addition, the composite materials that we bring to market were not recyclable. They were either incinerated or sent to landfill, and their end-of-life was a problem for the environment.

→ INITIATIVES

• Although we are not subject to EPL (extended producer liability), we have made substantial investments in Texyloop, a patented process that enables us to recycle products. This process consists in transforming used composite membranes in order to obtain a PVC compound (granules) and uniform polyester fibers of very high quality. We developed this process together with an industrial partner, with whom we jointly manage a plant located at Ferrare in Italy, which is capable of recycling several hundred tonnes of used materials per year.

The plant has been operating since 2008, and our collection network now includes 113 industrial companies and/or customers who have signed the Texyloop Charter. Since the start of our involvement in the creation of Texyloop in 1998, our investments in this business have totaled over €10 million.

• Thanks to Texyloop, we are reducing our impact via oversetting, an operation that is even more efficient than insetting (see page 24). Accordingly, by recycling 900 tonnes per year (2014) we have reduced the impact of our operations by 30% (compared to an end-of-life incineration scenario). A relatively simple calculation shows that recycling 5,000 tonnes of end-of-life products every year would enable us to offset this impact via a “zero-sum” effect.

• We are developing commercial applications for the “secondary” polyester fibers produced by recycling.

• At the same time as recycling composite membranes, which is merely the ultimate end of their life, we are working on supporting the options for redeploying and reusing them beforehand.

→ KEY DATA

€14 million

amount invested in the Texyloop business by Serge Ferrari since 1998

900 tonnes

of materials recycled using Texyloop in 2014 (a 24% increase compared with 2013)

-58%

the saving achieved via Texyloop in terms of the water consumed throughout the entire life cycle of a composite material

Romain Ferrari, Serge Ferrari's Chief Executive Officer

What is the industrial reality of using the Texyloop recycling process today?

> Scan QR code to watch video

80% of your products' impact is upstream: isn’t that upstream sector of your industry the one that should be taking measures?

> Scan QR code to watch video

Recycling

Reuse

50%

Freitag
reuse is the focal point of the product

To guarantee its supply channels over the long term, Freitag, a Swiss manufacturer of bags designed from used truck tarpaulins, approached Serge Ferrari, which was in turn looking to develop a collection and recycling outlet for the same tarpaulins. The two companies began to work together: Serge Ferrari opened its network of European tarpaulin manufacturers to Freitag. In exchange, Freitag committed to provide its production off-cuts – i.e. 50% of the raw materials collected by the company – to the Texyloop recycling outlet at a price of €450 per tonne. As well as boosting the recycling collection channels in order to recycle over 50 tonnes of truck tarpaulins per year, this joint initiative enables the consumption of non-renewable resources to be limited by extending their useful life via a reuse loop. The loop is in the process of being closed thanks to the forthcoming marketing by Freitag of bags produced from materials recycled by Texyloop.

Waste is an issue

Reducing the impact by **oversetting**

Industrial activities consume resources and generate pollution. Several strategies may be envisaged to reduce this impact.

The most immediate strategy involves insetting: this means reducing consumption, replacing polluting processes by other more efficient processes, and giving up sources of non-recyclable or non-renewable materials and energy as far as possible.

Another avenue is opening to industrial processing companies like Serge Ferrari, namely oversetting. To assess the challenge, we would remind you that the overall impact of a conventional industrial sector usually occurs prior to the processing stage, i.e. mainly during the extraction and production of raw materials. Accordingly, although an industrial processing company may well reduce its impact to zero, it would ultimately only reduce the total impact of the sector from 100 to 90…

However, if it invests in developing an end-of-life product recycling loop at its own initiative, it can then make a claim to the benefits resulting from this operation.

	Consumptions or emissions in 2014	Reduction provided by the recycling business (900 t)	Oversetting saving as a %
Energy (GWh)	63	-8.88	**-14%**
CO_2 (t CO_2) processes	10,875	-2,295	**-21%**
Non-Hazardous Waste (tonnes)	2,046	-246	**-12%**

A green roof made from Texyloop fibers

La Varenne Environnement, a French green roof specialist, chose to include non-woven Texyloop made from recycled polyester when installing the green roof for the Firminy Hospital Complex. 85% of this non-woven carpet, used to grow sedum, consists of raw materials (polyester and wool fibers) that have been recycled using the Texyloop process. The use of this Ecocert-certified layer instead of a virgin non-woven material results in a reduction of over 30% in the environmental impact.

Growing mat using non-woven Texyloop®

Non-woven Texyloop® used as a filtering layer

Waterproof membrane

Vapor barrier

Plant substratum

Drainage layer (pozzolana)

Insulation

Concrete support platform

Our operators may be required to work under difficult conditions

→ IMPACT

The teams working at our production facilities are exposed to noise, high temperatures, substances and electro-magnetic fields. This is why:

→ INITIATIVES

• We **accurately measure exposure conditions in the workplace on a regular basis**. We take advantage of this obligation (as part of the Single Document) in order to carry out in-depth investigations that are relevant to our businesses and the products we handle.

• We perform an **ongoing proactive watch** on substances likely to harm human health and the environment. We introduce substitution policies whenever possible. For instance, we carried out a ranking of suspected EDC (endocrine disruptors) substances with an independent European laboratory; the cost of this research and the series of toxicology laboratory tests amounted to €120,000. We share the results of this work with government authorities.

→KEY DATA

3x8

The Group's production and logistics teams work on a 3x8 shift basis, although the night shift teams are permanent, so as to respect the operators' lifestyle as far as possible.

€120,000

dedicated to research and toxicology lab tests on EDCs.

We are not immune to the risk of accidents

→ IMPACT

The teams working at our industrial facilities are not immune to the risk of accidents. This is why health and safety are amongst our top priorities.

→ INITIATIVES

• We allocated a budget of **€84,000 to health & safety training** for our employees in 2014. 305 training initiatives were provided to our production teams in areas relating to risk-prevention and familiarization with safety rules.

• Following five years of continued decrease (the number was divided by seven between 2009 and 2013) **in the number of workplace accidents**, the number rose again slightly in 2014. Most of these accidents are not very serious. **In fact, the severity rate** fell significantly between 2013 and 2014. The Group ranks below average compared to companies in the same business sector: the total accident frequency rate is 29.6 for the textile industry, compared with 21.37 at Serge Ferrari. The severity rate is 1.7 for the textile industry compared to 0.46 at the Group.

• Over the past ten years, the **Group's safety policy has been developed on a vertical basis**, i.e. an approach by business line and topic (working at height, controlling fire risks, etc.), which ensures that every risk identified is taken into account and dealt with. This prevention work has enabled us to control most risks and to reduce the frequency rate and/or severity rate of accidents. However, unidentified risks still remain. An assignment aimed at reducing accidents by **increasing collective awareness of best safety practices** is currently being rolled out.

• The **absenteeism rate** is relatively low: it amounted to 4.15% at Group level in 2014, compared to an average of around 8% at other companies operating in the same sector.

• **Safety** is now used as an **evaluation criterion** for assessing managers' efficiency in managing their respective teams.

Workplace accidents and absenteeism in the Group

	2013	2014
Total accident frequency rate (TF2*)	14	21
Accident severity rate (TG)**	0.74	0.55
Absenteeism rate (illness and lost time) up to one year	3.75%	4.15%
Number of days absent	4,393	4,831

*   All reported industrial accidents with and without lost time
** Number of days of lost time per thousand hours worked

→KEY DATA

€85,544

invested in health & safety training for our employees

305

people have received health & safety training (including mandatory training)

Our business volumes fluctuate

→ IMPACT

Our business activities are characterized by regular peaks and troughs. We have introduced several measures to anticipate these changes as closely as possible and to avoid periods of short-time working:

→ INITIATIVES

• **The introduction of multi-skilling** in the organization of work at our French facilities enables us to maintain the employability of our staff while enhancing their professional experience. During quiet periods, our teams are specifically assigned to controlling the quality of the materials delivered to the La Tour-du-Pin facility, which will then be recycled using the Texyloop process. The same teams are also capable of operating on the recycled fiber carding line (finishing process), which has been operating at the Texyloop outlet in La Tour-du-Pin since December 2014.

• **The introduction of a team of in-house trainers** at our French production facilities, based on the principle of "one colleague training another". The team consists of 8 accredited trainers (i.e. 2.3% of the French headcount) who provide training courses that lead to a qualification; these courses are recognized by several collective bargaining agreements (2013 Inter-Professional Qualification Certificate, which was renewed for the following years). To date, 57 of the 200 staff employed in the workshop have received training enabling them to perform multiple jobs. This training method encourages the sharing of experience, synergies between teams and mutual recognition. The effects are also significant from a quality control standpoint, thanks to improved coordination and responsiveness.

The working time adjustment and multi-skilling agreement, as seen by **Marcel Priolo, Tony Albert and Benoît Salamin,** representatives of the Serge Ferrari **employee union**

The Serge Ferrari employee union was created in 2009 and now has 137 members. All the members take part in the mandatory annual negotiations via a collective consultation method. The union is neutral and independent, and represents “an interesting system of checks and balances that aims to establish a constructive dialogue with management, in order to change the company together”, according to Marcel Priolo, Tony Albert and Benoît Salamin. In 2012, the union negotiated the working time adjustment agreement that enables fluctuations in business volumes to be managed, in order to minimize absenteeism and avoid short-time working – “a major upheaval for everyone”, according to the elected representatives. “During periods of peak activity, the pay for the overtime performed by the teams is increased by 35%. Quiet periods are smoothed out by offering hours of leave at the end of the year and by reclassifying the workshops. This flexible adjustment option, which is facilitated by differences in workload patterns between the various workshops, has been optimized by the multi-skilling plan, which is based on in-house training between employees. The initiative was initially hard to implement, since operators build up an affinity with their production facility and are apprehensive about entering an unfamiliar working environment. However, the initiative is now highly appreciated and helps the teams to get to know one another”, the representatives conclude.

Training in a nutshell

→KEY DATA

2014 training budget:

€317,633, or 3% of the payroll.

8 in-house trainers

51% of the French employees followed a training course in 2014.

→ INVESTMENTS IN TRAINING DURING 2014 (SEU)

Total cost of training courses (€)			
	Women	**Men**	**Total**
Supervisor	17,044	76,666	93,710
Executive	36,533	76,903	113,436
Employee	30,600	13,438	44,038
Worker	264	66,185	66,449
Total	84,441	233,192	**317,633**

→ BREAKDOWN OF EMPLOYEES WHO COMPLETED AT LEAST ONE TRAINING COURSE IN 2014 (SEU)

Number of persons who completed a training course			
	Women	**Men**	**Total**
Supervisor	5	33	38
Executive	13	39	52
Employee	20	7	27
Worker	1	53	54
Staff trained	39	132	171
% of staff trained	46%	53%	51%

Romain Ferrari, Serge Ferrari's Chief Executive Officer

Your business volumes fluctuate but you do not use short-time working in France: **how do you do it?**

> Scan QR code to watch video

We need to protect our human capital

→ IMPACT

Staff turnover at our Group is very low (less than 4%), and 92% of our employees are employed on permanent contracts. The average length of service is 11 years for the La Tour-du-Pin facilities and 17 years for our CI2M subsidiary. The average age of our employees is increasing at the same time. However, we consider this as an opportunity and a strong sign of employee commitment and the quality of their working life.

→ INITIATIVES

• We negotiated the introduction of an initial physical hardship plan with our trade union partners in 2012. This plan, which was rolled out over three years (until 2014) and was supported by the CRAM (Regional Health Insurance Scheme), amounted to €320,000. The plan specifically provides for:
- developing skills and qualifications;
--managing the final stages of careers and maintaining senior workers in employment;
- the adjustment and layout of workstations with the assistance of an ergonomics firm which trains our design offices. Accordingly, the weaving machines are now fitted with boosters, which support the chains, and loaders, which reduce the carrying of loads.
These initiatives are in keeping with a long-term approach based on investing in technical facilities, training new work organization.

• Our Group is characterized by the fact that it designs, manufactures and commissions its own production equipment. The aim is to control the quality of the process and protect our know-how. This activity employs 25 people on average (in-house design office and CI2M, our special machine manufacturing subsidiary). Accordingly, **every production and maintenance operator contributes to the design, ergonomics and production of their work tools**. Furthermore, our design offices are in regular contact with the operators who run the production lines, in order to adapt and improve existing machinery.

Breakdown of employment contracts within the Group (2014)

Permanent contracts: 92%

Production fixed-term

contracts: 2%

Fixed-term contracts

excluding production: 2%

Work-study contracts: 1 %

Temporary contracts: 3%

→KEY DATA

€320,000 invested over three years in order to introduce the physical hardship plan
49% of the French employees became shareholders in the Group when it was listed on the stock exchange in 2014.
92% of the Group's employees are on permanent contracts
4% turnover rate across the Group

• We focus on **promoting the skills and the work performed by our production employees**:
- by informing operators of the final applications of what they make in the workshop and the most representative commercial successes;
- by allowing the managers the independence required to develop their teams.

• We implement a **compensation policy that is above the national average** on the production side.
- The teams receive a salary equivalent to 1.9 times the French minimum wage on an overall basis.
- A profit-sharing scheme that includes the production management staff and the staff included in the direct labor category has been set up. These employees share in the profits in proportion to the Group's overall performance in terms of productivity and quality.

• All Group employees benefit from **indirect income**.
- The French employees have benefited from a family mutual insurance company and personal insurance for a long time. Serge Ferrari also finances healthcare insurance for all of its foreign employees.
- The Company has had a mandatory profit-sharing agreement since December 16, 2004.
- A collective retirement savings scheme (PERCO) was set up on December 6, 2011. Over 55 % of employees have enrolled in the scheme to date.
- A Serge Ferrari collective employee shareholder mutual fund (FCPE) was set up on April 28, 2014. 49% of employees have subscribed to the fund.

Employee well-being survey

A survey on well-being in the workplace was carried out by Deux Point Cinq at the La Tour-du-Pin facility in 2013. 187 employees, i.e. half of the workforce, took part in the survey. As a result, a working group was set up to focus on four topics for 2014: diet, physical activity, staff commitment and well-being.

The survey focused on personal lifestyle habits from a physical standpoint (sport, diet, weight, smoking, sleep, health problems, etc.) and on professional life from a psychological standpoint (stress, satisfaction at work and work-life balance).

As a practical follow-up to the results of the survey, to enable willing employees to make their daily lifestyles more healthy, workshops led by external specialists were set up, focusing on diet, stress management, tips and advice on better sleep, and sports coaching. These workshops were supplemented by the availability of more balanced products in the food dispensers, and by installing a shower in one of the workshops to encourage employees to do some sport.

→KEY DATA

62% of French employees view their work-life balance as satisfactory

72% of the individuals questioned believed that their job was satisfying overall

52% experience an average degree of stress at work, while 28% experience a high degree

71% consider that their job and tasks are sufficiently clearly defined

We need to raise customer awareness

→ IMPACT

Our customers are increasingly aware that an environmentally efficient product or service can be a selling point that helps them stand out from the competition. However, they do not necessarily know how to assess or promote such a selling point. This is why we help them to assess the environmental impact of their products and services.

→ INITIATIVES

• We perform **Life Cycle Assessments on behalf of our customers**, which enable them to assess the environmental impact of their products and solutions. We manage the implementation of these studies, which are performed by an independent specialist. Six LCAs have been performed for our customers since 2011, each of which covered a specific scope.

• We also manage **alternative consumption studies** for customers with products aimed at the general public. This enables them to address a new end-user target group whose influence on their market may sometimes be unknown. Alternative consumers, who are very sensitive to recycling and are seeking offers where the environmental footprint is measurable, can actually play the role of specifiers. The range of garden chairs using interchangeable canvas developed in collaboration with Lafuma and Botanic in 2010 specifically meets these new requirements.

Locabri, an offer that **addresses the functionality economy**

Locabri has been manufacturing and marketing scalable metal and textile frames since 1975, either by leasing them or by selling them to rental companies. These removable frames are mainly intended for the organization of events, where aesthetic appearance is crucial, and for storage, where companies prioritize technical quality. The study commissioned from EVEA Conseil by Serge Ferrari focused on the “industrial and commercial storage” aspect. The study combined two methods: an assessment of material and energy flows, followed by a life-cycle assessment that took five indicators into account, i.e. energy, climate, photo-chemical pollution, resources and water consumption. The results generated following a two-year study proved that the solutions offered by Locabri have an impact that is 50% lower than constructing a building or renting a bricks & mortar warehouse. The savings ratio is primarily due to the lightness of the structures. Reducing the amount of materials used in the structure enables its volume to be optimized and makes it easier to transport. “*Serge Ferrari is driving us forwards by financing this kind of study; the Group is seeking to offer new products and more qualitative solutions that enable the entire profession to progress. Where the environmental aspects are concerned, the Group does not hesitate to act as a supplier in order to serve a profession and an outlet. This is a win-win relationship, first for the downstream segment of the industry, and secondly for the Serge Ferrari Group in the longer term*”, Eric Dewinter, Managing Director of Locabri, concludes.

Transatube, a successful collaboration between **Serge Ferrari, Lafuma** and **Botanic**

Serge Ferrari has been working with Lafuma in the garden furniture sector for a long time (Batyline range). As Lafuma wanted to confirm its positioning as a committed company, Serge Ferrari offered to commission a study aimed at quantifying the number of “alternative consumers” among the gardening customer population group. The results turned out to be surprising: 33% of all customers are apparently “alternative”! The idea of a new range then emerged, i.e. offering a steel “High Elasticity Limit” furniture frame with recyclable and easily removable textile finishings. The finished product would be distributed by Botanic, which also wanted to boost its green offering and increase its customers' loyalty. This is how the Transatube was born: a customer who goes to Botanic to buy garden furniture is offered a product designed by Lafuma and fitted with a Batyline fabric seat that is particularly recommended for outdoor applications. The customer has the option to replace the seat, while keeping the frame, and benefits from a price reduction if they return the used seat, which is then recycled using the Texyloop process.

“Texytool” by **Jean-Baptiste Puyou**, Managing Director of EVEA Conseil

EVEA Conseil is helping Serge Ferrari to design calculation tools that enable it to outline an eco-design approach. One example is Texytool, a web tool developed for printers by EVEA on Serge Ferrari's initiative. Thanks to this educational and ergonomic tool, fabric printers can draw up their own solution and assess its environmental impact. They are not only able to choose Serge Ferrari products and calibrate their size, but can also add items that Serge Ferrari does not manufacture but whose integration ultimately amounts to an application (e.g. eyelets). “*It is at this second level that Serge Ferrari is venturing outside its scope, in order to go beyond the product and focus on the impact relating to the actual printing process*”, Jean-Baptiste Puyou explains. “*The information provided largely exceeds the scope of the product, as communication covers the impact of the overall solution. Thanks to this tool, Serge Ferrari is taking an educational approach and displaying initiative, by offering a non-mandatory service involving the return of its products. We are well beyond the standards of a B-to-B offering*”. The fact of having such data is important for printers, since product recycling now represents a selling point: solution uses are actually reduced over time.

Romain Ferrari, Serge Ferrari's Chief Executive Officer

Why do you perform LCAs for your customers?
> Scan QR code to watch video

We are increasing cooperation with our stakeholders

→KEY DATA

60,000 m^2 of recycled materials entrusted to Texyloop by JCDecaux in 2014

23 tonnes of second-generation raw materials produced by recycling the membranes that covered the wings and roof of the London Aquatic Centre.

→ INITIATIVES

• We **created a network** of around 10 independent tarpaulin manufacturers, whose business lines are complementary, in 1974. At the time, our aim was **to make our customers' economic territory more fertile**, and to avoid a concentration in the sector, which would inevitably have forced us to deal with two large customers, rather than 50 medium-sized ones. The initiative was a success: we managed to retain an ecosystem comprising a wide variety of participants, all recognized experts who are close to their respective customers. The Textile Builders Network (which became the Serge Ferrari Expert network in 2014), currently includes 94 members divided between eight European countries.

• We work with our direct and indirect customers at a very early stage, in order to **design solutions that encourage reuse and recycling**. Accordingly, during the preparatory stages we worked with the organizers of the London Olympic Games in order to design temporary infrastructure, such as the Olympic swimming pool, which was designed so that the side stands could be removed and the membranes covering them recycled. We have also set up partnerships with industrial companies who want to recycle their used materials, which include Club Med, the Morzine-Avoriaz ski resort and JCDecaux.

• **We think up new areas of application** for our products, implying an increase in their technical and environmental performance. For instance, we are currently experimenting with adapting our composite membranes to the aquafarming sector: we are working with Norwegian design offices in order to create waterproof pockets that are capable of creating an aquatic environment that is both sealed and self-sufficient.

→ **Recycling an artificial lake liner** in Avoriaz

The Morzine-Avoriaz ski resort, which is highly committed to sustainable development (ISO 14001 certified) is significantly increasing the number of practical initiatives aimed at encouraging recycling. In July 2013, as part of the upgrading of high-altitude reservoirs, the resort undertook the renovation of the artificial lake installed 15 years ago in order to produce artificial snow. The resort entrusted Texyloop with recycling the old liner (a coating laid on the sides of the basin). After treatment, that coating is expected to produce over 2 tonnes of so-called second-generation materials.

→ **JCDecaux's** commitment to **recycling its advertising canvases**

JCDecaux has made a strong commitment to sustainable development over the past few years, One of the company's commitments, as Virginie Gatin, the Group's Director of Sustainable Development and Quality Assurance, explains, is to produce less waste and to recycle it. "*Obviously, this waste includes our event canvases made out of PVC*", says Yves Roquebert, the Technical Advertising Director. "*The paradox inherent to our business is the fact that we use a very durable product on a highly temporary basis. However, we know that we currently have no alternative to PVC in terms of quality. This is why it was important for us to turn to recycling. We looked at several recovery solutions, and Texyloop appeared to be the most appropriate".* As Virginie Gatin sums up:
"Thanks to the Texyloop process, we are producing less waste and, more importantly, we are creating new raw materials". A partnership with Serge Ferrari was signed in late 2012, for which JCDecaux is assuming the full cost, and which also specifies that the canvases must be recycled within six months following their removal. JCDecaux entrusted Texyloop with over 44,000 m² of canvas to be recycled in 2013; that figure amounted to 60,000 m² in 2014.

THE LONDON AQUATIC CENTRE AT THE LONDON 2012 OLYMPIC GAMES

The London Aquatic Centre, designed by architect Zaha Hadid, symbolizes the environmentally-friendly approach adopted by the organizers of the 2012 London Olympic Games, i.e. building permanent structures if they could be used after the event, or temporary structures in the opposite case. Accordingly, in the case of the London Aquatic Centre, it was decided that only the central part would be retained, and that the side wings would be dismantled. The Serge Ferrari composite materials used for the roof and external walls were therefore removed, between the end of October 2012 and January 2013, packed up and sent to Texyloop. Based on LCAs performed by EVEA, the recycling of the roof and walls using Texyloop enabled the environmental impact to be reduced by 50%, by producing 23 tonnes of second-generation raw materials.

We support employment and promote the attractiveness of our regions

→ IMPACT

We are very concerned about supporting local jobs and contributing to the growth of the regional economic fabric. This support is specifically illustrated by hands-on collaboration with local authorities and professional networks.

→ INITIATIVES

• **We maintain close ties with the regional authorities and bodies** that work on developing employment, training and qualifications. Accordingly, we set up an Industrial Equipment Operator (CQPI) training program for all the employees in the weaving and coating workshops in November 2012, in order to encourage multi-skilling among operators. This project was jointly financed by the Region as part of a training agreement backed by the French National Employment Fund (*Fonds national d'emploi* or FNE). It was renewed in 2014.

• **We actively support training** for our employees, as well as their professional redeployment. For example, we financed two professional redeployment projects in 2014 and 2015 via FONGECIF.

> France scope

- Pôle Emploi (French national employment agency)
- APEC
- Chamber of Commerce and Industry
- Sub-Prefectural Grassroots Projects

- District groupings
- (Regional) junior high schools and high schools
- Apprentice Training Centre
- DIRECCTE (regional employment departments)

- CEPITRA
- OPCALIA (*the training fund-collection body*)

What does the **Industrial Equipment Operator (CQPI)** training program involve?

CQPI stands for "*Conducteur d'Equipement Industriel*" or "Industrial Equipment Operator". The CQPI is a professional qualification that recognizes occupational skills and capacities employed within the company and covering two or more professional disciplines. The CQPI recognizes professional skills acquired, develops workers' capacity for employment and promotes interdisciplinary mobility. The aim of this project was twofold: meeting a training requirement relating to the operation of machines in the industrial environment of our various facilities, and giving our employees a professional qualification.

Over 2013 and 2014, 57 employees received a total of 4,556 hours of training and 50 of them obtained the qualification. Furthermore, a second session was launched in late 2014 in view of the popularity of this program: this section concerns all production staff in the polymers and output logistics workshops, potentially involving up to 33 employees.

Appendices

100

Appendices

Our methodology

This is the first year that the Serge Ferrari group has reported social and environmental information in accordance with the decree implementing Article 225 of the French Grenelle II Act. For this reason, the reporting process and methodology leave room for improvement and may be modified for the preparation of the next report. The Group sees this initial report as a means of informing stakeholders of the social and environmental issues relevant to its operations and the measures it has taken to mitigate the impact of those operations.

1. ORGANIZATION AND METHOD OF REPORTING

For this first year, the quantitative data was collected from the various departments (HR, Quality Safety & Environment, Accounts) per individual facility (France and Switzerland unless otherwise stated). The data provided by the various reporting officers was then consolidated at Group level (unless otherwise stated in the cross-reference table).

The quantitative social and environmental data included in this report was collected and aggregated at Group level using our consolidation software (staff and social information: ADP for French payroll, Excel spreadsheets for the other units; environmental data: shared business application databases).

The qualitative data was collected via targeted interviews with Group and external personnel and controlled in-house by Executive Management and the HR and Safety departments.

The Senior Vice President has been given responsibility for Group CSR reporting.

At each stage of the report preparation process, the consistency of data is checked by a CSR report drafting committee comprising representatives of Executive Management and the HR and Safety departments.

At the end of the current fiscal year, the Group will plan the enforcement of guidelines regarding the collection of its own indicators.

2. REPORTING SCOPE AND PERIOD

The staff, social and environmental reporting covers the fiscal year ended December 31, 2014 and the following companies: Serge Ferrari Group SA, Serge Ferrari SAS, Serge Ferrari Brasil, Ferfil SA, Serge Ferrari Tersuisse SA, Serge Ferrari AG, Texyloop SAS, CISM SASU, Serge Ferrari North America, Serge Ferrari Latino America, Serge Ferrari Asia Pacific and Serge Ferrari Japan. All of these companies are fully consolidated within the CSR reporting scope. Vinyloop Ferrera SAP, a joint venture in which Texyloop holds 40%, is excluded from the reporting scope.

Some indicators are excluded from the aforementioned scope owing to a lack of information regarding Group facilities located outside France. These one-off exclusions are clearly specified individually in the cross-reference table in the report and do not involve significant issues. The data collected covers the period from January 1 to December 31, 2014 inclusive.

3. RELEVANCE OF SELECTED INDICATORS

The choice of relevant indicators was made by the report project team comprising Executive Management and the HR and QSE departments working closely with our specialist external consultant, Sandrine L'Herminier. The relevance of the chosen indicators was assessed with regard to the social and environmental impacts of the Group companies' operations and the occupational risks associated with the professions exercised. In view of the Group's operations, the following information was deemed irrelevant and has not been included in the report: "Other initiatives implemented to promote human rights".

4. DETAILS ON METHODOLOGY

Energy consumption includes the energy used to heat buildings and for the production processes in France (La Tour-du-Pin) and Switzerland (Eglisau and Emmenbrücke).
Water consumption includes cooling systems. Consumption is calculated according to the criteria recommended by ISO 14040-44 for life cycle assessments (LCA). Under these criteria, water used in cooling systems is considered to be "consumed".
All energy and water measurements are taken using the same method, i.e. physical meter readings or the recording of invoices stating the period of consumption. Among the commercial subsidiaries, the energy and liquid consumption of companies with very low consumption has not been included. As most facilities have an ISO 14001-certified management system, these readings are audited on an annual basis.
CO_2 emissions consist of fossil fuel emissions generated by our processes and emissions caused by the oxidization of solvents used in the processing of flexible composite materials at the La Tour-du-Pin and Eglisau production plants. This information is not taken from a carbon footprint assessment, and therefore CO_2 emissions from goods transportation and, especially, employee business trips are not included.
Hazardous and non-hazardous waste consists of waste collected at the production plants in France (La Tour-du-Pin) and Switzerland (Eglisau and Emmenbrücke). These volumes are monitored in accordance with the EU law classification system.
Regarding **staff**, the French employees are governed by French employment law and foreign employees by the laws of their respective countries. The headcount calculated as of December 31, 2014, including hires and departures during the year, covers employees on permanent and fixed-term contracts and professional qualification, apprenticeship and freelance administration contracts and expatriate employees (expatriate staff and international postgraduate interns).
Regarding remuneration and changes thereto, the remuneration paid to corporate officers of Serge Ferrari Group and Ferrari Participations is included in the reported quantitative data. Payroll includes salaries, employer's social security contributions and profit-sharing.
Absenteeism: absence due to illness including occupational illness and industrial accidents. Long-term illnesses (longer than one year) are excluded. Calculation methods are based on working days.
Industrial accidents consist of work accidents occurring in 2014, excluding relapses.
The frequency rate is calculated as follows: Frequency rate (TF2) = (number of reported accidents (including those with less than 24h lost time)/hours worked) x 1,000,000.
The severity rate is calculated excluding relapses and lost time longer than one year: Severity rate (TG) = (number of working days lost due to temporary disability/hours worked) x 1,000.
Training hours include e-learning provided by external providers, the statutory employee training allowance (DIF), face-to-face training, training eligible or not for funding under the company training plan, and both in-house and external training. The disabled employee ratio is based on the number of persons employed.

5. EXTERNAL AUDITING

This social and environmental information is audited by the independent third-party organization, Mazars SAS, a member of the network of Mazars SA, your Company's statutory auditors, accredited by COFRAC (French accreditation commission) under number 3-1058. The scope of the audit may be consulted on www.cofrac.fr.
The auditors' findings are presented at the end of the report on **page 118**.

Indicators and cross-reference table

The data and figures set out in this section cover the Group consolidation scope unless specified otherwise.

Headings in Article 225 of the Grenelle II Act	Indicators	Quantified 2013 items	Quantified 2014 items
ENVIRONMENTAL INFORMATION			
A | General environmental policy			
Manner in which the company is organized in order to take environmental issues into account and, where applicable, environmental assessment or certification initiatives	% of the facilities concerned by environmental certification		**53% ISO 14001**
	Number of product categories covered by an LCA (life cycle assessment)		**86**
	Number of customers who have benefited from environmental assessment support		**6**
	Product ranges concerned by FDES environmental and health declarations and EPDs		**2**
Initiatives implemented in order to train and inform employees about protecting the environment	Number of environmental protection training courses provided		**110**
	Amount of expenses incurred for health & safety training		**€85,544**
Resources dedicated to preventing environmental risks and pollution	Initiatives implemented in order to prevent environmental and health risks		
	Amount of investments dedicated to preventing risks and reducing environmental footprint		**€1m per year**
	Percentage of products concerned by a health and environmental measure indicator		**95%**
Amount of provisions and guarantees for environmental risk			**€486,153**
B | Pollution and waste management			
Measures to prevent, reduce and remedy discharges into the air, water or soil that have a severe impact on the environment	Initiatives launched		
	Hazardous waste (tonnes)	**402**	**432**
	Non-hazardous waste (tonnes)	**1,983**	**2,046**
	Discharges (tonnes of VOCs) – French consolidation scope	**60**	**60**

Qualitative items	Further details
We are aiming to extend ISO 14001 (environmental management system) certification to 100% of our industrial facilities in 2015, and to introduce ISO 50001 (energy management system) certification.	Page 78
This corresponds to 65% of our product references.	Page 76
Six customer LCAs have been performed since 2011 for the following companies: Lafuma-Botanic, Locabri, Mediamax, Roeder, Buisson Effilochage and Filature du Parc	Page 94
To date, FDES declarations are available for the Soltis Solar Protection and Acoustic Ceiling ranges.	Page 76
110 people received specific training on fire safety (especially on fire containment measures).	Page 86
> Policy aimed at substituting SVHCs (Substances of Very High Concern) in advance > Voluntary ranking of suspected EDC (endocrine disruptor) substances.	Page 84
	Page 78
The ECO Identity indicator that we have designed applies to 95% of our finished products.	Page 78
> Full compliance of underground liquid storage systems. > Renovation of the last rain water collection and isolation systems	
% reduction including impact of Texyloop recycling: -14%	Page 82
% reduction including impact of Texyloop recycling: - 13%	
We introduced a prevention and anticipation plan in 2000, which enables us to increase the effectiveness of our VOC mitigation system, and to shorten any potential downtime.	Page 78

Indicators and cross-reference table

The data and figures set out in this section cover the Group consolidation scope unless specified otherwise.

Headings in Article 225 of the Grenelle II Act	Indicators	Quantified items 2013	Quantified items 2014
ENVIRONMENTAL INFORMATION			
B | Pollution and waste management			
Measures for preventing, recycling and eliminating waste	Amount of investments dedicated to Texyloop	**€1m**	**€1m**
	Number of tonnes of materials collected per year	**460**	**460**
	Number of tonnes of materials recycled per year	**750**	**907**
	Number of signatories of the Texyloop Charter		**113**
Measures regarding noise nuisance and any other form of pollution specific to a business activity	Number of people trained to handle chemicals		**21**
C | Sustainable use of resources			
Water consumption, water supply in accordance with local constraints	Water (m^3 x 1,000)	**680**	**628**
Consumption of raw materials and measures taken to improve efficiency of use	PET, resins and other polymers (tonnes)	**11,280**	**4,750**
	Fillers & additives (tonnes)	**2,931**	**2,781**
	Plasticizers (tonnes)	**3,119**	**3,142**
	Solvents (of which 25% are regenerated) (tonnes)	**1,457**	**1,431**
	m² of products containing agro-sourced materials		**100,000**
	Energy (GWh)	**62.9**	**62.5**
Energy consumption, the measures taken to improve energy efficiency and the use of renewable energies			
Land use			
D | Climate change			
Adaptation to the consequences of climate change	Initiatives implemented Processes only - France		
	Tonnes of CO_2	**10,998**	**10,875**
Greenhouse gas emissions			

Qualitative items	Further details
€14 million since 1998.	Page 80
As collection began in 2004 (and recycling in 2008), we have an inventory to recycle, which explains why we have focused more on recycling than collection.	Page 81
We can see an increase of 24% between 2013 and 2014. We have reduced the impact of our products by 30% (compared to an end-of-life incineration scenario) by recycling 900 tonnes per year.	Page 82
Texyloop has formed a network at the European level, which collects its own end-of-life materials and/or those of third-party companies, including workshop off-cuts and used materials.	Page 80
20 people received specific training on chemical risks, as they are directly involved in operations that use chemicals.	
Water consumption relates to the cooling of the machines. The water is discharged into the natural environment as is, with an increase in temperature restricted to 3°C.	Page 82
	Pages
	70, 71, 73
	76, 77, 94
	95
	Page 76
The 62,540 MWe that we consume break down as follows: - Gas (La Tour du Pin): 21,726 - Heating oil (Eglisau) : 9,738 - Electricity (La Tour du Pin, Eglisau et Emmenbrücke) : 31,076 Saving in % terms if recycling using Texyloop is taken into account: -14%	Page 83
The Group's production facilities are not located on sensitive sites.	
Our applications (bioclimatic facades, urban shade screens and green roofs) provide technical solutions in the context of rising temperatures.	
GHG emissions consist of fossil fuel emissions generated by our processes and emissions caused by the oxidization of solvents used in the processing of flexible composite materials at the La Tour-du-Pin and Eglisau	Page 82

Indicators and cross-reference table

The data and figures set out in this section cover the Group consolidation scope unless specified otherwise.

Headings in Article 225 of the Grenelle II Act	Indicators	Quantified items 2013	Quantified items 2014
ENVIRONMENTAL INFORMATION			
E | Protecting biodiversity			
Measures taken to develop biodiversity			
STAFF INFORMATION			
A | Employment			
Total headcount, breakdown of employees by gender, age and geographic region	Total headcount	**585**	**605**
	Number of employees working in France	**343**	**350**
	Average length of service – France consolidation scope		**11**
	Number of women in the total headcount	**114**	**125**
	Number of men in the total headcount	**471**	**480**
	Number of people assigned to commercial functions	**107**	**122**
	Number of people assigned to production/ logistics functions	**379**	**377**
	Number of people assigned to support functions	**99**	**106**
	Breakdown by age group –France scope		**< 30 yrs: 37** **30- 39 yrs : 100** **40- 49 yrs : 133** **> 49 yrs: 80**
Hires and departures excluding professional qualification contracts –France scope	Hires		26
	Dismissals		**1**
	Other departures		**18**
Remuneration and changes thereto	Payroll	**€36,842,000**	**€38,649,000**
	Percentage of employees who benefit from an incentive scheme in France	**100%**	**100%**
	Percentage of employees who are shareholders in the Company – France		**49%**
	Percentage of French employees who are members of a retirement savings scheme	**55%**	**55%**
	Percentage of French employees who are covered by a mutual health insurance company	**100%**	**100%**

Qualitative items	Further details
Introduction of the "Damselfly Biodiversity Plan" at the La Tour-du-Pin facility	Page 79
The headcount is increasing (+3.5%). The Group is assembling the means to achieve its targets in terms of international development, hence the hiring of sales persons based abroad or responsible for the international business.	Page 69
The average length of service is 11 years at the La Tour-du-Pin facilities and 17 years at CI2M.	
Almost half the hires made in 2014 were women.	
	Page 69
Where remuneration is concerned, the Serge Ferrari Group ranks above the average for its professional sector in terms of the salaries paid for blue and white collar positions (excluding profit-sharing and incentive schemes).	Page 91
All the French employees are covered by an incentive scheme, although only the staff belonging to the so-called "Available Labor" category and the production management staff are covered by a system of variable incentive bonuses depending on performance measured in terms of productivity and quality.	
A Serge Ferrari collective employee shareholder mutual fund or FCPE was set up on April 28, 2014. 49% of the employees have currently subscribed to the fund.	
A retirement savings scheme (PERCO) was set up on December 6, 2011 via an amendment to the profit-sharing agreement. 55% of the employees are currently enrolled in the PERCO.	
All the French employees are covered by a family mutual insurance company and personal insurance. The Company also finances healthcare insurance for all of its foreign employees.	

Indicators and cross-reference table

The data and figures set out in this section cover the Group consolidation scope unless specified otherwise.

Headings in Article 225 of the Grenelle II Act	Indicators	Quantified items 2013	Quantified items 2014
STAFF INFORMATION			
B | Work organization			
Employment contracts – France consolidation scope	Percentage of permanent employees	**94%**	**92%**
	Percentage of employees on fixed-term contracts	**4%**	**4%**
	Percentage of employees on temporary contracts	**1%**	**3%**
	Percentage of work-study contracts	**1%**	**1%**
Organization of working hours	Number of people assigned to production and logistics functions	**379**	**377**
	Number of employees who have received multi-skill training in France		**57**
	Number of employees working part time in France		**15**
Absenteeism (SEU and Switzerland)	Absenteeism rate (illness and industrial accident)	**3.75%**	**4.15%**
	Number of days absent (illness and industrial accident)	**4,393**	**4,831**
C | Employee relations			
Organization of employee relations, including information processes and processes for consulting and negotiating with the employees	Participation rate in trade union elections		**72%**
	Works Council		
	Health, safety & working conditions committee (CHSCT)		
Review of collective agreements	Number of agreements signed	**4**	**2**
D | Health and safety			
Health and safety conditions in the workplace	Initiatives implemented to improve health and safety conditions in the workplace		
Review of agreements on health and safety at work signed with trade union organizations or employee representatives	Physical hardship plan (France)		
	Number of people who took part in the “well-being at work” survey – France consolidation scope		**187**

Qualitative items	Further details
Serge Ferrari aims to increase its teams' loyalty in order to retain its know-how. Hence a particularly high number of permanent employees.	Page 90
Serge Ferrari intends to maintain its manufacturing base, in order to control its manufacturing process and the quality of its products. Hence a high number of employees in production and logistics.	Page 69
Multi-skilling is one of the drivers on which the Group relies in order to avoid low points in business volumes and penalizing the employees who work in the workshops.	Page 88
The Group's absenteeism rate is relatively low compared to that of companies in the same sector (average rate of between 7% and 9%).	Page 86
The last elections were held on November 13, 2014.	Page 88
The Works Council consists of 16 people, who are divided into three colleges: the 1st college includes Workers and Employees, the 2nd college includes Supervisors, and the 3rd college includes Engineers and Executives. The Works Council meets once a month.	
The Health, Safety and Working Conditions Committee meets once a quarter. Its main initiatives include: - Flash inspections, which are aimed at checking compliance with safety rules in the Company's various business areas (once every two months). - Inspections when new machines are commissioned. - Involvement in the new traffic plan for the facilities.	
> We signed two agreements in 2014: the Amendment to the Serge Ferrari SEU corporate savings scheme (PEE), and the Serge Ferrari SEU Pre-Election Protocol. > We have made good progress on our main commitments where the inter-generation agreement signed in 2013 is concerned: induction program for young hires, systematically sending a message to staff on the day when a new employee is inducted, maintaining and transmitting know-how and skills, etc.	
> We launched a campaign aimed at reducing accidents in 2014, by increasing collective awareness of best security practices. > We take safety into account as an evaluation factor for assessing managers' effectiveness in managing their respective teams.	Page 86
A physical hardship plan was introduced in 2014.	Page 90
187 people, i.e. over half of the headcount, took part in this survey. Various measures have been taken in order to make certain improvements.	Page 92

Indicators and cross-reference table

The data and figures set out in this section cover the Group consolidation scope unless specified otherwise.

Headings in Article 225 of the Grenelle II Act	Indicators	Quantified items 2013	Quantified items 2014
STAFF INFORMATION			
D | Health and safety			
Workplace accidents, including their frequency and severity, together with occupational illnesses (SEU and Switzerland)	Total accident frequency rate (TF2)	**14**	**21**
	Accident severity rate	**0.74**	**0.55**
	Number of occupational illnesses	**1**	**0**
	Number of industrial accidents occurring	**11**	**17**
E | Training			
Training policies implemented	Overall budget dedicated to training		**€317,633**
	Number of in-house trainers		**8**
Total number of training hours	Total number of training hours		**4,213**
	Percentage of employees who followed at least one training course during the year	**66%**	**51%**
F | Diversity, equality of opportunities, equal treatment			
Policy implemented and measures taken to promote gender equality	Number of women hired France consolidation scope		**11**
Policy implemented and measures taken to promote the employment and inclusion of disabled persons	Employment rate of disable persons (% of total headcount) - French businesses (excluding CI2M)		**2.70%**
	Number of jobs concerned		**9**
Policy implemented and measures taken to prevent discrimination	Number of young people (under 26) hired - France consolidation scope		**6**
	Number of nationalities within the Group		**33**
G | Promotion and compliance with the recommendations of the ILO Fundamental Conventions regarding:			
Freedom of association and the right to collective bargaining			
Eliminating discrimination in employment and occupation			
Eliminating forced or mandatory labor			
Effectively abolishing child labor			

Qualitative items	Further details
Calculation obtained according to standards recognized by CARSAT. The 2014 increase in the number of accidents should not eclipse the fact that the accident rate has been divided by 7 over the past five years	Pages 86 and 87
Calculation obtained according to standards recognized by CARSAT. The accidents mainly involved falls, cuts and back problems.	
This budget corresponds to 3% of the payroll, and breaks down as follows: supervisors: €93,710, executives: €113,436, employees: €44,038, workers: €66,449	Page 88
This total breaks down as follows: supervisors: 1,208, executives: 1,139, employees: 489, workers: 1,377	Page 88
These training courses covered the following areas: safety, jobs, psycho-social risk, communications and organization.	
Almost half the (permanent and fixed-term) positions filled in 2014 were filled by women. Furthermore, a gender equality agreement is in place within the Group.	
	Page 69
The Serge Ferrari Group takes care to establish a transparent, sincere and respectful social dialog with the employee representative bodies, in accordance with the principle of respecting employees' rights.	
The Serge Ferrari Group undertakes to ban any form of discrimination, at the recruitment and offer stages and during the performance or at the end of the employment contract.	
The Serge Ferrari Group undertakes to ban any forced or mandatory labor, including via a dialog with the employee representative bodies. In addition, since the majority of our suppliers are European, the risk of exposure to forced or compulsory labor is negligible.	
The Serge Ferrari Group complies with international conventions regarding the protection of the rights of children. Furthermore, the Group's suppliers and sub-contractors are not manufacturing companies (they belong to the chemicals and synthetic chemicals sectors). In this regard, any exposure to the risk of child labor is negligible. Furthermore, most of our suppliers are European.	

Indicators and cross-reference table

The data and figures set out in this section cover the Group consolidation scope unless specified otherwise.

Headings in Article 225 of the Grenelle II Act	Indicators	Quantified items 2013	Quantified items 2014
SOCIAL INFORMATION			
A | Regional, economic and social impact of the company's activities			
In terms of regional employment and development	Partnerships with regional bodies that work on promoting employment		
	Supporting the plans of employees who wish to set up their own business		**2**
On neighboring and local communities	Discussions with local voluntary organizations regarding the implementation of the Damselfly Biodiversity Plan		
B | Relations with persons and organizations having an interest in the Company's business activities			
Conditions for dialogue with these persons and organizations	Relations with partners, distributors, specifiers, suppliers, sub-contractors, customers, shareholders, Government authorities, voluntary organizations and other stakeholders.		

Qualitative items	Further details
We have set up a number of partnerships with regional bodies working in the areas of employment and training (on a permanent and work-study basis). - Chamber of Commerce and Industry - La Tour-du-Pin Sub-Prefectural Grassroots Projects - District groupings - (Regional) junior high schools and high schools - The Apprentice Training Center - Rhône-Alpes DIRECCTE (Regional Department for Companies, Competition, Consumption, Labor, and Employment) - CEPITRA (Rhône-Alpes Textile Industry Development Center): regional professional training body - OPCALIA (the training fund-collection body)	Page 98
We financed two professional redeployment plans for 2014 and 2015 via FONGECIF (individual training leave management fund).	Page 98
We held discussions with three local organizations when implementing the Damselfly Biodiversity Plan, and throughout the project: - SMABB (Public-Private Development Association for the Bourbre Basin) > http://www.smabb.fr/ - Les Vallons de La Tour (district grouping) > http://www.lesvallonsdelatour.fr/ - Action Bourbre Responsable > http://www.action-bourbre-responsable.org/ The Steering Committee meets once a year. Operating meetings are organized at least once a quarter.	Page 79
Serge Ferrari organizes a dialog with each stakeholder depending on the issues, by identifying the relevant information channels and setting up appropriate dialog locations and frameworks, where applicable. Serge Ferrari is also a member of several organizations and institutes that work on promoting sustainable development, CSR and the circular economy: - Orée > http://www.oree.org/ - Inspire Institute > http://www.inspire-institut.org/ - French Circular Economy Institute > http://www.institut-economie-circulaire.fr/ - Greenfacts > http://www.greenfacts.org/fr/ (founding member) – French Institute for Building Performance > http://www.ifpeb.fr/ and Entrepreneurs d'Avenir > http://www.entrepreneursdavenir.com.	Pages 67, 71, 77, 79, 81, 88, 92, 93, 94, 95, 96, 97, 98, 99

Indicators and cross-reference table

The data and figures set out in this section cover the Group consolidation scope unless specified otherwise.

Headings in Article 225 of the Grenelle II Act	Indicators	Quantified items 2013	Quantified items 2014
SOCIAL INFORMATION			
B | Relations with persons and organizations having an interest in the Company's business activities			
Partnership or sponsorship initiatives	Amount invested in sponsorship	**€100,000**	**€200,000**
C | Sub-contracting and suppliers			
Inclusion of social and environmental issues in the procurement policy			
Extent of sub-contracting, inclusion of suppliers' and sub-contractors' social and environmental responsibility in relations with them	Use of sub-contracting		
D | Fair practices			
Anti-bribery measures			
Measures taken to promote consumer health and safety			

Qualitative items	
Serge Ferrari tailors the organization and structure of the dialog to the requirements of each stakeholder, identifying the most appropriate channels of information and, where necessary, setting up appropriate frameworks and locations for dialog. Serge Ferrari is, in particular, a member of various institutions and organizations that seek to promote sustainable development, CSR and the circular economy: - Orée > http://www.oree.org/ - Institut Inspire > http://www.inspire-institut.org/ - French Circular Economy Institute > http://www.institut-economie-circulaire.fr/ - Greenfacts > http://www.greenfacts.org/fr/ (founding member) - French Building Performance Institute > http://www.ifpeb.fr/ - Entrepreneurs d'Avenir (Entrepreneurs of the Future) > http://www.entrepreneursdavenir.com/	**Pages 67, 71, 77, 79, 81, 88, 92, 93, 94, 95, 96, 97, 98, 99**
This amount is divided between two organizations: > Tara Expéditions, a French not-for-profit initiative, which organizes expeditions in order to study and understand the impact of climate change on oceans > €100,000 in 2014 (http://oceans.taraexpeditions.org/) > Université Catholique de Lyon > €100,000 in 2013 and 2014 (http://www.univ-catholyon.fr/ & http://www.mecenat-ucly.fr/)	
Our procurement policy is based on long-term partnerships. Accordingly, 2/3 of our purchases are made from reliable and long-standing (over 20 years) suppliers. These partnership relations enable us to: > monitor our suppliers' financial and QSE (Quality, Safety and Environmental) performance. > maintain the competitiveness of our long-term purchases (TCO: Total Cost of Ownership assessment), > jointly develop new products and new concepts in a collaborative manner (e.g. Texyloop, with Solvay).	
The Group is highly vertically integrated, and only uses sub-contracting on a very occasional basis. This integration covers not only production but also the areas of production equipment manufacture and maintenance.	
The risk of bribery is managed globally by separating consumption and execution tasks carried out by the Procurement Department and via the first risk-mapping process carried out in 2014, which identified the risk of bribery as potential and material.	
In 2009, the Group launched a campaign to achieve compliance with EU regulations on REACH-classified chemical substances. Substitutes were found for 20 products used in the manufacturing process.	Page 76

Report of one of the Independent Third-Party Organization on the consolidated staff, social and environmental reporting

➢ Fiscal year ended December 31, 2014

To the Shareholders,

In our capacity as the third-party independent organization, and as a member of the network of Mazars, statutory auditors to Serge Ferrari, accredited by the French accreditation commission (COFRAC) under number 3-1058[1], we hereby present our report on the staff, social and environmental reporting [*where applicable*, consolidated] for the fiscal year ended December 31, 2014 presented in the Management Report (hereinafter the "CSR Information"), pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code.

➢ The Company's responsibility

The Board of Directors is responsible for drawing up a Management Report including the CSR Information provided for in Article R. 225-105-1 of the French Commercial Code, prepared in accordance with the procedures and definitions applied by the Company (hereinafter the "Standards"), a summary of which is provided in the methodology note in the CSR section of the Registration Document.

➢ Independence and quality control

Our independence is determined by the regulations, our professional ethics code, and the provisions set out in Article L. 822-11 of the French Commercial Code. Moreover, we have implemented a quality control system that includes documented policies and procedures aimed at ensuring compliance with business ethics rules, professional practice standards, and the applicable legislation and regulations.

➢ The Independent Third-Party Organization's responsibility

It is our responsibility, on the basis of our work:

- to certify that the CSR Information required is included in the Management Report, or that any omission is explained pursuant to the third paragraph of Article R. 225-105 of the French Commercial Code (certificate of inclusion of CSR Information);
- to draw a conclusion expressing reasonable assurance regarding the fact that all the significant aspects of the CSR Information, taken as a whole, are presented in a fair manner, in accordance with the Standards (reasoned opinion on the fairness of the CSR Information).

Our work was performed by a team of five people over a period of around five weeks between February 3 and March 13, 2015.

We performed the work described below in accordance with professional standards applicable in France and with the decree of May 13, 2013 setting out the conditions under which the independent third-party organization performs its assignment, and with the ISAE 3000 international standard in respect of the reasoned opinion on fairness.

We performed the work described below in accordance with professional standards applicable in France and with the decree of May 13, 2013 setting out the conditions under which the independent third-party organization performs its assignment, and with the ISAE 3000[2] international standard in respect of the reasoned opinion on fairness.

[1] *The scope of which may be consulted on www.cofrac.fr.*
[2] *ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.*

1. Certificate of inclusion of the CSR Information

We familiarized ourselves with the presentation of the sustainable development Standards, in accordance with the social and environmental consequences linked to the Company's activities and its social commitments, and, where applicable, to the resulting initiatives or programs, on the basis of meetings with the managers of the departments concerned.

We compared the CSR Information set out in the Management Report with the list provided for by Article R. 225-105-1 of the French Commercial Code.

In the event that some consolidated information was missing, we checked that explanations had been provided in accordance with the provisions of the third paragraph of Article R. 225-105 of the French Commercial Code.

We ascertained that the CSR Information covered the consolidation scope, i.e. the Company and its subsidiaries within the meaning of Article L. 233-1 of the French Commercial Code, and the companies that it controls within the meaning of Article L. 233-3 of that Code, within the limits specified in the methodology note set out in the notes to the Management Report.
Based on this work, and given the limits set out above, we hereby certify that the CSR Information required is included in the Management Report.

2. Reasoned opinion on the fairness of the CSR Information

Nature and scope of the work

We held around ten meetings with the individuals responsible for preparing the CSR Information at the departments in charge of collecting the information and, where applicable, with the individuals responsible for the internal control and risk management procedures, in order to:

- assess the appropriate nature of the Standards in terms of their relevance, completeness, reliability, objectivity, and comprehensibility, taking industry best practices into consideration, where applicable;
- verify that an information-collection, compilation, processing and control process had been implemented, with a view to the completeness and consistency of the Information, and familiarize ourselves with the internal control and risk management procedures relating to the preparation of the CSR Information.

We determined the nature and extent of our checks and controls in accordance with the nature and significance of the CSR Information, in view of the Company's specific features, the social and environmental challenges posed by its business activities, its sustainable development strategy and industry best practices.
In the case of the CSR information that we considered to be most relevant[3]:

- at Management level, we consulted the documentary sources, and held meetings in order to corroborate the qualitative information (organization, policies and initiatives), implemented analytical procedures on the quantitative information, checked the calculation and consolidation of the data on the basis of spot checks, and ascertained that it was coherent and consistent with the other information provided in the Management Report;
- at the level of a representative sample of entities or operations that we selected[4] on the basis of their activities, their contribution to the consolidated indicators, their operating

---

[3] Total headcount and number of men and women, payroll for the total headcount, frequency and severity rates for industrial accidents and number of industrial accidents, number of training hours per employee, energy consumption, amount of hazardous and non-hazardous waste collected in tonnes, and financing of retraining programs by the FONGECIF from an employment and regional development standpoint.
[4] Serge Ferrari SAS

location and a risk assessment, we held meetings in order to ascertain the correct application of the procedures, and performed detailed tests on the basis of samples, which consisted in checking the calculations performed and cross-checking the data with the supporting documents.

The sample selected in this way represented an average of 77% of the business activities, 55% of the staff, and between 50% and 75% of the quantitative environmental information.

In the case of the other consolidated CSR information, we assessed its consistency compared with our knowledge of the Company.

Lastly, we assessed the appropriateness of the explanations relating to the fact that some information was wholly or partly missing.

We believe that the sampling methods and the size of the samples that we selected by exercising our professional judgment enable us to draw a conclusion expressing moderate assurance; a higher level of assurance would have required more extensive audit work. Given the use of sampling techniques, and the other limits inherent to the operation of any information and internal control system, the risk of a material misstatement not being identified in the CSR Information cannot be completely eliminated.

Conclusion

Based on our work, we did not identify any significant misstatements likely to call into question the fact that the CSR Information, taken as a whole, is presented in a fair manner, in accordance with the Standards.

Paris La Défense, March 31, 2015
The Independent Third-Party Organization
Mazars SAS

Emmanuelle Rigaudias
CSR and Sustainable Development Partner

2.2 Employees

2.2.1. Operational structure as of January 1, 2015

	Executive Committee					
Marc Beaufils International CEO	Niklaus Zemp Industrial Director	Romain Ferrari Chief Operating Officer	Sébastien Ferrari Chairman & CEO	Philippe Brun Chief Financial Officer	Carlos Saiz Innovation Director	Hervé Garcia HR Director
SALES & MARKETING	PRODUCTION	EXECUTIVE MANAGEMENT	EXECUTIVE MANAGEMENT	EXECUTIVE MANAGEMENT	R&D	HUMAN RESOURCES
Corporate Marketing CRM ROW sales	Swiss and French sites	Engineering office QSE Recycling	SEUR sales WEUR sales Supply chain	Finance Procurement IT	Application development Processes Products	Recruitment Payroll Employee savings plan

The Group’s human resources division, which consists of 6 people, is highly committed to maintaining strong values (all the more so given the sharp growth in the workforce in the medium-term) which make Serge Ferrari a model corporation. This human resources policy is based on 4 principles:

- Recruitment policy

Compliance with 3 criteria: the right candidate for the right position at the right time. The Group’s recruitment policy is to ensure that the future employee has not only the expected skills but also the ability to evolve within the Group. To join the Group, a candidate must be able to:

- Do well: the right profile for the job, looking for talent;
- Feel good: work as part of a team, adhere to shared values, expand/develop;
- Do better: responsiveness, innovation.

The Group’s staff turnover is below 3% in France and below 5% worldwide, which confirms the effectiveness of this recruitment policy.

- Training policy

The training policy supports the Group’s strategy, transfers know-how, develops and adapts employees’ skill sets, boosts the Group’s reactivity and sets up resilient structures.
The resources that the Group has mobilized match its ambitions, with a budget three times higher than the minimum required, and an innovative training mechanism (co-financed by the State and our fund-raising body to replace partial layoffs with qualification-focused training).

- Compensation policy

The average pay for a production employee in France is more than 1.9x higher than the Index-Linked Guaranteed Minimum Wage (SMIC), and this high-pay trend continues outside France. This policy attracts real talent, and thus satisfies the recruitment policy to attract people who can “do better”.
Between 10% and 25% of total gross pay is variable, including for non-executive staff: a monthly bonus based on volume and quality of production is distributed between the relevant staff. An important factor that focuses attention and motivation on productivity, organization and quality.

- Independent labor union

Over five years ago an independent (company) labor union (SSF - Syndicat Salarié Serge Ferrari) was set up. Wanting to ensure the sustainability of its corporate model, this very representative union is the privileged contact between workers and the Group when implementing measures to anticipate, respond to and innovate working practices and procedures.

To sound out the effects of this policy among its employees, the Group recently (2013) had an external consultancy carry out a well-being-at-work survey, whose results testify to the quality of industrial relations in the Group and how it treats its employees. For example, 74% of respondents said they were satisfied or very satisfied in their work, which the consultancy said was an "exceptional" result.

2.2.2. Size and composition of workforce

The following table shows the changes in the Group's workforce as of year-end for the periods considered. The totals only include employees paid by local entities, as the Group has no bases of its own in certain countries:

(workforce at year-end)	2014	2013	2012
TOTAL	**605**	**585**	**607**
COMMERCIAL	**159**	**139**	**137**
Sales	122	107	102
Administration	18	18	17
MKG & Com	19	14	18
OPERATIONS	**377**	**380**	**395**
SUPPORT FUNCTIONS - R&D	**69**	**66**	**75**

There were no temporary employees at the end of the years in question. Given the working hours agreement signed in November 2012, the Company can now match its internal resources to its workload and thus have less need for part-time or temporary workers.

2.2.3. Profit-sharing and stock options for executives and directors

The following table shows the Company shares directly held by Board members as of the date of preparation of this Registration Document. Note that no other securities exist giving access to Company capital:

Directors	Number of shares	% of capital and voting rights	Securities giving access to capital
Sébastien Ferrari	663,650	5.4%	---
Romain Ferrari	1,075,516	8.7%	---
Philippe Brun	8,650	0.1%	---
Victoire Gottardi	8,650	0.1%	---
Karine Gaudin	240	0.0%	---
Bertrand Neuschwander	8,101	0.1%	---
Bertrand Chammas	8,101	0.1%	---
BpiFrance	670,000	5.4%	---

Sébastien Ferrari's and Romain Ferrari's shareholdings in the Company include, in addition to their direct holdings as shown in the table above, indirect holdings through Ferrari Participations of which they own 66.7% and 33.3% respectively and which itself holds a 55% controlling interest in the Company (see Section 5.1.1 of this Registration Document).

2.2.4. Employee equity interests in the Company's share capital

49,975 SergeFerrari Group shares were held by the Company employee mutual fund (FCPE) as of the date of preparation of this Registration Document.

2.2.5. Incentive and profit-sharing agreements

Since December 16, 2004, the employees of Serge Ferrari SAS have benefited from a profit-sharing agreement. On April 9, 2010, a rider to this agreement was signed in order to bring its provisions into compliance with legislative amendments enacted since its execution. In December 2011, two new employee savings plans were introduced: a company savings plan (PEE) and a group retirement savings plan (PERC).

3. Report of the Chairman of the Board of Directors on corporate governance and risk management and internal control procedures

To the Shareholders,
Pursuant to Article L. 225-37 of the French Commercial Code, in this report on corporate governance and risk management and internal control procedures, the Chairman of the Board of Directors reports on the composition of the Board of Directors, the application of the gender balance principle to Board membership, the conditions for preparing and organizing the Board's work, the internal control and risk management procedures implemented at the Group, the restrictions on the powers of the Chief Executive Officer, the principles for determining the compensation of corporate officers, the procedures relating to shareholders' attendance at general meetings and the publication of the information provided for in Article L. 225-100-3 of the French Commercial Code.

This report was forwarded to the Audit Committee and approved by the Board of Directors at its meeting on March 18, 2015.

3.1. Governance principles

The Company refers to the MiddleNext corporate governance code for mid-cap stocks, pursuant to a decision taken by the Board of Directors on April 30, 2014. MiddleNext is a representative organization covering mid-cap stocks which published a corporate governance code on www.middlenext.com in December 2009.
The Board of Directors believes that this corporate governance code is suited to the Company's family shareholder structure: the Ferrari family group owns 69.1% of the share capital and voting rights in SergeFerrari Group SA.
The Company does not exclude any of the recommendations or any factor included under the "Watch Points" heading in the MiddleNext Code. Conversely, as of the date of this Registration Document, Recommendations R3 on severance payments, R4 on supplementary pension schemes and R5 on stock options and bonus share allotments did not apply, due to the absence of such compensation schemes at the Company at the current time.

3.1.1 Composition of the Board of Directors and Executive Management team

The Company's Board of Directors consists of at least three and no more than eighteen members, except in the case of an exemption provided for in law. The members of the Board of Directors are appointed by the General Meeting, on the Board of Directors' recommendation.

The term of directors' offices has been set at three years, and is renewable. No person may be appointed as a director if they are over 70 years old and their appointment would result in over one third of the members of the Board of Directors exceeding that age limit.

As of the date of this Registration Document, the Board included eight members, including two women and four independent directors within the meaning of the criteria determined by the Code: Karine Gaudin, Bertrand Neuschwander, Bertrand Chammas and BpiFrance. One director, Victoire Gottardi, represents the family shareholders. One director, Christophe Graffin, represents BpiFrance: during its meeting on March 18, 2015, the Board recommended the appointment of a new director, BpiFrance, at the General Meeting of Shareholders on April 29, 2015.
The Executive Management team consists of Sébastien Ferrari, who has combined the roles of Chairman of the Board of Directors and Chief Executive Officer since April 30, 2014, Romain Ferrari (Chief Operating Officer responsible for industrial projects and sustainable development) and Philippe Brun (Chief Financial Officer responsible for finance, procurement and information systems). Sébastien Ferrari, Romain Ferrari and Philippe Brun are also directors of SergeFerrari Group. The membership of the Audit Committee and Strategy Committee is set out below.

It is specified that Ferrari Participations, which is the Company's majority shareholder with a 55% equity interest, is represented, not directly, but indirectly through Sébastien Ferrari and Romain Ferrari, who are respectively Chairman and Chief Executive Officer of Ferrari Participations.

Name	Position	Start of office	End of office	Audit Committee	Strategy Committee
Sébastien Ferrari	Director Chairman and CEO	April 30, 2014	2017 AGM 2017 BoD		Chairman
Karine Gaudin	Director	April 30, 2014	2017 AGM	Chairman	
Victoire Gottardi	Director	April 29, 2015	2018 AGM	Member	
Bertrand Chammas	Director	April 30, 2014	2017 AGM		Member
Bertrand Neuschwander	Director	April 30, 2014	2017 AGM		Member
Romain Ferrari	Director Chief Operating Officer	April 30, 2014	2017 AGM 2017 BoD		Member
Philippe Brun	Director Chief Financial Officer	April 29, 2015	2018 AGM 2018 BoD		Member
Eric Verin	Member of Strategy Committee	N/A	N/A		Member
BpiFrance, represented by Christophe Graffin	Director	April 29, 2015	2018 AGM		

For the first three-year period, one third of the directors will be reappointed each year, selected by drawing lots.

Directors' independence

Recommendation R8 of the MiddleNext code establishes five criteria for determining the independence of non-executive Board members, based on the absence of a financial, contractual or family relationship that could impair the objectivity of the person's judgment:

	Sébastien Ferrari	Karine Gaudin	Victoire Gottardi	Bertrand Chammas	Bertrand Neuschwander	Romain Ferrari	Philippe Brun	BpiFrance
1- is not an employee or corporate officer of the Company or of any of its subsidiaries and has not been one in the last three years;	No	Yes	Yes	Yes	Yes	No	No	Yes
2- is not a significant customer, supplier or banker of the Company or its group, or one for which the Company or its group represents a significant part of its business	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes (1)
3- is not a major shareholder of the Company	No	Yes	Yes	Yes	Yes	No	Yes	Yes
4- has no close family relationship with any corporate officer or major shareholder; and	No	Yes	No	Yes	Yes	No	Yes	Yes
5- has not been an auditor of the Company in the last three years.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Board's conclusion on the classification of its members as independent: Four directors are classified as independent by the Board of Directors	Not independent	Independent	Not independent	Independent	Independent	Not independent	Not independent	Independent

(1) In February 2013, BpiFrance (via OSEO) granted one Group company an interest-free innovation loan in an amount of €1 million. A €107,000 advance for innovation was also granted in January 2013. As of December 31, 2014, the total amount of this funding was €1,107,000. Given the amount and nature of the funding, BpiFrance is not considered to be a "significant banker" of SergeFerrari Group.
In February 2012, BpiFrance granted Ferrari Participations, the company that controls SergeFerrari Group, a development participation loan worth €3 million. As of December 31, 2014, the outstanding balance of this loan was €2,550,000.

Information on corporate officers and their experience

Sébastien Ferrari, born in 1959, a French national

Business address: ZI de la Tour-du-Pin – 38110 Saint Jean de Soudain (France)
Director, Chairman and Chief Executive Officer

Term of office and expiry date
Sébastien Ferrari was appointed as a director by the Ordinary General Meeting of April 30, 2014, and was then appointed Chairman and Chief Executive Officer by the Board of Directors at its meeting on the same date. Sébastien Ferrari's office will expire at the end of the General Meeting convened in 2017 to approve the 2016 financial statements.

We would remind you that directors' appointments will be renewed in staggered fashion in tranches of one third chosen by lot every year during the first three-year period.

Biography and experience
Sébastien Ferrari joined the family business in 1980 to take charge of marketing development and international operations. He was a member of the Supervisory Board of Banque de Vizille (which later became CM-CIC Capital Finance, which owns CM-CIC Investissement) from 2002 to 2011.

Existing family ties with SergeFerrari Group corporate officers
Romain Ferrari (brother) – Director and Chief Operating Officer of SergeFerrari Group
Victoire Gottardi (daughter) – Director of SergeFerrari Group

Current offices and positions within the Group
Chairman of Ferrari Participations
Chairman of Serge Ferrari North America
Sole Director of Serge Ferrari Asia Pacific
Director of KK Serge Ferrari Japan
Representative of Ferrari Participations, Chairman of Serge Ferrari SAS
Representative of Ferrari Participations, Chairman of Texyloop
Chairman of Ferrimmo
Chairman of Immobilière Ferrari
Managing Partner of SCEA Malherbe
Chairman of Ferfil Multifils as representative of Ferrari Participations
Chairman of Serge Ferrari Tersuisse
Chairman of Serge Ferrari AG
Chairman of Serge Ferrari Brasil

Current offices and positions outside the Group
None

Group and non-Group offices and positions held within the past five years that have reached their expiry date
None

Karine Gaudin, born in 1966, a French national,

Business address: c/o COVED 392 Rue des Mercières – 69140 Rillieux La Pape

Term of office and expiry date
Karine Gaudin was appointed as a director by the Ordinary General Meeting of April 30, 2014. Her office will expire at the end of the General Meeting convened in 2017 to approve the 2016 financial statements.

Karine Gaudin chairs the Group Audit Committee.

We would remind you that directors' appointments will be renewed in staggered fashion in tranches of one third chosen by lot every year during the first three-year period.

Biography and experience

After graduating from Audencia Business School, and obtaining a DESS advanced diploma in Strategy from Dauphine university (Paris), Karine Gaudin joined E&Y as a statutory auditor, working first in Paris and then Lyon. She completed her Chartered Accounting diploma at E&Y via a thesis on the structuring of the marketing approach at audit firms, a dimension that she developed at E&Y at a local level in Lyon and later at a national level. She then joined Germain & Maureau, an intellectual property consulting firm, as corporate secretary, before joining Lamy Lexel Avocats Associés as a salaried Chief Executive Officer tasked with improving the professionalism of the internal departments (finance, HR, marketing and IT) and providing strategy support to the partners. Over the past few years Karine Gaudin has also been involved in networks promoting opportunities for women.

Existing family ties with SergeFerrari Group corporate officers

None

Current offices and positions within the Group

None

Current offices and positions outside the Group

Director of Thermador Groupe (Euronext Paris – C Compartment - FR0000061111 THEP)

Group and non-Group offices and positions held within the past five years that have reached their expiry date

None

Victoire Gottardi, born in 1985, a French national,

Business address: c/o Victoire & Nous - 277 rue des Alloz – 74120 Megève
Director

Term of office and expiry date

Victoire Gottardi was appointed as a director by the Ordinary General Meeting of April 30, 2014. Her office will expire at the end of the General Meeting convened in 2017 to approve the 2016 financial statements.

Victoire Gottardi is a member of the Group Audit Committee.

We would remind you that directors' appointments will be renewed in staggered fashion in tranches of one third chosen by lot every year during the first three-year period.

Biography and experience

Victoire Gottardi holds a Masters Degree in International Marketing from ECE and is managing partner of Victoire & Nous.

Existing family ties with SergeFerrari Group corporate officers

Sébastien Ferrari (father) – Director, Chairman and Chief Executive Officer of SergeFerrari Group
Romain Ferrari (uncle) – Director and Chief Operating Officer of SergeFerrari Group

Current Group offices and positions

None

Current offices and positions outside the Group

Victoire & Nous (managing partner)

Group and non-Group offices and positions held within the past five years that have reached their expiry date

None

Bertrand Chammas, born in 1959, a French national

Business address: c/o Gerflor, 50 cours de la République – 69627 Villeurbanne Cedex
Director

Term of office and expiry date

Bertrand Chammas was appointed as a director by the Ordinary General Meeting of April 30, 2014. His office will expire at the end of the General Meeting convened in 2017 to approve the 2016 financial statements.

We would remind you that directors' appointments will be renewed in staggered fashion in tranches of one third chosen by lot every year during the first three-year period.

Bertrand Chammas is a member of the Group Strategy Committee.

Biography and experience

Bertrand Chammas has been the Chairman and Chief Executive Officer of Gerflor since 2003 after spending 12 years at Valeo, the auto parts manufacturer, first in operating management positions (Director of Sales & Marketing, Industrial Director), and then in senior management positions. He studied both engineering (Arts et Métiers engineering school) and management (ISA/HEC).

Existing family ties with SergeFerrari Group corporate officers

None

Current offices and positions within the Group

None

Current offices and positions outside the Group

Chairman and CEO of Gerflor Floorings
Chairman of Manfloor
Chairman of Midfloor
Chairman of Topfloor
Chairman of Floor'in
Chairman of Gerflor
Chairman of SPM International
Chairman and CEO of Gerflor Mipolam
Chairman and CEO of Gerflor Polska
Chairman and CEO of BCIC
Chairman and CEO of Gerflor USA

Group and non-Group offices and positions held within the past five years that have reached their expiry date

None

Bertrand Neuschwander, born in 1962, a French national

Business address: c/o SEB Chemin du Petit Bois I BP 172 – 69134 Ecully Cedex France
Director

Term of office and expiry date

Bertrand Neuschwander was appointed as a director by the Ordinary General Meeting of April 30, 2014. His office will expire at the end of the General Meeting convened in 2017 to approve the 2016 financial statements.

We would remind you that directors' appointments will be renewed in staggered fashion in tranches of one third chosen by lot every year during the first three-year period.

Bertrand Neuschwander is a member of the Group Strategy Committee.

Biography and experience

Bertrand Neuschwander has been Senior Vice President of SEB Group since 2014. He holds an engineering degree from INA Paris-Grignon and an MBA from INSEAD. Bertrand Neuschwander began his career at Arthur Andersen & Cie before moving to Apax Partners & Cie. He was then appointed Chairman and Chief Executive Officer of Aubert Group, and then Chief Executive Officer of Devanlay-Lacoste Group. In 2010 he joined SEB Group as Senior Vice President responsible for the Group's business activities. In 2011 he was appointed Chairman of SEB Alliance, SEB Group's vehicle for investing in start-ups with a high-technology content.

Existing family ties with SergeFerrari Group corporate officers

None

Current offices and positions within the Group

None

Current offices and positions outside the Group

Senior Vice President of SEB SA – Euronext Paris A Compartment - FR0000121709
Chairman of SEB Alliance SAS
Director of Orosdi
Director of Maharaja
Joint managing partner of Marco Paulo Investissement SCI (real estate investment partnership)
Joint managing partner of Marco Paulo Immobilier SCI

Group and non-Group offices and positions held within the past five years that have reached their expiry date (all non-Group)

Member of the Executive Board of Devanlay SA
Chairman of Comptoir de la Bonneterie
Director of Montaigne Diffusion
Director of Tricotage de Saint-Louis

Romain Ferrari, born in 1960, a French national

Business address: ZI de la Tour-du-Pin – 38110 Saint Jean de Soudain (France)
Director and Deputy Chief Executive Officer

Term of office and expiry date

Romain Ferrari was appointed as a director by the Ordinary General Meeting of April 30, 2014. His office will expire at the end of the General Meeting convened in 2017 to approve the 2016 financial statements.

We would remind you that directors' appointments will be renewed in staggered fashion in tranches of one third chosen by lot every year during the first three-year period.

Biography and experience

Romain Ferrari was commissioned as a General Officer in the French Merchant Navy. He worked as an engineering specialist at a subsidiary of Technip between 1985 and 1990, before joining the family business in 1990 to take charge of processes, industrial projects and sustainable development.

Existing family ties with SergeFerrari Group corporate officers

Sébastien Ferrari (brother) – Director, Chairman and Chief Executive Officer of SergeFerrari Group
Victoire Gottardi (niece) – Director of SergeFerrari Group

Current offices and positions within the Group

Chief Executive Officer of Ferrari Participations
Vice-Chairman of Serge Ferrari North America
Director of KK Serge Ferrari Japan
Chief Executive Officer of Serge Ferrari SAS
Chairman of CI2M
Chief Executive Officer of Immobilière Ferrari
Director of Ferfil Multifils
Director of Serge Ferrari Tersuisse

Director of Serge Ferrari AG

Current offices and positions outside the Group
None

Group and non-Group offices and positions held within the past five years that have reached their expiry date
None

Philippe Brun, born in 1960, a French national

Business address: ZI de la Tour-du-Pin – 38110 Saint Jean de Soudain (France)
Director and Chief Financial Officer

Term of office and expiry date
Philippe Brun was appointed as a director by the Ordinary General Meeting of April 30, 2014. His office will expire at the end of the General Meeting convened in 2017 to approve the 2016 financial statements.

We would remind you that directors' appointments will be renewed in staggered fashion in tranches of one third chosen by lot every year during the first three-year period.

Biography and experience
Philippe Brun joined SergeFerrari Group in 2011 after holding senior and financial management positions in listed companies (IMS International Metal Service – Member of the Executive Board, and Boiron – Executive Vice-President). Philippe Brun holds diplomas from EM Lyon and the French Association of Financial Analysts (SFAF).

Existing family ties with SergeFerrari Group corporate officers
None

Current offices and positions within the Group
Member of the Board of Directors of Serge Ferrari North America

Current offices and positions outside the Group
None

Group and non-Group offices and positions held within the past five years that have reached their expiry date (all non-Group)
Member of the Executive Board of IMS International Metal Service

BpiFrance, represented by Christophe Graffin, born in 1959, a French national,

Business address: 23, rue du Vieux Collonges – 69660 Collonges au Mont d'Or (France)
Director

Term of office and expiry date
Christophe Graffin was appointed as the permanent representative for BpiFrance, the director co-opted by the Board of Directors at its meeting on March 18, 2015. The appointment of BpiFrance was approved by the General Meeting on April 9, 2015. BpiFrance's term of office will expire at the end of the General Meeting convened in 2018 to approve the 2017 financial statements.

Biography and experience
Christophe Graffin has held a large number of senior and operating management positions at Valeo, Entrelec, Pirelli Câbles et Systèmes and SONEPAR, both in France and abroad, including Asia. He has extensive expertise in business transformation (development, external growth and re-engineering). Christophe Graffin holds diplomas from ENSAM and ESSEC.

Existing family ties with SergeFerrari Group corporate officers
None

Current offices and positions within the Group

None

Current offices and positions outside the Group
Chairman of Shartinst SAS

Group and non-Group offices and positions held within the past five years that have reached their expiry date (all non-Group)
Director of Winterhalter + Fenner
Director of Fabbri
Director of Dineo
Director of Dysbox
Director of Electroplast
Director of Sonepar Holding SA
Director of SIS

3.1.2 Statements concerning the members of the Board of Directors and Executive Management team

Absence of any convictions for fraud or bankruptcy and public sanctions during the past five years

To the Company's knowledge, no member of the Board or Executive Management team has, over the past five years, been convicted for fraud or associated with a bankruptcy, sequestration of assets or court-ordered liquidation, has been the subject of an official public penalty or sanction imposed by a statutory or regulatory authority, or has been prevented from acting as the member of an administrative, management or supervisory body for a listed company, or from being involved in managing a listed company's affairs by a court.

Service agreements

To the Company's knowledge, no corporate officer is bound to the Company or to any of its subsidiaries by a service agreement, except for the agreements set out below:

- The Company is bound to Ferrari Participations, its parent company, by a service provision agreement, effective January 1, 2012, the terms and conditions of which are set out in the Statutory Auditors' report on regulated agreements.
  The compensation received by directors under this agreement is detailed in Section 3.2.2.
- The Company is bound to Serge Ferrari SAS, Serge Ferrari AG, Serge Ferrari Tersuisse, KK Serge Ferrari Japan, Serge Ferrari North America, Serge Ferrari Asia Pacific and Serge Ferrari Brasil by a licensing agreement for the "Serge Ferrari" trademark, effective January 1, 2012, the terms and conditions of which are set out in the Statutory Auditors' special report.
- The Company is bound to Serge Ferrari SAS by a cash pooling agreement effective January 1, 2012.

These agreements have been submitted to the control system for regulated agreements provided for by Articles L. 225-38 *et seq.* of the French Commercial Code.

Conflicts of interest and agreements in which the corporate officers have an interest

To the Company's best knowledge, as of the date of this report, there was no potential conflict of interest between the duties of Karine Gaudin, Bertrand Neuschwander, Bertrand Chammas and BpiFrance towards the Company and their private interests or other duties. In addition, Sébastien Ferrari and Romain Ferrari are respectively Chairman and Chief Executive Officer of Ferrari Participations, a shareholder that holds over 50% of the Company's share capital and voting rights. Philippe Brun is linked to Ferrari Participations, the Company's parent company, by an employment contract.

The Chairman and Chief Executive Officer, the Senior Vice Presidents and three directors are shareholders in the Company either directly and/or indirectly, as detailed in Section 5.1.1 of this Registration Document.

A potential conflict of interest exists with respect to the premises leased by Group companies from Clomeca, Immobilière Ferrari SAS, SRF, La Roche and SETIMM, which are owned by certain directors and corporate officers of the Company. In fact, these real estate investment partnerships (SCIs) are wholly-owned by Ferrimmo, in which Sébastien Ferrari has a 66.7% interest and Romain Ferrari a 33.3% interest via Ferrari Participations.

To manage this potential conflict of interest, the Company commissioned an expert appraisal of the rental value of the premises leased to Group companies by these companies in 2014. The appraiser found that the rents charged were compliant with market conditions. (See also Section 19.1.2.4 of the Base Document registered on May 20, 2014 under No. I 14-032.)

The Board of Directors has adopted internal rules of procedure that include an article relating to "Prevention of conflicts of interest", which requires a director who finds himself in such a position to fully disclose any real or potential conflict of interest that they may encounter in their role as a director to the Board of Directors immediately, in order to determine whether they should abstain from discussions and/or voting on the resolutions concerned.
The Board of Directors' internal rules of procedure restate the business conduct rules by which Board members are required to abide. At the time of their appointment, every director is reminded of the responsibilities incumbent upon them, of their duty to abide by the relevant rules regarding professional conduct and the combination of offices, of the requirement to inform the Board of any conflicts of interest, of the need for regular attendance at Board meetings, and of the confidentiality of the Board's discussions.

The Board of Directors may recommend that a current director tender their resignation, where it believes that such director has a proven and permanent or substantially permanent conflict of interest.

Restrictions relating to the transfer of shares

To the Company's best knowledge, as of the date of this report, the only commitments made by members of the Board of Directors regarding the transfer or holding of shares in the Company were entered into at the time when the Company's securities were admitted for trading in June 2014. Ferrari Participations, Victoire Gottardi, Mireille Ferrari, Sébastien Ferrari, Romain Ferrari and Philippe Brun also entered into a lock-up agreement covering:

- 100% of the shares that they hold until the expiry of a period of 180 days following the settlement and delivery date of June 24, 2014;
- 80% of the shares that they hold until the expiry of a period of 270 days following the settlement and delivery date of June 24, 2014;
- 60% of the shares that they hold until the expiry of a period of 360 days following the settlement and delivery date of June 24, 2014.

3.1.3. Organization and operation of the administrative and management bodies

Organization and operation of the Board of Directors (Articles 14 *et seq.* of the Articles of Association)

The Company is administered by a Board of Directors whose Chairman, Sébastien Ferrari, is also the Chief Executive Officer. In fact, at its meeting on April 30, 2014, the Board of Directors decided that the combination of the roles of Chairman of the Board of Directors and Chief Executive Officer was the most suitable arrangement for the Company's operating model.

Since April 30, 2014, Sébastien Ferrari has been assisted in his duties by Romain Ferrari, Chief Operating Officer responsible for processes, industrial projects and sustainable development, and by Philippe Brun, Chief Financial Officer responsible for finance, procurement and information systems.

In his capacity as Chairman, Sébastien Ferrari organizes and directs the work of the Board of Directors, on which he reports to the General Meeting of Shareholders. He is responsible for the proper operation of the Company's entities, and ensures that the directors are able to perform their duties.
Board of Directors' assignments (Article 16 of the Articles of Association and Article 2 of the Internal Rules of Procedure)
In accordance with its Rules of Procedure adopted on April 30, 2014, the Board of Directors determines the guidelines for the Company's business activities and monitors their implementation. The Board of Directors receives regular information regarding any significant event with regard to the Company's business, either directly or via its committees.

The Board of Directors meets at least four times a year on the invitation of its Chairman or at least one third of its members. Notices of meetings are issued eight business days before the meeting by any means, including orally, except in an emergency. All documents required for informing the directors about the items on the agenda are attached to the invitation or delivered within a reasonable timeframe prior to the meeting.

Internal Rules of Procedure

The Internal Rules of Procedure were adopted on April 30, 2014: they specify the role of the Board, its composition and the criteria whereby the independence of its members is assessed, and its operating rules, together with the conditions for preparing its meetings.
Furthermore, the Internal Rules of Procedure remind the Directors of their rights and duties when fulfilling their office. The Rules may be consulted at the registered office.

Restrictions imposed by the Board on the powers of the Chairman and Chief Executive Officer and Senior Vice Presidents

The senior executives are vested with full powers, subject to no restrictions, within the limits of the Company's objects and the restrictions provided for by law.

Work performed by the Board of Directors in 2014 and since the beginning of 2015

The Board of Directors met eight times during the 2014 fiscal year, with an attendance rate of 85.7%.
During its first year of operation, the Board of Directors specifically dealt with the process for enabling the SergeFerrari Group's securities to be admitted for trading on the Paris Euronext market, including the publication of the Registration Document on May 20, 2014 and the information circular on June 3, 2014, followed by setting the price selected for settlement and delivery of the shares issued.

The Board of Directors reviewed the interim financial statements for the period ended June 30, 2014. An update was provided on the progress of the Group's business at every Board meeting. The organization of the sales and marketing processes, and the strengthening of the development teams, which underlie the achievement of the Group's growth targets, were the subject of regular reviews.

The Board did not have the opportunity to assess its own operating process during 2014, given that it had only recently been created. The first assessment was carried out at its meeting on March 18, 2015, at which this report was presented and approved. The Board specifically discussed the diversification of its membership and the gender balance within the Company's governance bodies.

Executive Management (Article 19 of the Articles of Association)

By a decision dated April 30, 2014, the Board of Directors decided not to separate the functions of Chairman and Chief Executive Officer by appointing Sébastien Ferrari to the position of Chairman and Chief Executive Officer. At the same meeting, the Board appointed Romain Ferrari and Philippe Brun as Senior Vice Presidents.
The age limit is set at 70. The Chief Executive Officer and the Senior Vice Presidents may be removed by the Board at any time. The Chief Executive Officer and the Senior Vice Presidents are vested with full powers to act in the name of the Company.

Membership, operation and duties of the Board committees

Audit Committee

The Audit Committee was set up on April 30, 2014, at the time of the first meeting of the Board of Directors.
The Audit Committee meets between two and four times a year, at the invitation of its Chairman, or at the request of the Chairman of the Board of Directors, in order to discuss the procedures for preparing the financial reporting and the effectiveness of the information systems and systems for controlling the periodic accounting and financial reporting. The Audit Committee issues a recommendation regarding the statutory auditors recommended for appointment by the General Meeting. The Committee met once in 2014, with all members present.
The Audit Committee comprises two members, at least one of whom is deemed independent within the meaning of the Corporate Governance Code and has particular experience in accounting, financial and communication matters working for a listed company. The Board of Directors appoints the Committee's Chairman, who directs its work.

At the date when this report was prepared, the Audit Committee included two members, namely Karine Gaudin (Chairwoman and independent member) and Victoire Gottardi.

The Audit Committee interviews the Chief Financial Officer responsible for finance and information systems and the Group Accounting Manager. The members of the Audit Committee receive the findings of the statutory auditors based on their audits of the interim and annual financial statements. To perform its assignment, the Committee has access to all information and documents and can interview any of the Company's managers. The Audit Committee reports to the Board of Directors on its assignments.

Given that it was only set up recently, the Audit Committee has met twice: at an initial meeting in September 2014, to review the financial statements for the six months ended June 30, 2014, the draft half-yearly press release and the Statutory Auditors' audit summary, and at a second meeting on March 17, 2015, in order to review the 2014 full-year financial statements.

Strategy Committee

The mission of the Strategy Committee is to give management and shareholders its opinions and recommendations on the following:
− analysis of Group strategy, information on market trends, assessments of research, review of the competition and the resulting medium- and long-term outlook; approval of the 10-year business plan;
− review of Group development projects especially in terms of external growth and, in particular, acquisitions or sales of subsidiaries and equity interests or other assets, investment and debt, relating to amounts exceeding €10 million; and
- examination of the Group's assets and shareholder structure.

The Strategy Committee meets at the invitation of its Chairman or, if the latter is indisposed, the Chairman of SergeFerrari Group to an agenda set by the person convening the meeting. The Committee meets five times a year. Notice of the meeting may be issued by any means, including by oral invitation. Exceptionally and depending on the topics to be discussed, the Committee Chairman may authorize one or more Committee members to take part in a meeting by conference call or video-conference. The Committee may only validly deliberate if at least half of its members are or are deemed to be in attendance. Opinions and recommendations of the Committee shall be adopted by a majority of Committee members in attendance.

The Strategy Committee met five times in 2014.

3.2. Compensation and Benefits

3.2.1. Definition and transparency of compensation

The Company complies with the recommendations of the MiddleNext Code in order to determine the compensation of its corporate officers.
SergeFerrari Group's executive corporate officers receive a corporate office allowance. They do not receive any attendance fees in respect of their office as director.

The rules and principles agreed by the Board of Directors, which determine the compensation and benefits granted to executive corporate officers, are as follows:

- fixed monthly compensation paid over 12 months;
- variable annual compensation, determined as a percentage of the fixed annual compensation, and weighted according to the effective achievement ratio of quantified performance targets based on revenue, the EBITDA-revenue margin and the ratio between operating working capital and revenue. In respect of a given fiscal year, these performance indicators are expressed by comparison with the average for the same indicators over the two previous fiscal years. The annual variable compensation may range between 0 and 50% of the fixed annual compensation depending on the performance actually recorded. The system for awarding variable compensation to the executive corporate officers entered into application as of January 1, 2015.
- Provision of a company car

The individual quantified targets are not published for confidentiality reasons. The definition of the compensation paid to corporate officers was reviewed by the Board of Directors on March 18, 2015, in accordance with Recommendation R2 of the Corporate Governance Code. On that occasion, the Board of Directors also assessed the appropriateness of combining the employment contract and corporate office of corporate officers who are also directors, pursuant to Recommendation R1 of the same Corporate Governance Code. The Company will align its Board Rules of Procedure with Recommendation R6 of the MiddleNext Corporate Governance Code in 2015.

The General Meeting of April 30, 2014 set the maximum overall amount of attendance fees that may be allocated to directors who are not executive corporate officers at €60,000: the attendance fees are exclusively proportional to effective attendance at meetings of the Board of Directors or its Committees. The General Meeting of April 29, 2015 set the maximum overall amount of the attendance fees that may be allocated to directors who are not executive corporate officers at €70,000, to take into account the increase in the number of directors.

The Company has not granted any loans or guarantees to its corporate officers.

The employment contracts for Sébastien Ferrari, a Group employee since 1980, Romain Ferrari, a Group employees since 1990, and Philippe Brun, a Group employee since 2011, were suspended when they took up corporate office at Ferrari Participations and SergeFerrari Group. In 2015 the Company will comply with the MiddleNext Corporate Governance Code, which provides that the Board of Directors must assess the appropriateness of whether to approve the combination of the Chairman and Chief Executive Officer's employment contract with their corporate office. The Company specifies that the provisions of these employment contracts do not include any exemptions compared to those of the management team (personal insurance, health insurance, company car, etc.). The suspension of the employment contracts is aimed at maintaining the corporate officers' retirement entitlements, in view of their age and seniority. It is specified that the corporate officers' employment contracts do not include any severance or termination payments except as provided for by ordinary law.

3.2.2. Amount of compensation and benefits paid to corporate officers

The overall gross amount of the compensation and benefits of any kind awarded to corporate officers and members of the Board of Directors is set out in accordance with the recommendations and tables set out in Appendix 2 of the Registration Document Preparation Handbook, as adjusted for mid-cap stocks, published by the AMF in December 2014.

Table 1 – Summary table showing compensation, options and shares awarded to each executive corporate officer	FY 2014	FY 2013
Sébastien Ferrari, Chairman and Chief Executive Officer		
Compensation payable for the fiscal year	€299,461	€297,446
Valuation of variable multi-year compensation awarded during the fiscal year	€ ---	€ ---
Value of options awarded during the year	€ ---	€ ---
Valuation of bonus shares awarded	€ ---	€ ---
Total	€299,461	€297,446
Romain Ferrari, Chief Operating Officer		
Compensation payable for the fiscal year	€234,502	€234,935
Valuation of variable multi-year compensation awarded during the fiscal year	€ ---	€ ---
Value of options awarded during the year	€ ---	€ ---
Valuation of bonus shares awarded	€ ---	€ ---
Total	€234,502	€234,935
Philippe Brun, Chief Financial Officer (8 months from April 1 to December 31, 2014; Mr. Brun was not a corporate officer in 2013)		
Compensation payable for the fiscal year	€137,278	€ ---
Valuation of variable multi-year compensation awarded during the fiscal year	€ ---	€ ---
Value of options awarded during the year	€ ---	€ ---
Valuation of bonus shares awarded	€ ---	€ ---
Total	€137,278	€ ---

In addition to the compensation payable to Sébastien and Romain Ferrari in respect of their roles at the Group, rents (of €2.7 million and €2.8 million respectively for the fiscal years ended December 31, 2013 and 2014) were paid to real estate companies controlled by Ferrimmo, a wholly-owned subsidiary of Ferrari Participations, which is the majority shareholder in the Company, and in which Sébastien Ferrari has a 66.70% interest and Romain Ferrari a 33.30% interest. See Section 5.1.6.1.

Table 2 – Summary table of compensation paid to each executive corporate officer	FY 2014	FY 2013
Sébastien Ferrari, Chairman and Chief Executive Officer		
Fixed compensation ([1] service re-invoiced by Ferrari Participations)	€238,129	€235,642
Fixed compensation (corporate office allowances)	€59,567	€60,000
Variable annual compensation	€ ---	€ ---
Multi-year variable compensation	€ ---	€ ---
Exceptional compensation	€ ---	€ ---
Attendance fees	€ ---	€ ---
Benefits in kind	€1,765	€1,804
Total	€299,461	€297,446
Romain Ferrari, Chief Operating Officer		
Fixed compensation ([1] service re-invoiced by Ferrari Participations)	€172,008	€172,008
Fixed compensation (corporate office allowances)	€59,567	€60,000
Variable annual compensation	€ ---	€ ---
Multi-year variable compensation	€ ---	€ ---
Exceptional compensation	€ ---	€ ---
Attendance fees	€ ---	€ ---
Benefits in kind	€2,927	€2,927
Total	€234,502	€234,935
Philippe Brun, Chief Financial Officer (12 months for 2014, 8 months, from April 1 to 31 December, for 2013)		
Fixed compensation ([1] service re-invoiced by Ferrari Participations)	€128,000	€ ---
Fixed compensation (corporate office allowances)	€8,000	€ ---
Variable annual compensation	€ ---	€ ---
Multi-year variable compensation	€ ---	€ ---
Exceptional compensation	€ ---	€ ---
Attendance fees	€ ---	€ ---
Benefits in kind	€1,278	€ ---
Total	€137,278	€ ---

[1] Fixed compensation for the management services covered by the agreement detailed in Section 5.1.6.1.

There was no difference between the amounts payable and the amounts paid for 2013 and 2014.

Table 3 - Table showing attendance fees and other compensation received by corporate officers who are not directors	FY 2014	FY 2013
Karine Gaudin		
Attendance fees	€7,000	€ ---
Other compensation	€ ---	€ ---
Victoire Gottardi		
Attendance fees	€9,000	€ ---
Other compensation	€ ---	€ ---
Bertrand Neuschwander		
Attendance fees	€17,000	€ ---
Other compensation	€ ---	€ ---
Bertrand Chammas		
Attendance fees	€20,000 €	€ ---
Other compensation	€ ---	€ ---
BpiFrance		
Attendance fees	€ ---	€ ---
Other compensation	€ ---	€ ---
Total	€56,000	€ ---

The attendance fees relating to the 2014 fiscal year were paid at the end of December 2014.
At the date when this document was prepared, there were no stock option plans or performance share plans in place. Accordingly, Tables 4 to 10 provided for in Appendix 2 of the Registration Document Preparation Handbook, as adjusted for mid-cap stocks, published by the AMF in December 2014 have not been shown.

Table 11 – Executive corporate officers	Employment contract (1)	Supplemental pension scheme	Compensation or benefits that may be due following termination or change of duties	Compensation relating to a non-compete clause
Sébastien Ferrari Chairman and CEO Start of office: April 30, 2014 End of office: 2017 AGM	Yes	No	No	No
Romain Ferrari Chief Operating Officer Start of office: April 30, 2014 End of office: 2017 AGM	Yes	No	No	No
Philippe Brun Chief Financial Officer Start of office: April 30, 2014 End of office: 2017 AGM	Yes	No	No	No

(1) employment contract with Ferrari Participations

The Company has not constituted any provisions for the payment of pension, retirement and other benefits owed to executives and directors
The Company has not granted arrival or departure bonuses to these individuals. Executive officers' employment contracts do not include any provisions regarding severance pay.

3.3. Chairman's report on risk management and internal control procedures

3.3.1. Aims of the internal control and risk management system

The internal control process is a set of resources, procedures, systems and measures adapted to the organizational structure and business activities of the Company and its subsidiaries and designed to provide reasonable assurance regarding the handling of the main risks.

It draws inspiration from the framework published by the AMF, and aims to ensure:
- the achievement of the targets determined by Executive Management, via the effective use of its resources and means;
- the compliance of industrial and commercial measures with laws, regulations and the Company's internal rules;
- the protection of the Company's intangible assets;
- the quality and availability of the information that enables the Company to be managed;
- the prevention and detection of fraud and error.

The internal control process contributes to the management of the Company's business activities, the efficacy of its operations and the efficient use of its resources.

3.3.2. Internal control environment

The Board of Directors
In accordance with its Rules of Procedure, the Board of Directors determines the guidelines for the Company's business activities and ensures that they are implemented. It addresses any issue that affects the proper running of the Company and settles matters that fall under its remit through its discussions.

It is informed about any event that is material for the conduct of the Company's affairs, either directly or via its Committees. Every Board meeting provides the Chairman with an opportunity to set out the significant events that have occurred since the previous Board meeting and to review the Company's business activities.

Executive Management and the Group Executive Committee
Executive Management implements the internal control process within the framework of an Executive Committee responsible for the proper execution of the Group's strategy and policies. The Executive Committee meets once a month.
In addition to Sébastien Ferrari, Romain Ferrari and Philippe Brun, the Group's Executive Committee also includes:
- Niklaus Zemp, Group Industrial Director, aged 46, a Swiss national. Niklaus Zemp is a graduate of Ecole Polytechnique de Lausanne, and joined Viscosuisse (Rhône-Poulenc Group, which became Rhodia), in 1991; that company was then incorporated into the Serge Ferrari Group in two stages, in 2000 and 2006;
- Carlos Saiz, Group Innovation Director, aged 60, a French national. Carlos Saiz is an electronics engineer, and joined the Group in 1994 after holding senior positions at companies using flexible composite materials;
- Hervé Garcia, Group Human Resources Director, aged 46, a French national. Hervé holds a DESS advanced diploma in Human Resources, and joined the Group after holding senior positions within a local authority service group.
- Marc Beaufils, International Director, aged 53, a French national. Marc is a graduate of HEC, and has held marketing and development positions at Sperian, International Paper and Kloeckner. He joined the Group in 2013.

The members of the Executive Committee are responsible for corporate functions and guarantee the effective management of the risks relating to their area of responsibility. An initial risk map was drawn up in autumn 2014 following interviews with a number of operating managers. This draft version was reviewed by the Executive Committee and the main risks were identified and shared (see Section 1.10 on the main risk factors).

The Company's operating structure

On January 1, 2012 the Company adopted an organizational structure involving a breakdown of its sales operations by region, to which the local sales and marketing staff are attached.

- Southern Europe (SEUR): this region includes France, Italy, Spain and Portugal, and accounted for 36% of Group revenue in 2013.
- Wide Europe (WEUR) includes all European countries outside the SEUR region, plus Russia and Turkey; this region accounted for 40% of consolidated sales in 2013.
- Rest of World (ROW) includes all the other countries in which the Group operates. This region accounted for 24% of consolidated revenue in 2013.

Local marketing or industrial initiatives are supported:

- by a cross-divisional organizational structure in the areas of supply chain, procurement, research and development, product regulation and marketing and development strategy.
- by pooled support functions in human resources, information systems and finance.

Risk cover – Insurance

The Company's risk prevention policy is determined by Executive Management working together with its brokers and insurance companies. Group policies apply to virtually all the units, including for direct risks (fire and theft, etc.), operating losses, third-party liability (including directors and officers' liability) and the transportation of goods. Master or central insurance policies are supplemented by the use of local policies, where required.

3.3.3. Internal control procedures implemented at the Company

Quality management system

The Company has introduced a Quality Management System (QMS) under the authority of Romain Ferrari. The aims of this system are:

- useful responsiveness, without lapsing into futile agitation;
- offering original products and services that are always geared towards existing or deliberately created end-purposes, specifically in order to handle industrial and product risks;
- preferred professional and responsible relationships with our customers, specifiers, suppliers and stakeholders, which specifically enable us to limit the risks relating to marketing networks;
- the interactive management of professional, regulatory and standardized requirements for each application, as part of our international development on markets which, although different, have potential for synergies, which enables us to reduce the legal risks relating to the business activities.

The documentary components of the QMS, which are accessible on the shared directory intended for employees of the French facilities, are:

- the quality management handbook;
- a functional organizational chart;
- a set of process sheets that describe the main processes, the interaction between them and the related organizational factors;
- a set of procedures, which may be combined with instructions and operating methods;
- measurement recordings and readings that result from the application of the operating documents;
- defined goals for review by Management.

The Quality Management System was implemented within the framework determined by ISO 9001 (2008 version).

Safety Plan

The Company has introduced a Safety Plan, which may be consulted via the Company's intranet site and which includes all procedures, instructions and forms that must be used in connection with any preventive or remedial measures.
The Safety Plan is tested at regular intervals in terms of its ability to respond adequately to the risks to which the Company's activities are exposed.

Environment Handbook

An Environment Handbook setting out the features of the Serge Ferrari environmental management system for the French industrial facilities has been prepared under the authority of Romain Ferrari.
This document illustrates the Company's commitment to meeting the requirements of ISO 14001 on an ongoing basis, and reflects its determination to protect the environment by implementing an organizational system that aims to achieve quantified and dated targets that are constantly being upgraded.
The Environment Handbook specifically deals with environmental policy, the planning, implementation and operation of this policy, the related controls and the reviewing of the policy by Executive Management. The Environment Handbook is prepared and implemented under ISO 14001 (Environmental management systems – Requirements and guidelines for use) and ISO 14004 (Environmental management systems – General guidelines regarding implementation principles, systems and techniques).

3.3.4. Procedures relating to the preparation and processing of accounting and financial information

The administrative, finance and IT departments have been placed under the responsibility of Philippe Brun, Chief Financial Officer responsible for preparing and circulating financial information.

The finance department determines and implements financial strategy and ensures the development of tools for managing and monitoring the operating activities (reporting, consolidation, budgets, etc.).

The consolidation and control teams prepare and circulate monthly consolidated performance indicators and quarterly Group financial statements. These departments are also responsible for managing the budget process and for drawing up regular forecasts. They update and circulate accounting and financial procedures and maintain the Group chart of accounts in all the accounting and reporting tools. The Group uses SAP-BFC to generate its consolidated financial reporting. Non-financial reporting data, which primarily relates to the industrial activities, is prepared by the operating departments and circulated to the members of the Executive Committee.

The Company uses external specialists for some areas of expertise where it has no staff (tax, etc.).

Information systems are managed within the Group where they relate to the core corporate strategy. The related functions or services where the Group has no in-house expertise are outsourced to external service providers.

Financial statements - preparation and control

SergeFerrari Group has introduced standard guidelines for accounting recognition and monitoring financial performance. These guidelines are based on:
- maintaining a Group chart of accounts;
- circulating a timetable and instructions for account-closing procedures;
- rolling out a shared ERP system.

The head office departments help the subsidiaries to prepare their reports and periodic financial statements. A review of the subsidiaries' financial statements enables the quality of the reported financial statements to be examined and approved. Some subsidiaries are too small to have their own accounting or reporting team: in this case, the Group uses local service providers who fulfill all disclosure and reporting requirements on behalf of the local subsidiary.
The Group uses the following indicators for its monthly operating management:

- reporting of sales and profit margins per geographic region;
- statement of operating working capital;
- (weekly) statements of past-due trade receivables;
- (weekly) statements of inventories;
- net cash statement;
- monitoring of headcount;
- raw materials indices and purchasing index;
- operating income statement.

The preparation of the consolidated quarterly financial statements is accompanied by regular work:

- reviewing receivables, probability of recovery and the need for provisions;
- reviewing industrial business volume indicators and assessing any deviations from standard costs;
- reviewing research and development programs, their continued implementation, or the relevant transfers to the income statement in the event that they are abandoned;
- (monthly) confirmation of intercompany balances and cash flows;
- periodic/annual physical inventories of raw material stocks, work-in-progress and finished products.

The Group has appointed statutory auditors or external auditors at its subsidiaries whose work covers virtually all of the Group's revenue, earnings, assets and liabilities. In the case of subsidiaries that are not included in the audit scope, limited external reviews may supplement internal reviews of the financial statements. The Group organizes assignment planning and closing meetings with its Statutory Auditors (in France, for the consolidated financial statements and the French companies) and with its independent auditors (in Switzerland, for the statutory financial statements of its three industrial subsidiaries). The auditors then forward their findings and recommendations for improvements to be made at subsequent period-ends to the Audit Committee and Executive Management.

Information systems

The Group has been determined to continue to roll out its integrated business software package (SAP) since introducing it at the La Tour-du-Pin site in March 2008. Accordingly, Eglisau (Switzerland) also switched to the Group software package in March 2012, while the last industrial facility, at Emmenbrucke in Switzerland, is expected to join the Group's other industrial entities in two stages: December 2014 for the FI module (accounting and finance) and March 2015 (industry and logistics modules).
A streamlined IT system enables the Company to have shared and consistent performance measurements indicators, to improve its control of operating risks and to facilitate the achievement of the Group's development plan.

3.4. Statutory Auditors' report on the Report of the Chairman of the Board of Directors

To the Shareholders,

In our capacity as Statutory Auditors to SergeFerrari Group SA, and pursuant to the provisions of Article L. 225-235 of the French Commercial Code, we hereby submit our report on the report prepared by the Chairman of the Board of Directors of your company, in accordance with the provisions of Article L. 225-37 of said Code, for the fiscal year ended December 31, 2014.

It is the Chairman's responsibility to prepare and submit for the Board of Directors' approval a report on the internal control and risk management procedures implemented at the Company, and to provide the other information required under Article L. 225-37 of the French Commercial Code, specifically regarding the corporate governance system.

It is our responsibility:

- to inform you of the other comments that we are required to make on the information contained in the Chairman’s report regarding the procedures for internal control and risk management relating to the preparation and processing of accounting and financial information; and

- to certify that the report contains the additional information required by Article L. 225-37 of the French Commercial Code, on the understanding that it is not our role to verify the accuracy of this additional information.

We conducted our work in accordance with the professional standards applicable in France.

Information regarding the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

Professional standards require that we perform checks aimed at assessing the accuracy of the information regarding the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the Chairman’s report.

These checks specifically consist in:

- familiarizing ourselves with the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information supporting the information presented in the Chairman’s report, together with the existing documentation;

- familiarizing ourselves with the work that enabled such information and the existing documentation to be prepared;

- determining whether the material weaknesses in the internal control procedures relating to the preparation and processing of accounting and financial information that we may have identified in the course of our work are properly disclosed in the Chairman’s report.

On the basis of our work, we have no matters to report on the information provided about the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors pursuant to the provisions of Article L. 225-37 of the French Commercial Code.

Other information

We hereby certify that the report prepared by the Chairman of the Board of Directors includes the additional information required by Article L. 225-37 of the French Commercial Code.

Lyon and Villeurbanne, March 31, 2015

The Statutory Auditors

CABINET MARTINE CHABERT

MARTINE CHABERT

MAZARS

PIERRE BELUZE

4. Financial and accounting information

4.1. Selected financial information

The key financial information presented below is drawn from the consolidated financial statements prepared to IFRS standards.

€000	Dec 31, 2014	Dec 31, 2013
Total assets	**155,944**	**115,044**
Total non-current assets	**38,336**	**37,003**
o/w Intangible assets	6,501	4,706
o/w Property, plant and equipment	25,712	27,592
o/w Non-current financial assets	2,857	3,021
Total current assets	**117,608**	**78,040**
o/w Inventories and work-in-progress	33,455	35,498
o/w Trade receivables and related accounts	28,716	23,913
o/w Cash and cash equivalents	45,178	7,993
Total liabilities	**155,944**	**115,044**
Shareholders' equity	**94,643**	**51,153**
Total non-current liabilities	**15,366**	**19,759**
o/w Borrowings - long-term portion	8,127	15,662
o/w Provisions and other non-current liabilities	6,416	3,225
Total current liabilities	**45,935**	**44,132**
o/w Borrowings - short-term portion	19,590	20,034
o/w Provisions and other current liabilities	11,039	12,279
o/w Trade payables	15,016	11,651

€000	Dec 31, 2014	Dec 31, 2013
Revenue	**142,324**	**139,592**
EBIT	8,534	8,959
Net financial income/expense	(754)	(1,718)
Net income	**4,362**	**3,817**

Cash flows (€000)	Dec 31, 2014	Dec 31, 2013
Operating activities	14,904	16,722
Investing activities	(6,713)	(5,223)
Financing activities	32,417	(6,012)
Change in cash and cash equivalents	**40,852**	**5,432**

Key performance indicators

To assess the performance of its businesses, SergeFerrari Group monitors three key indicators:
- gross margin on standard production cost,
- adjusted EBITDA,
- operating working capital requirements,
determined as follows:

- "Gross margin" is the gross margin on standard production costs, calculated as follows: Gross margin = Total revenue - standard production costs (standard materials cost + standard personnel expense + standard general expenses). The gross margin on standard costs from sales of flexible composite materials is the Group's primary indicator of operational profitability.

€000	Dec 31, 2012	Dec 31, 2013	Dec 31, 2014
Gross margin - flexible composite materials	52,840	60,109	62,368
Gross margin as % of revenue - flexible composite materials	40.1%	45.8%	46.5%

- **Adjusted EBITDA is equal to** earnings before interest and tax (EBIT) before depreciation, amortization and impairment and certain other income and expense items recognized in "Other income and expenses" in the Group consolidated financial statements, and excluding the CVAE company value-added contribution, which is restated as an income tax and which amounted to a net expense of €709,000 in 2014 and €714,000 in 2013. The EBITDA-to-revenue ratio is the Group's secondary profit indicator.

€000	Dec 31, 2012	Dec 31, 2013	Dec 31, 2014
Adjusted EBITDA	9,884	16,947	17,319
Ratio: adjusted EBITDA / total revenue	7.1%	12.1%	12.2%

- The operating working capital requirement consists of inventories, trade receivables and trade payables. Operating WCR as well as the working capital requirements related to operating items other than inventories, trade receivable and trade payables (i.e. tax and social security payables, adjustment accounts, tax expense other than corporate income tax, etc.) together comprise the activity-related working capital requirement. Operating WCR is the primary indicator of liquidity and the use of Group capital.

€000	Dec 31, 2012	Dec 31, 2013	Dec 31, 2014
Operating WCR	53,235	52,436	52,729
Ratio: operating WCR / total revenue	38.2%	37.6%	37.0%

- ROCE (Return On Capital Employed) after tax corresponds to EBIT after tax divided by average net capital employed.

€000	Dec 31, 2012	Dec 31, 2013	Dec 31, 2014
ROCE	**2.6%**	**7.4%**	**8.0%**
Average capital employed	88,189	81,915	79,713
EBIT after tax	2,334	6,067	6,392
Tax rate	28.4%	32.3%	25.1%

- The Group does not intend to provide forecasts or estimates of profits.

4.2. Pro forma financial information

Not applicable.

4.3. Review of financial position and earnings

4.3.1. SergeFerrari Group SA's business activities

The Company's position and activities during the fiscal year: assessment of business trends, earnings and financial position

4.3.1.1. 2014 highlights

Company conversion into a limited company; admission of SergeFerrari Group shares for trading on Euronext Paris

SergeFerrari Group SAS became a French limited company with a Board of Directors ("*société anonyme à conseil d'administration*") on April 30, 2014, at the time of an Extraordinary General Meeting. The Extraordinary General Meeting of Shareholders then appointed Karine Gaudin, Victoire Gottardi, Sébastien Ferrari, Romain Ferrari, Philippe Brun, Bertrand Chammas and Bertrand Neuschwander as directors. The directors appointed Sébastien Ferrari as Chairman and Chief Executive Officer.

The General Meeting of Shareholders also split the par value of the shares from €20 per share to €0.40 per share. The number of shares accordingly increased from 173,469 to 8,673,450.

To prepare for the admission – potential at that time – of SergeFerrari Group shares for trading on the regulated Euronext Paris market, the General Meeting made the appropriate amendments to the Articles of Association and granted the Board of Directors authority to issue new shares.

On June 2, 2014 the Board of Directors approved the terms of the draft information circular for the admission of SergeFerrari Group shares for trading on Euronext Paris, determined the indicative price range and approved the principle of a capital increase as part of the transaction. During this meeting, the Board of Directors also decided on the principle of a capital increase reserved for CM-CIC Investissement, which had held a 2% interest in the Company since March 2008, up to a limit of €5 million, to be subscribed by private placement under the same pricing conditions as for the planned market transaction. Lastly, the Board of Directors determined the terms for a capital increase reserved for the employees, as well as the conditions for implementing the share buyback program approved in principle by the General Meeting of April 30, 2014.

On June 19, 2014, the Board of Directors formally noted the admission of the Company's shares for trading on the regulated Euronext Paris market, pursuant to the authority granted to the Chairman and Chief Executive Officer on June 2, 2014, and approved the terms of the management and placement agreement entrusted to CM-CIC Securities and Oddo & Cie, in their capacity as lead managers and joint book-runners. The Board of Directors took the decision to increase the share capital via a public offering, with waiver of preferential subscription rights.

On June 24, 2014, following the settlement and delivery transactions, 2,752,672 shares were issued as part of the retail public offering and the global placement (including the greenshoe clause), and 416,666 shares were issued as part of the capital increase reserved for CM-CIC Investissement. The proceeds of the capital increase, which was priced at €12 per share, amounted to €38,032,056.

SergeFerrari shares began trading on Euronext Paris on June 25, 2014 under ISIN code FR0011950682, ticker SEFER and European classification index no. 2353 (Building Materials & Fixtures). A liquidity contract with €0.5 million in funding was arranged in late June 2014.

On July 18, 2014, the Company exercised the over-allotment option for the capital increases, and issued 405,496 new shares at a price of €12, increasing the share capital to 12,248,284 shares. The proceeds of this transaction amounted to €4.9 million.

On July 28, 2014, the Board of Directors noted the issuance of 50,975 new shares as part of the capital increase reserved for employees at a price of €9.60 per share, subject to the 20% discount authorized in law. The proceeds of this transaction amounted to €0.49 million. The share capital has consisted of 12,299,259 shares since that date.

Accounting reclassification of securities in consolidated companies or of loans to affiliates

The shares in Serge Ferrari Brasil were reclassified to Serge Ferrari SAS, a wholly-owned subsidiary of your company, for an amount of €35,000. This transaction has no impact on the "operating" consolidation scope. No external growth or disposal transaction was performed.

Dividend payments

Ferfil Multifils paid dividends amounting to CHF 7.5 million to SergeFerrari Group SA, its sole shareholder, in 2014.

4.3.1.2. Revenue and earnings

The Company invoiced trademark royalties, which account for its revenue, amounting to €1,109,000 to its subsidiaries that use the “Serge Ferrari" trademark in 2014, compared to €854,000 for 2013. The licensing agreements entered into with the subsidiaries Serge Ferrari SAS, Serge Ferrari North America, Serge Ferrari Japan, Serge Ferrari Asia Pacific Ltd, Serge Ferrari AG, Serge Ferrari Tersuisse AG and Serge Ferrari Brasil continued in 2014, with no changes in their principle. The royalty rate applied in 2014 was 0.8% of the non-Group sales generated by each company concerned, compared to 0.6% during the previous two fiscal years, in accordance with the provisions of the agreements implemented as of January 1, 2012.

The Company generated an operating loss of €2,993,000 in 2014, compared to a profit of €461,000 in 2013, primarily due to:
- the recognition of the expenses relating to the capital increases completed as part of the IPO, which amounted to €3,529,000;
- the consequences of changing its legal form to that of a French limited company with a Board of Directors as of April 30, 2014. The Chairman and Chief Executive Officer and the two Senior Vice Presidents received gross compensation amounting to €24,000 in respect of their corporate office allowances as from May 1, 2014, entailing an expense of €31,000 including social security contributions.

The Company recorded net financial income of €5,377,000 in 2014, compared to a net expense of €1,147,000 in 2013, as a result of:

- in 2013, the net changes in the provisions for impairment of securities and loans to affiliates: a €1,131,000 write-back was applied to the provision for impairment of loans to affiliates, equivalent to the amount of the provision used to subscribe to the Texyloop capital increase; a €2,296,000 addition to the provision for impairment of the Texyloop securities was recorded, equal to the amount of the Vinyloop capital increase subscribed by Texyloop during the year;
- in 2014, the dividends paid by Ferfil Multifils, which amounted to CHF 7.5 million (€6,168,000) in 2014, and the recording of provisions amounting to €801,000 for impairment of loans to affiliates.

The Company generated a net profit of €3,322,000 in 2014 compared to a loss of €865,000 in 2013.

4.3.1.3 Balance sheet and liquidity

The share capital was increased from €3,469,000 at December 31, 2013 to €4,920,000 at December 31, 2014, as the result of the issuance of 3,625,809 new shares with a par value of €0.40 each.
The €41,937,000 change in issue premiums represents the difference between:
- the subscription price of €12 per share selected for the IPO, and the par value of €0.40 per share for the 3,574,834 shares issued as part of the global placement, the retail public offering and the capital increase reserved for CM-CIC Investissement, i.e. €41,468,000;
- the price of €9.60 per share selected for the offer reserved for employees, and the par value of €0.40 per share for 50,975 shares, i.e. €469,000.

The Company's gross debt amounted to €8,901,000 compared to €12,878,000 at December 31, 2013, impacted by:
- the subscription of a €1,900,000 loan to finance 2014 capital expenditure;
- no further use of a €9,500,000 revolving credit line, under which €6,000,000 had been drawn down at December 31, 2013;
- the change in the use and amortization of capex financing tranches for previous years.
These loans are subject to covenants in the form of financial ratios, which are now based on the consolidated financial statements prepared under IFRS. These ratios were in compliance at December 31, 2014.

The Company's cash position amounted to €25,605,000 at December 31, 2014, while €445,000 of the short-term facilities arranged with the Group's relationship banks had been used at December 31, 2013. As of December 31, 2014, €21 million was invested in term accounts with a maturity of less than 36 months and accessible within a period of 32 days.
SergeFerrari Group's net receivable against the cash pooling company, as part of the cash pooling agreement where Serge Ferrari SAS is the pivot company, amounted to €19,545,000 at December 31, 2014, compared to €5,851,000 at December 31, 2013.

4.3.1.4. Share capital, treasury shares and transactions in SergeFerrari Group shares

The share capital consisted of 12,299,239 shares with a par value of €0.40 each at December 31, 2014.

The Company entered into a liquidity contract for SergeFerrari Group shares, which was funded with €500,000, during the fiscal year. The agreement was drawn up in accordance with the current legal framework, and more specifically with the provisions of (EC) Regulation 2273/2003 issued by the Commission on December 22, 2003 regarding the application procedures for Directive 2003/6/EC issued by the European Parliament and Council as regards the exemptions provided for buyback programs and the stabilization of financial instruments, Articles L. 225-209 *et seq.* of the French Commercial Code, the AMF General Regulation and the AMF Decision dated March 21, 2011 aimed at updating admitted market practice No. 2011-07 regarding liquidity contracts. In this context, the Company held 25,689 of its own shares at December 31, 2014, i.e. 0.21% of the share capital.
Treasury share transactions under the liquidity contract were as follows:
Number of shares purchased: 44,309, at an average price of €12.06;
Number of shares sold: 18,620, at an average price of €11.54.
There were no other share transactions resulting from the Board of Directors' use of the authorizations voted at the General Meeting of April 30, 2014.

To the Company's knowledge, the share capital was held by the following shareholders at December 31, 2014:

- Members of the Ferrari family group (69.2%)
- BpiFrance (5.4%)
- Salvepar (5.4%)
- CM-CIC Investissement (4.8%)

Information on research and development activities
The Company did not carry out any research and development activities during the 2013 and 2014 fiscal years.

Information on payment terms for the Company's suppliers and customers
Trade payables amounted to €113,000 at December 31, 2014, compared to €161,000 at December 31, 2013. The average payment terms are 60 days date of invoice. Intercompany invoices are settled on the 15th day of the 3rd month following their recognition, once the net position reconciliation operations have been completed.

4.3.1.5. The subsidiaries' business activities

The subsidiaries' business activities

Reorganization of subsidiaries in 2014
Serge Ferrari SAS and Précontraint Ferrari SAS merged on April 30, 2014. SergeFerrari Group SA held 100% of the shares in Précontraint Ferrari SAS directly and indirectly (via its subsidiary Serge Ferrari SAS). This transaction designed to streamline the legal and organizational chart also resulted in optimizing operating costs: it had no impact on your Company's cash position or equity.

The shares in Serge Ferrari Brasil were reclassified to Serge Ferrari SAS, a wholly-owned subsidiary, for an amount of €35,000. This transaction has no impact on the "operating" consolidation scope.

List of subsidiaries and equity investments
The subsidiaries and equity investments held directly by SergeFerrari Group at December 31, 2014 were as follows:

- SergeFerrari SAS (99.78% interest) – Manufacturing and marketing of flexible composite materials
- Texyloop (100% interest) – Recycling and regeneration of raw materials
- CI2M (100% interest) – Production of special machines
- Ferfil Multifils (100% interest) – Twisting and warping of PET micro-cables (Switzerland)
- Serge Ferrari Brasil (83.12% interest) – Marketing (Brazil)
- VR Développement (20.10% interest), holding company for Rovitex – Laminating
- SIBAC (17.53% interest) – Manufacturing and real estate (Tunisia)
- 2F2BI (5% interest), parent company of MTB – Design and manufacturing of recycling equipment

A summary of the results of each consolidated subsidiary is provided below.

Serge Ferrari SAS
Sales amounted to €127,547,000 in 2014 compared to €122,210,000 in 2013. This improvement in revenue resulted in net income increasing to €3,620,000 in 2014 from €2,840,000 in 2013. Following the merger with Précontraint Ferrari on April 30, 2014, Serge Ferrari now hosts the flexible composite materials design, manufacturing and marketing activities.

Texyloop
Revenue amounted to €1,286,000 in 2014 compared to €1,165,000 in 2013. Operating profit was €14,000 in 2014, compared to a €11,000 loss in 2013.
Texyloop has a 40% interest in Vinyloop Ferrara SpA: Texyloop contributed €800,000 to the recapitalization of that company in 2014. The securities issued on that occasion have been fully impaired. As a result, the net loss for 2014 amounted to €889,000 compared to €817,000 in 2013.
In December 2014, Texyloop committed to invest €600,000 in order to recapitalize Vinyloop Ferrara SpA in 2015.

CI2M
Revenue amounted to €1,558,000 in 2014 compared to €1,600,000 in 2013, while the operating losses amounted to €26,000 and €69,000 respectively in 2013 and 2014.
The net loss for 2014 was €38,000, compared to a net loss of €8,000 in 2013.

Ferfil Multifils
Ferfil Multifils posted revenue of CHF 20,478,000 in 2014 compared to CHF 19,682,000 in 2013. 2014 net profit amounted to €262,000 compared to CHF 302,000 in 2013.
Ferfils paid dividends of CHF 7,500,000 in 2014.

Serge Ferrari Brasil
Serge Ferrari Brasil recorded revenue of BRL 4,124,000 in 2014 compared to BRL 1,693,000 in 2013; this revenue corresponds to local sales of composite flexible materials and to the invoicing of business development services provided to Serge Ferrari SAS by the subsidiary. Net profit amounted to BRL 251,000 in 2014 compared to BRL 50,000 in 2013.

SergeFerrari Group has indirect control over a number of consolidated companies, whose 2014 performance is summarized below:

Serge Ferrari North America (fully consolidated subsidiary)
The subsidiary's revenue amounted to USD 15,307,000 in 2014 compared to USD 14,679,000 in 2014. Its net income amounted to USD 567,000 in 2014 compared to USD 131,000 in 2013.

Serge Ferrari Asia Pacific (fully consolidated subsidiary)
The subsidiary's revenue amounted to €3,525,000 in 2014 compared to €3,209,000 in 2013, while net income amounted to €69,000 in 2014 compared to €147,000 in 2013.

Serge Ferrari Japan (83.10% consolidated subsidiary)
The subsidiary's revenue amounted to JPY 180.5 million in 2014 compared to JPY 135.8 million in 2013. In 2014 it posted net income of JPY 5.3 million compared to a JPY 6.7 million loss in 2013.

Ferrari Latino America (99.99% consolidated subsidiary)
This company had no business activities in 2014.

Tax consolidation
SergeFerrari Group is the parent company for the tax group formed with Serge Ferrari SAS, Texyloop and CI2M.

Previous dividend payments
Pursuant to the provisions of Article 243 *bis* of the French General Tax Code, we would remind you that no dividends were paid in respect of the last three fiscal years ended on December 31, 2011, 2012 and 2013.

Expenses not deductible for tax purposes
In accordance with the provisions of Articles 223 *quater* and *quinquies* of the French General Tax Code, it is specified that the attendance fees added back in order to determine the 2014 taxable income amounted to €49,000.

Corporate governance
A list of the offices and positions held by each corporate officer, together with the compensation and benefits of any kind paid to each corporate officer, is provided in the Chairman's report on corporate governance and internal control.

4.3.2. Consolidated Group operations

4.3.2.1 Overview and factors having an impact on revenue and net income

The Group is a leading player in the design, manufacture and distribution of flexible composite materials intended for Architectural, Professional and Consumer uses.

Most of the production sold relies on an industrial technology, Précontraint®, designed and continuously improved by the Group since it was first developed nearly 40 years ago. The patent relating to this technology has fallen into the public domain, but the Group retains proprietary know-how in that it designs and makes production equipment for manufacturing composite materials with Précontraint technology, without which the quality and technical characteristics of the materials cannot be copied by a competitor.

The Group benefits from a very high degree of integration (from procurement to end-of-life recycling) and an international anchoring with production plants in France, Switzerland and Italy as well as distribution subsidiaries in France, the United States, Brazil, Hong Kong and Japan.

Over the past few years (2011 to 2014), the Group's business and earnings were affected by the following key events:

- After a sharp drop in revenue in 2009, the Group experienced a strong rise in sales in 2011, partly due to restocking by its distributors;
- A sharp rise in raw material prices which began in 2010 and continued through 2011: the prices of these materials (of mainly chemical origin) rose sharply following the surge in oil prices and the scarcity effect of certain materials sourced mainly in China (antimony). Although the Group was operating at full capacity as indicated above, these price rises could not be passed on to customers in the short term, thus heavily impacting the Group's margins which declined markedly from their long-term historical levels.
- Strong measures to refocus its business: to combat the combined effects of a significant recovery in sales and the rise in raw material prices which severely narrowed its margins, the Group's Management decided on a set of measures which included:
    - discontinuing unprofitable or low-profit product lines;
    - focusing sales drives on more innovative, higher-value-added products,
    - streamlining to recover historic operating margin levels,
    - a proactive innovation policy to support its repositioning onto high-value-added products and to eventually minimize exposure to chemical prices by working on product formulation.
- the EBITDA margin rose to 12.2% in 2013, a result confirmed in 2014 and in line with the plan to regain historic levels and reach the Group's target of 15% by 2018.

Revenue
Consolidated net revenue breaks down as follows: around 95% of total revenue (net of tax) is from the sale of flexible composite materials, with the balance from miscellaneous sales (industrial waste, intermediary services, production machines built by its subsidiary CI2M, and semi-finished products such as PET micro-cables), minus discounts, rebates, returns and intercompany sales.

Proceeds from goods sold are recognized in the income statement when the significant risks and rewards inherent in the ownership of the goods have been transferred to the buyer, or in most cases on the date that the materials are shipped.

The geographic regions in which the Group operates each have different demand trends, mainly reflecting local economic conditions.

The organic growth in Group revenue (i.e. growth due to changes in volumes of products sold and selling prices, excluding the impact of changes in consolidation scope and exchange rates) depends mainly on the following factors:

- The competitive positioning of the Group's offering in its main markets, which relies in particular on: the extent of its offering and the value added of the materials offered, the compliance of its products with regulatory standards, the existence and maintenance of privileged relationships with customers and specifiers (architects, installers, specialized distributors), the quality of the products and services offered by the Group, and the competitiveness of the Group's prices.
- The growth potential and structure of each geographic market in which the Group operates.
- Local economic conditions in that its sales policy focusing on high-end products may prove unsuitable at times of economic slowdown.

Factors impacting operating income

Purchases consumed

Purchases consumed mainly consist of the raw materials used in making the Group's products, in particular plasticizers, PVC resins, flame retardants, PET and pigments. Other expenses mainly consist of packaging costs.

External expenses

External expenses cover:

- Rents and related charges at its various sites;
- Remuneration to intermediaries and fees, including the cost of non-employee personnel in countries where the Group has no legal structure of its own, as well as fees paid under management agreements with the controlling holding company Ferrari Participations, which re-invoices all payroll costs of the French members of the Executive Committee (see Section 3.3 of this Registration Document);
- The cost of shipping products and of logistics, which vary mainly depending on the price of fuel and the Group's operational efficiency (truck fill rates, location of production and distance from sale location, etc.);
- Preventive maintenance, servicing and repair costs;
- Advertising and marketing expenses which are linked to the release of new products requiring specific sales drives;
- Engineering, R&D and documentation costs;
- Mission and product reception costs for international marketing, sales and representation;
- Insurance premiums, postal charges, bank charges.

Miscellaneous taxes

These comprise mainly the "company value-added contribution" (CVAE). CVAE is restated for the purpose of calculating adjusted EBITDA.

Personnel expense

This includes the total salary cost for Group employees. These expenses change depending on the number of employees, the average pay and the achievement of employees' annual targets, which affects the variable portion of their pay.

To calculate the total payroll required by its activities, the Group must take not only its own personnel expense into account but also the cost of non-payroll personnel in countries where the Group has no legal structure of its own, as well as the fees paid under the management agreement signed with the controlling holding company Ferrari Participations, which re-invoices all the salaries of French employees on the Group's Executive Committee, which are recognized as external expenses.

Depreciation and impairment
The level of capital expenditure affects the amount of depreciation charges recognized under operating expenses. The Group spends on average 2.5% of its annual revenue on industrial renewal and technological adaptation. Any required investment in capacity will increase depreciation charges.

Provisions for impairment of inventory and receivables reflect:
- the Group's capacity to improve the quality conformity of the materials it produces, as products with aesthetic defects have to be sold off at sharply reduced prices;
- the economic environment of the countries in which the Group operates, which directly affects its distributor-customers and their end customers.

Other recurring income and expenses
This relates mainly to miscellaneous income (insurance payouts, capitalized equipment or R&D, etc.) and miscellaneous expenses (losses on receivables).

Non-recurring operating income and expenses
This item consists of non-recurring income and expenses.

Factors impacting Group net income

Net cost of debt
This cost incorporates the financial cost of total debt (investment income minus interest expense) plus the profit or loss from other financial income and expenses including, in particular, gains or losses on currency translation, change in the value of derivative financial instruments (interest rate swaps in this case), financial expenses related to employee benefits and dividends from non-consolidated companies.

Income tax
Income tax in the Group consolidated financial statements consists of the tax on the income of the Group's entities plus any changes in deferred tax balances on the Group's balance sheet.

Share of profit from equity associates
This is the Group's share of profit from companies consolidated on an equity basis, as the size of the Group's equity interest in them does not warrant their full consolidation. In this case, it is the Group's share in the joint venture with Solvin Italia (a Solvay Group subsidiary) on a 40:60 basis. This industrial entity re-generates the second-generation raw materials from the recycling of raw materials (manufacturing waste, end-of-life materials, etc.) which allows the fibers and PVC to be separated.

Segment reporting
The Group is a "single segment" enterprise in the sense of IFRS 8, in the "flexible composite materials" segment (in accordance with IFRS 8, segment reporting is based on internal management data used by the Group's senior management, the Chairman and Chief Executive Officer, the two Senior Vice Presidents, the Group's main operational decision-makers), this single-segment presentation being linked to the strongly integrated nature of the activities developed by the Group.
Geographic regions and fields of activity do not constitute segments in the sense of IFRS 8.

The Group has, however, information on revenue and gross margin on standard costs per geographic region and per business segment.
However, the Group does not have key performance aggregates at a more detailed level than margin on standard costs (as defined in Section 3 of this Registration Document), as the major operational cost components beyond this margin cannot be broken down geographically or in terms of segment, as these unallocated operating expenses accounted for over half of total operating expenses in 2013.

The availability of gross margin figures does not call into question its single-segment character in the sense of IFRS 8.

In accordance with IFRS 8, the breakdown of revenue by geographic region is presented in the consolidated financial statements in Section 4.6 of this Registration Document.

Exchange rate fluctuations

Fluctuations in the exchange rates of various currencies had a direct impact on the Group's consolidated financial statements. This impact was reflected in the contingency risk on translation into euros in the subsidiaries' balance sheets and income statements.

The main currencies concerned are the Swiss franc (as two production sites are in Switzerland) and the US dollar (as some raw materials are purchased and invoiced in dollars).

Seasonality

The diversification of sectors and geographic regions where the Group's products and services are marketed eases the seasonality resulting from a focus on local and regional markets. However, solar protection products as well as architectural and homeowner products are more important for the Group in the first half of each year than the second. Weather conditions in the Northern Hemisphere (where most of the Group's sales are concentrated) are less conducive to architectural and homeowner work late in the year. Generally, around 55% of annual sales are made in the first half of the year and around 45% in the second half. This breakdown of sales is reflected in peak working capital requirements (and therefore the need to finance them) between April and September.

Changes in consolidation scope

Over the reporting period, there was no significant entry into or exit from the consolidation scope that disrupted the comparability of the accounting information that would have required the preparation of proforma data.

Presentation of accounting and financial information

The Group uses two key indicators to measure its performance, gross margin on standard production costs and adjusted EBITDA, calculated using the following methods.

Gross margin

Gross margin is the gross profit on standard costs, calculated as follows:
Gross margin on standard production costs = Total revenue - standard production costs (standard materials cost + standard personnel expense + standard general expenses).

Adjusted EBITDA

To assess the performance of its activities, the Group uses Adjusted EBITDA, which is operating income before deduction of interest, taxes, depreciation and amortization and including "Other income and expenses" in the Group's consolidated financial statements (income and expenses from previous years as well as profit and loss on unrecoverable receivables, which amounted to a net loss of €19,000 in 2014 and €9,000 in 2013), as well as CVAE which is reclassified as an income tax (expense of €709,000 in 2014 and €714,000 in 2013).

The Group's Management considers adjusted EBITDA to be a pertinent indicator as it measures the performance of the Group's ordinary activities, without taking into account the impact of expenses connected with past expenditures (depreciation and impairment), or non-recurring items that are not representative of the trends in the Group's results.

Estimates and assumptions used in the preparation of the financial statements

The preparation of consolidated financial statements in accordance with international financial reporting standards (IFRS) requires management to make estimates and assumptions that impact the value of assets and liabilities as well as expenses and income. Management regularly reviews the assumptions and estimates used, based on its experience and other reasonable factors that form the basis for measuring its assets and liabilities. Actual results may vary from such estimates.

These assumptions and estimates mainly relate to:
- provisions for pensions and employee benefits;
- other provisions for litigation, guarantees and contingencies;
- deferred tax assets, in particular those relating to tax loss carryforwards.

Provisions for pensions and similar

In accordance with the laws and practices of each country in which it operates, the Group participates in pension schemes, health and disability schemes and severance provisions for eligible employees, former employees and their eligible beneficiaries. As of December 31, 2013, the Group's employee benefit obligations in this respect were mainly in France and Switzerland.

Provisions for litigation, guarantees and restructuring charges

Provisions for litigation, guarantees and other contingencies are recognized when, at the balance sheet date, there is a legal or constructive obligation arising from a past event which will probably result in a cash outflow to the benefit of a third party and which can be reliably estimated.

Deferred tax assets

The Group recognizes deferred tax assets and liabilities in its statement of financial position. A deferred tax asset must be recognized for all future deductible temporary differences, tax loss carryforwards and unused tax credit carryforwards, if it is likely that the Group will have taxable profits in the future against which those future tax savings could be offset.

Deferred tax assets are recognized if it is likely that the Group will be able to use them in the future. Management must determine the net tax asset value that can be recognized. Net taxable profits are estimated based on forecasts and on assumptions and models of market conditions. Such assumptions and models can have a material impact on the asset value recognized on the Group balance sheet. Deferred tax assets relating to tax loss carryforwards and unused tax credits were recognized in the Group financial statements in a total amount of €3,065,000 as of December 31, 2013.

Accounting of joint ventures

IFRS 11 defines the accounting treatment for partnerships in which at least two parties exercise joint control. Under the new provisions, only two types of partnerships are identified: joint ventures and joint operations, the difference depending on the rights and obligations of the partners.

The removal of the proportional consolidation method will have no impact on the Group, as the Vinyloop joint venture is currently consolidated as an equity associate

4.3.2.2. Group revenue

(€000)	2014	2013	*Change*
Southern Europe (SEUR)	48,616	46,943	*+3.6%*
Wide Europe (WEUR)	51,350	52,465	*-2.1%*
Rest of World (ROW)	34,017	31,867	*+6.7%*
Total flexible composite materials	133,983	131,275	*+2.1%*
Other products	8,341	8,317	*+0.3%*
Total revenue	142,324	139,592	*+2.0%*

2014 revenue amounted to €142.3 million, up 2.0% compared to 2013. The 2.1% increase in sales of flexible composite materials resulted from a 2.3% increase in volumes sold compared to the previous year.
The foreign exchange impact was virtually nil on a full-year basis: the average 2014 EUR/USD exchange rate was 1.329 compared to 1.328 for 2013. Invoices in euros accounted for 81% of 2014 sales (compared to 80% in 2013), while sales denominated in USD accounted for 11% of the 2014 total (compared to 12% in 2013) and sales denominated in CHF accounted for 6% of consolidated revenue (compared to 7% in 2013).
The residual change of -0.2% is primarily explained by changes in the product mix.

The geographic trend in sales prompts the following comments:

- Southern Europe: €48.6 million, up 3.6% compared to 2013
  Sales in France, the Group's largest market, amounted to €32.8 million, and registered an increase of 0.7% compared to 2013. The increase in revenue in Italy and Spain was more significant (around 10%), which primarily reflects a catch-up effect on 2013, especially in Italy, where the sales generated in 2014 were still slightly below those generated in 2012.

- Wide Europe (other countries): €51.4 million, down 2.1% compared to 2013
  Contrasting situations were seen in this geographic region: there was a strong increase in sales in Eastern and Central Europe (especially in Turkey and Poland), and a sharp contraction in the German-speaking region comprising Germany, Austria and Switzerland.
  An exclusive distribution agreement was signed with Wurth on January 1, 2014 in Germany and on July 1, 2014 in Austria, in order to ensure the distribution of some of the waterproof breathable materials for roofs and facades manufactured by the Group at its Eglisau facility near Zurich. Although the Group expected a "slowdown" in its sales during the first year of implementation, the actual slowdown was steeper than forecast. Furthermore, in 2013 this region benefited from the sales generated in Switzerland under a military contract. The loss of this contract in 2014 was not offset by other projects.

- Rest of World: €34.0 million, up 6.7% compared to 2013
  Sales generated outside Europe accounted for 25.4% of total flexible composite materials sales, compared to 24% in 2013. The increase in revenue accelerated from the 3rd quarter: following a 7% decline for the first six months, 3rd quarter sales increased by 17% and 4th quarter sales by 30%. The sales generated in the Middle East, Africa and India region over the year saw a marked improvement on a full-year basis (up 39%).

The change in sales according to field of application was as follows:

- Innovative materials for architecture: €54.4 million (down 0.8% from 2013)
- Innovative materials for professionals: €46.5 million (up 2.2% from 2013)
- Composite membranes for consumers: €33.1 million (up 6.8% from 2013)

4.3.2.3. Earnings

The gross margin on standard cost for sales of composite materials continued to increase, rising from 45.8% to 46.5% of sales between 2013 and 2014, primarily due to improvements in the product mix and an increase in sales of consumer composite membranes.
The Group continued to execute its development plan and, specifically, to strengthen its sales teams: the number of sales persons increased from 107 to 122 between December 31, 2013 and December 31, 2014. This increase in sales costs of 7.3%, or €1.5 million, compared to 2013 was partly offset by a fall in purchases consumed, thus limiting the decrease in EBIT to 4.8%.

The change in costs according to type prompts the following comments:

- Purchases consumed (including changes in the inventory of work-in-progress and finished products) amounted to €53,222,000 (37.4% of revenue) compared to €52,618,000 in 2013 (37.7% of revenue). The improvement in the purchasing terms for raw materials was especially apparent from the 4th quarter of 2014;
- External expenses amounted to €32,371,000 in 2014 (22.7% of revenue) compared to €31,449,000 (22.5% of revenue) in 2013. These expenses mainly consist of transportation costs, maintenance expenditure for the industrial facilities and the costs of marketing and communication campaigns;
- Personnel expenses increased by 4.8% between 2013 (€36,842,000) and 2014 (€38,649,000), despite an increase in the French Competitiveness and Employment Tax Credit, which reduced personnel expenses by €482,000 in 2014 compared to €326,000 in 2013. The Group had 605 exclusive employees at December 31, 2014 (including 18 for whom the Group is invoiced by service companies in countries where SergeFerrari Group does not have its own subsidiaries), compared to 585 at December 31, 2013. The increase in the headcount primarily involved sales staff, where the number increased by 15 to 122 people at December 31, 2014.
- Amortization and depreciation charges remained stable at €7,241,000 in 2014 compared to €7,214,000 in 2013: amortization charges for intangible assets amounted to €1,792,000 (including €1,188,000 for research and development expenses and €603,000 for IT solutions); depreciation charges for property, plant and equipment amounted to €5,449,000. Investments in property, plant and equipment and intangible assets amounted to €6,792,000 in 2014.

Other operating income and expenses includes a portion of the expenses incurred to perform the capital increases subscribed at the time of the IPO, which were recognized as follows:
- expenses directly attributable to the capital increase transactions were charged to the issue premium;
- expenses relating to both the capital increases and the IPO were charged to the issue premium in proportion to the number of newly issued shares, while the balance was taken to income for the period.

In this regard, €314,000 was recognized on the “Other operating income and expenses” line, and €3,215,000 (pre-tax) was charged to the issue premium generated at the time of the capital increase transactions.

Adjusted EBITDA (restated for the expenses relating to the IPO and the presentation of the CVAE corporate value added tax under “Miscellaneous taxes”) amounted to €17,319,000 in 2014 compared to €16,947,000 in 2013.

Operating income amounted to €8,010,000 in 2014 compared to €8,959,000 in 2013.

The net cost of debt fell from €830,000 in 2013 to €578,000 in 2014 due to the impact of a decrease in bank loans, the amount of which fell from €21,254,000 at the end of 2013 to €14,557,000 at December 31, 2014.
“Other financial income and expenses” improved from a €888,000 expense in 2013 to a €365,000 expense in 2014, primarily due to the appreciation of the euro against the US dollar during the year.

The (payable and deferred) income tax charge amounted to €1,824,000 compared to €2,337,000 in 2013, primarily as a result of tax credits (research, sponsorship, employment and competitiveness), which were deducted from the corporation tax base.

The share of earnings of equity affiliates amounted to a €1,070,000 loss in 2014, similar to the €1,087,000 loss recorded in 2013.

Net income (Group share) amounted to €4,355,000 in 2014 compared to €3,826,000 in 2013.

4.3.2.4. Balance sheet and liquidity

Non-current assets amounted to €38,336,000 at December 31, 2014, up €1,333,000 from €37,003,000 at December 31, 2013, primarily due to:

- investments in intangible assets made during the year
  - €1,287,000 for research and development operations compared to €1,341,000 in 2013;
  - €1,192,000 relating to expenditure on information systems, and specifically on the finalization of the Booster project, and the implementation of the SAP system at the Emmenbrucke industrial facility in Switzerland;
- investments in property, plant and equipment amounting to €4,312,000. These investments, primarily in industrial maintenance, amounted to 3% of 2014 revenue;
- depreciation and amortization charges totaling €7,241,000.

Operating working capital, expressed as a percentage of annual revenue, improved by 60 basis points:

€000	Dec 31, 2014	Dec 31, 2013
Operating working capital	52,729	52,436
Inventory (gross)	36,873	38,101
Trade receivables (gross)	30,872	25,986
Trade payables	15,016	11,651
Operating working capital (% of revenue)	37.0%	37.6%

Against the backdrop of a slight increase in volumes sold, inventory decreased by €1,228,000, primarily due to the effect of the decrease in finished goods inventories, as a result of the 6.6% increase in 4th quarter sales volumes compared to 2013. This 8% increase in revenue in euros (a 1.0% currency gain impacted the 4th quarter) was the reason for the increase in trade receivables recorded at December 31, 2014.

The Group's equity amounted to €94,643,000 at December 31, 2014 compared to €51,153,000 at December 31, 2013, primarily impacted by:
- capital increases performed at the time of the SergeFerrari Group IPO, which totaled €43,089,000;
- the charging of the issuance costs, net of tax, which amounted to €2,144,000, against equity;
- the recording of net income of €4,355,000 for 2014;
- items of other comprehensive income amounting to -€1,795,000, which mainly include the actuarial differences relating to pension commitments, which increased as a result of a fall in the actuarial rate adopted to value pension commitments at December 31, 2014.

No dividends were paid during 2014.

The Group's net debt position at December 31, 2014 amounted to net cash of €17,487,000, compared to net debt of €27,703,000 at December 31, 2013. These amounts are analyzed as follows:

€000	Dec 31, 2014	Dec 31, 2013
(Cash)/Net debt	-17,461	27,703
(Short- and long-term) loans	14,557	21,254
Bank overdrafts	76	3,742
Factoring	13,084	10,700
Cash and cash equivalents	-45,178	-7,993

The Group had unused bilateral credit facilities amounting to €3.5 million at December 31, 2014. The factoring credit facility amounted to €20 million, of which €13.1 million had been used at December 31, 2014.

4.4. Foreseeable trends, future outlook and significant post-balance sheet events

Changes in the Company's position and outlook

Ongoing implementation of the strategy plan
SergeFerrari Group is continuing to implement its international sales development strategy. Accordingly, the sales staff headcount increased by 15 from 107 at December 31, 2013 to 122 at December 31, 2014. 18 new hires are planned for 2015. The Group expects that 50% of its sales staff will be based outside Europe by 2018.
The Group is aiming for revenue of €215 million in 2018, of which roughly 40% will be generated outside Europe, and an EBITDA margin amounting to 15% of revenue.

Significant events that have occurred since the year-end – Foreseeable trends and future outlook

Change in exchange rates in January 2015
On January 15, 2015, the Swiss National Bank announced its decision to abolish the CHF 1.20 to EUR 1 exchange rate cap that it had been defending since September 2011. The CHF appreciated sharply against the EUR in the minutes following the announcement.

SergeFerrari Group manufactures around 20% of its flexible composite materials at its Eglisau facility, near Zurich, and almost all the PET micro-cables used to create the meshes for its products at the Emmenbrucke facility near Lucerne.

In the Registration Document registered by the French Financial Markets Authority on May 20, 2014, the Company specified that a 10% increase in the CHF would have a negative impact of €3 million on pre-tax income and equity.
However, given that around 50% of the Swiss plants' costs involve raw materials or materials supplied, invoiced and paid for in EUR or USD, the appreciation of the CHF is expected to be offset by a reduction in local costs denominated in a currency other than CHF.

SergeFerrari Group will continue the initiatives that it has been implementing since September 2011, when the average exchange rate for the CHF increased by 12% from CHF 1.38 to EUR 1 in 2010 to CHF 1.23 in 2011, including:

- making innovations to the properties of its advanced products, in order to strengthen their unique advantages;
- making innovations to the formulations of its products, in order to improve their competitiveness;
- increased sourcing of raw materials, components and services in EUR or USD, so as to reduce the cost base expressed in CHF;
- adjusting the organizational structure and breakdown of the production of flexible composite materials between the French and Swiss facilities.

The initiatives implemented at the time when the CHF appreciated in 2011 enabled the resulting loss of competitiveness to be recovered within a timeframe of 24 months.

The average appreciation of the CHF against the EUR between January 1 and May 31, 2015 was 14% compared to the same period in 2014. Local costs denominated in CHF, and translated into EUR, the Group's functional currency, increased by the same amount. Conversely, some local costs, including supplies of raw materials, which account for around 50% of total production costs, benefited from the appreciation of the CHF via a symmetrical reduction.

Serge Ferrari's future outlook and goals do not amount to forecast data resulting from the budget process, but merely goals arising from the strategic choices set out in Sections 1.2 and 1.3, and from Serge Ferrari's development plan.

The future outlook and goals are based on data and assumptions that were considered reasonable by Serge Ferrari's management at the date of this Registration Document. These assumptions and data are liable to change due to the uncertainty relating, in particular, to the regulatory, economic, financial, competitive, accounting or tax environment, or depending on other factors of which Serge Ferrari may not be aware at the date of this Registration Document.

Moreover, the materialization of certain risks described in Section 4 “Risk factors” could have an impact on Serge Ferrari's business, financial position, earnings and outlook and on its ability to achieve its goals. The achievement of these goals also depends on the success of Serge Ferrari's strategy, as set out in Section 1.1 of this Registration Document, which may also be affected by the materialization of the same risks.

Accordingly, the Company makes no commitments or guarantees regarding the achievement of the outlook and goals described in this Registration Document.

SergeFerrari Group's ambition is to become the global standard-setter for flexible composite materials in its main current sectors of application on a worldwide basis (see Section 1.1.3 "A proactive strategy aimed at driving growth" in this Registration Document).

To achieve this aim, the Group intends to develop the following three key drivers:

- an ambitious sales driver aimed at accelerating its growth in regions outside its historical market (Southern Europe): accordingly, from 2014 to 2018 the Company is aiming for estimated average annual growth of 7% in Wide Europe (i.e. Europe excluding France, Italy, Spain, Portugal and Switzerland) and 17% in the Rest of World region, with the aim of generating 40% of its sales in that region by 2018 compared to 24% in 2013. Growth recorded in the Southern Europe, Wide Europe and Rest of World regions amounted to 3.6%, -2.1% and 6.7% respectively in 2014. The difference between the average expected growth rate and the actual growth rate results from the 12 to 18-month integration and training timeframe required to render new sales staff fully operational. In terms of recruitment, the Group plans to hire 57 new employees by the end of 2018, in order to reach a sales force of 164 people, compared to 107 at the end of 2013.

Number of sales persons	Dec 31, 2014	Dec 31, 2013	Expected increase 2018 vs 2013
Southern Europe (SEUR)	28.0	23.5	30%
Wide Europe (WEUR)	38.0	34.0	53%
Rest of World (ROW)	56.0	49.5	65%
Total	122.0	107.0	

- a technology driver aimed at boosting its commercial expansion: the Group intends to pursue its innovation policy with an annual budget of around €5 million until 2018. Innovation expenditure in 2014 amounted to €4,634,000, including €1,798,000 (before a €511,000 research tax credit) in capitalized research and development expenses, €1,766,000 in research and development expenses expensed in the fiscal year, and the €1,070,000 Group contribution to the development and fine-tuning of the recycling unit.

- financial drivers aimed at increasing margins and optimizing balance sheet structure: the Group believes that it has room to improve its profitability, which will enable it to achieve an adjusted EBITDA margin of around 15% in 2018, comparable to its historical pre-2008 level. In addition, the Group has set itself the goal of achieving an operating working capital to revenue ratio of 35% in 2015 (compared to 37% in 2014, 37.6% in 2013 and 38.2% in 2012).

The implementation of all these drivers enables the Group to announce the following growth and profit targets for the end of 2018: revenue of €215 million and an adjusted EBITDA margin of around 15%, close to historical recorded levels.

As part of this growth acceleration plan, the Group plans to invest around €100 million between 2014 and 2018. This amount is expected to break down as follows:

- around €35 million on business development (increase in working capital, sizing of the sales teams and strengthening current operations);
- around €25 million on innovation (research and development);
- around €40 million on industrial plant (CAPEX), including:
  - around €25 million on renewal and technological upgrading;
  - around €15 million on breakthrough technology.

2014 capital expenditure amounted to €5,505,000, excluding capitalized research and development expenses. The change in operating working capital (see Section 4.1) resulted in a €293,000 cash outflow. The €40 million in funds, net of expenses, raised in June 2014, added to 2014 net cash flows, is behind the €40.9 million increase in the cash position mentioned in the statement of cash flows in Section 4.6.

The proportional allocation of the €40 million in funds raised to each development area (€14 million for business development, €10 million for innovation and €16 million for industrial plant), combined with the cash flows generated by the business activities, has enabled the following investments to be financed:

- the increase in the sales staff since July 1, 2014 plus around €1.4 million of sales development expenditure;
- the €4.6 million investment in innovation in 2014; estimated expenditure for 2015 is at the same level as the expenditure incurred in 2014;
- investments of €5.5 million in industrial plant in 2014; estimated expenditure for 2015 amounts to €5.3 million.

To the Company's knowledge, there have been no material changes in the Group's financial or commercial position since December 31, 2014 of which the shareholders were not aware as of the date when this Registration Document was prepared.

4.5. Capital resources

4.5.1. Information on the Group's equity, liquid assets and sources of financing

Note 16 to the financial statements and the statement of changes in shareholders' equity featured in Section 4.6 of this Registration Document respectively set out the changes in the Company's share capital and equity.

The Group's equity amounted to €94,604,000 at December 31, 2014, compared to €51,120,000 at December 31, 2013. Increases in share capital are set out in Section 5.1.3 of this Registration Document.

The Group finances the development of its business activities internally, partly via the cash flows generated by its operations, and partly via recourse to short and medium-term debt, as and when required. The IPO performed in June 2014 profoundly altered the Group's financing structure: the funds raised on that occasion amounted to €43.4 million.

Primarily as a result of this fund-raising, the Group's net debt of €27,703,000 was converted into a net cash position of €17,461,000 at December 31, 2014. Accordingly, compliance with the covenants was achieved at December 31, 2014: since January 1, 2014, the covenant test has been performed on the basis of the Group's consolidated financial statements prepared according to IFRS. Up until December 31, 2013, this test was based on the financial statements prepared according to French regulation CRC 99-02 guidelines.

Notwithstanding the fund-raising transaction, the Group will continue the process of strengthening its financial structure launched in 2011, due to the combined effect of:

- a progressive significant increase in operating profitability (the adjusted EBITDA to revenue margin increased from 9.2% in 2011 to 12.1% in 2013 and 12.2% in 2014) combined with tight proactive management of its operating working capital, specifically at the inventory level;
- selective management of its current investments without jeopardizing its ability to innovate and adapt to its various target markets.

4.5.2. Information on liquid assets

The total amount of cash and cash equivalents held by the Group at December 31, 2014 was €45,178,000 compared to €7,993,000 at December 31, 2013. The cash and cash equivalents item includes €45,094,000 in cash and €84,000 in short-term investments.

The cash is partially (€23,800,000) invested in term accounts with a maturity of less than 36 months, which are accessible at 32 days' notice.

4.5.3. Information on the Group's financing sources

In addition to cash flow from operating activities, the Group uses medium-term financing as required, mainly to fund its renewal and technological adaptation investments (bank loans set up to cover the costs linked to property, plant and equipment purchases budgeted for the following year) and short-term financing (revolving credit, factoring and overdraft facilities).

- Financing by medium-term borrowing

Renewal and technological adaptation investments are financed partly by bank loans from the Group's partner banks ("Club Deal"). These loans are set up based on the investment budget for the following year. This mode of financing allows the Group to secure funds for the investments required to maintain its technological performance.

€000	Initial amount	Term	Drawn as of December 31, 2014	Due in 1 yr	Due in > 1yr and < 5 yrs	Due in > 5 yrs
Club Deal July 2009	15,000	5 yrs	0	0	0	0
Club Deal May 2011	6,000	4 yrs	2,400	1,200	1,200	0
Club Deal December 2011	8,000	7 yrs	4,571	1,171	3,400	0
Club Deal September 2013	6,000	6.5 yrs	1,900	1,400 (1)	500	0
		Total	8,871	3,771	5,100	0

(1) funds available via a drawdown notice that may be extended throughout the term of the financing

These arranged loans are actioned via drawdown notices, can be used or not, and are repayable monthly, half-yearly or annually depending on the repayment schedule.
In addition, the Group has access to a medium-term credit facility in Swiss francs via its Swiss subsidiaries. Available funding amounted to CHF 5,350,000 as of December 31, 2014 compared to CHF 8,650,000 as of December 31, 2013. These financing arrangements were made between 2002 and 2011 to cover expenditure specific to the Swiss subsidiaries. As it wants to reduce its exposure to

EUR/CHF exchange rate fluctuations, the Group is no longer financing these investments through CHF lines, but through EUR financing in the form of Club Deals.
The repayment schedules are subject to financial covenants as described in Section 1.10.4 of this Registration Document. If these covenants are not met, the lenders have the option of requiring early repayment.

- Other medium-term financing set up with OSEO/BpiFrance

As part of the project to develop a specific machine, in February 2013 the Group obtained an interest-free innovation loan from OSEO in the amount of €1 million.

As of the date of this Registration Document, no repayment has yet been made as, under the terms of the loan, repayment was deferred for two years and the quarterly payments will be spread between June 2015 and March 2019 (quarterly payments of €61,900).

A €107,000 innovation advance was also obtained from OSEO in January 2013. This advance is also subject to a two-year deferral period and no repayments have yet been made. It will be repaid in quarterly installments of between €10,800 and €16,000 from December 2015 to September 2017.

- Short-term financing

The €9.5 million **revolving credit facility** set up with the bank pool in September 2013 ran from October 1, 2013 to March 31, 2015. This facility had not been used as of December 31, 2014.

In 2011, to optimize the management of working capital requirements, the Company entered into a **factoring agreement** to finance its receivables from French and foreign customers. The Group's financing line with the factor is €20 million, of which €13,084,000 had been used as of December 31, 2014.

The financing set up under this agreement relies mainly on the existence of the guarantees offered by the Group's credit insurance company.

As of December 31, 2013, the receivables sold to the factor amounted to €17,079,000, of which €10,700,000 was covered by financing classed as current borrowings. The non-financed portion corresponds partly to withholdings by the factor as guarantees, and partly to receivables for which the customer payment terms exceed the contractual limits agreed between the factor and the Company or for which the amount assigned exceeds the amount covered by the credit insurer.
The Company is working on optimizing these issues (raising ceilings, transmitting the documentation needed to set up credit insurance, etc.) so as to reduce the difference between receivables sold and receivables financed.

In addition to the financing indicated above, the Group supplements the financing of its working capital requirements by the use of **short-term financing lines**.
As of December 31, 2014, the Group had unconfirmed overdraft facilities in an amount of €4.5 million.
Occasional use of this means of financing allows the Group to cover peak periods in working capital requirement.

As needed, the Group benefits from **advances on current accounts** by related companies, primarily Ferrari Participations, SergeFerrari Group's holding company which, as of the date of this document, holds 55% of the Company's share capital. The funds made available to the Group from a shareholder current account mainly result from a participation loan granted by OSEO in January 2012 for a 7-year term but lodged for historical reasons with the holding company Ferrari Participations.

4.5.4. Off-balance sheet commitments

Off-balance sheet commitments are disclosed in Note 33 to the consolidated financial statements presented in Section 4.6 of this Registration Document.

4.5.5. Cash flow

The following table shows the change in cash flows between 2013 and 2014 as presented in the consolidated financial statements included in Section 4.6, broken down by source.

Cash flows (€000)	2014	2013
Operating activities	14,904	16,721
Investing activities	-6,713	-5,223
Financing activities	32,417	-6,012
Impact of exchange rate movements	244	-55
Net cash flow for the period	40,851	5,431

Cash flow amounts are taken from the statement of cash flows included in the financial statements presented in Section 4.6 of this Registration Document. Factoring is included in financing activities.

- Cash flow from operating activities

Cash flow from operating activities for the years ended December 31, 2014 and 2013 was as follows:

Cash flows (€000)	2014	2013
Consolidated net income	4,362	3,817
Elimination of income from equity associates	1,070	1,087
Depreciation and impairment	7,241	7,282
Other non-cash items	-707	-559
Gross operating cash flow after net cost of debt and tax	**12,691**	**11,627**
Net cost of debt	638	877
Tax expense	1,720	2,337
Gross operating cash flow before net cost of debt and tax	**15,049**	**14,841**
Change in WCR related to operations	**2,189**	**3,318**
Change in operating WCR	-211	799
- of which Impact of change in inventories	*1,227*	*-1,711*
- of which Impact of change in trade receivables	*-4,803*	*1,638*
- of which Impact of change in trade payables	*3,365*	*872*
Change in WCR related to other operating items	2,400	2,519
Tax paid	**-2,334**	**-1,438**
Net cash flow from operating activities	**14,904**	**16,721**

The €1,817,000 decrease in operating cash flow between 2013 and 2014 is due to:

- the increase in operating WCR in 2014 (€211,000 use of working capital) compared to a €799,000 decrease in 2013; the increase in trade receivables is mainly due to the increase in fourth quarter sales from €30.8 million in Q4 2013 to €33.3 million in Q4 2014. Inventories increased by €1.2 million, whereas in 2013 they decreased by €1.7 million.
- the €896,000 increase in taxes paid due to the increase in 2013 earnings over prior years and the amount of tax installments paid in 2014

The other components of net cash flow from operations do not call for special comment:
- 1.4% rise in gross operating cash flow before net cost of debt and tax, in line with 2% revenue growth
- slight variation in the change in other receivables and payables, from €2,519,000 in 2013 to €2,400,000 in 2014.

- Cash flow from investing activities

Cash flow from investing activities was as follows:

Cash flows (€000)	2014	2013
Acquisition of PP&E and intangible assets	-6,792	-6,003
Change in financial assets	-161	225
Disposal of PP&E and intangible assets	2	534
Dividends received	45	21
Provisions for impairment of financial assets	192	---
Net cash flow from investing activities	**-6,713**	**-5,223**

The Group's main investments in the period are described in Section 1.7 “Investments” of this Registration Document. Provisions recognized in 2014 relate to the risk of partial non-recovery of advances made to non-consolidated companies.

- Cash flow from financing activities

Net cash flow from financing activities amounted to a €32,417,000 inflow in 2014 compared to a €6,012,000 outflow in 2013.

Cash flows (€000)	2014	2013
New borrowings	1,900	6,000
Repayment of borrowings	-8,597	-8,576
Net interest expense	-634	-889
Attendance fees	-75	---
Dividends paid to Group shareholders	---	---
Factoring	2,384	771
Issue of securities	43,387	---
Issue fees deducted from shareholders' equity	-3,215	---
Treasury shares	-319	---
Other cash flow from financing activities	-2,414	-3,318
Net cash flow from financing activities	**32,417**	**-6,012**

Cash flows from financing activities can be:
- recurring (new borrowings to finance capital expenditure and repayments of such borrowings, interest expense and factoring to cover working capital requirements);
- non-recurring, in relation to the Company's June 2014 IPO and the associated share issues (see Section 5.1.3 of this Registration Document) and transaction fees (see Note 27 to the financial statements in Section 4.6 of this Registration Document).

Cash flow related to treasury shares results from the implementation of the liquidity contract signed at the time of the IPO (see Section 5.2.3 of this Registration Document).

4.5.6. Borrowing conditions and issuer's financing structure

This information is detailed in Section 4.5.3 above.

4.5.7. Restrictions on the use of capital

With the exception of guarantee deposits and current accounts frozen for a period longer than 1 year in the amount of €788,000, and recognized under non-current financial assets (totaling €2,401,000 as of December 31, 2014), the Company faces no restrictions on the availability of its capital.

These current accounts relate to current accounts advances arranged with non-consolidated subsidiaries in the amount of €200,000, the balance relating to occasional cash flows with Ferrari Participations (financing flows in either direction) or FERRIMMO. These current accounts allow the possibility of receiving (or paying) interest.

4.5.8. Sources of financing required in the future

The Company believes it can meet its operating and investment needs, and repay its borrowings (including interest), for the twelve months following the 2014 balance sheet date.

4.6. Consolidated financial statements for the year ended December 31, 2014

Statement of Financial Position

Statement of Financial Position (Assets) - €000	Note	Dec 31, 2014	Dec 31, 2013
Goodwill	5	201	202
Intangible assets	6	6,501	4,706
Property, plant and equipment	7	25,712	27,592
Investments in equity affiliates	8	-	133
Other financial assets	9	2,857	2,888
Deferred tax assets	10	3,065	1,483
Total non-current assets		**38,336**	**37,003**
Inventories and WIP	11	33,455	35,498
Trade receivables	12	28,716	23,913
Tax receivables	13	2,207	1,471
Other current assets	14	8,051	9,165
Cash and cash equivalents	15	45,178	7,993
Total current assets		**117,608**	**78,040**
Total assets		**155,944**	**115,044**

Liabilities and equity - €000	Note	Dec 31, 2014	Dec 31, 2013
Share capital	16	4,621	3,469
Additional paid-in capital	16	42,848	3,055
Consolidated reserves and other reserves	16	42,780	40,771
Net income for the period	16	4,355	3,825
Total equity, Group share	16	**94,604**	**51,120**
Non-controlling interests		39	33
Total minority interests		**39**	**33**
Total equity		**94,643**	**51,153**
Loans and borrowings	17	8,127	15,662
Provisions for pensions and similar commitments	18	6,416	3,225
Deferred tax liabilities	10	821	872
Total non-current liabilities		**15,366**	**19,759**
Borrowings and bank overdrafts (due in less than 1 yr)	17	19,590	20,034
Current provisions	19	1,166	803
Trade payables		15,016	11,651
Tax payables	13	290	169
Other current liabilities	20	9,873	11,476
Total current liabilities		**45,935**	**44,132**
Total liabilities		**61,302**	**63,890**
Total liabilities and equity		**155,944**	**115,044**

Consolidated Income Statement

Consolidated Income Statement - €000	Note	2014	2013
Revenue	21	**142,324**	**139,592**
Purchases		-50,880	-53,592
Change in inventories - WIP and finished goods		-2,341	974
External expenses	22	-32,371	-31,449
Personnel costs	23	-38,649	-36,842
Miscellaneous taxes	30	-2,518	-2,307
Depreciation and amortization	24	-7,241	-7,214
Net impairment charges and provisions	25	-707	-68
Other recurring income and expenses	26	917	-136
EBIT		**8,534**	**8,960**
Non-recurring operating income and expenses	27	-524	-1
Operating income		**8,010**	**8,959**
Income from cash and cash equivalents		60	47
Gross cost of debt	28	-638	-877
Net cost of debt		**-578**	**-830**
Other financial income and expenses	28	-176	-888
Income before tax		**7,256**	**7,241**
Income tax	29	-1,824	-2,337
Income after tax		**5,432**	**4,903**
Share of earnings of equity affiliates	8	-1,070	-1,087
Total net income		**4,362**	**3,817**
Net income, Group share		4,355	3,826
Minority interests		6	-9
Earnings per share (€)		0.41	0.44
Diluted earnings per share (€)		0.41	0.44

Statement of comprehensive income

Statement of comprehensive income - €000	**2014**	**2013**
Total consolidated net income	**4,362**	**3,817**
Other comprehensive income:		
Actuarial gains/(losses) on pension liabilities	-3,154	1,760
Income tax	674	-298
Subtotal - comprehensive income/(loss) not transferable to earnings	***-2,479***	***1,463***
Currency translation differences	685	-431
Income tax	-	-
Subtotal - comprehensive income/(loss) transferable to earnings	***685***	***-431***
Items of other comprehensive income posted directly to shareholders' equity	**-1,795**	**1,032**
Total comprehensive income	**2,567**	**4,848**
Group share	2,561	4,857
Minority interests	6	-9

Statement of changes in shareholders' equity

€000	Share capital	Capital reserves	Consolidated net income and reserves	Other comprehensive income	Comprehensive income, Group share	Minority interests	Total
Equity at Dec 31, 2012	**3,469**	**3,055**	**39,229**	**711**	**46,464**	**-166**	**46,299**
Net income for the period			3,826		3,826	-9	3,817
Other comprehensive income				1,032	1,032		1,032
Total comprehensive income for the period	**0**	**0**	**3,826**	**1,032**	**4,858**	**-9**	**4,849**
Capital transactions					0	0	0
Parent company dividends					0	0	0
Acquisitions / disposals					0	0	0
Other items			-201		-201	207	6
Total transactions with shareholders	**0**	**0**	**-201**	**0**	**-201**	**207**	**6**
Equity at Dec 31, 2013	**3,469**	**3,055**	**42,854**	**1,743**	**51,121**	**33**	**51,153**
Net income for the period			4,355		4,355	6	4,361
Other comprehensive income				-1,795	-1,795	0	-1,795
Total comprehensive income for the period	**0**	**0**	**4,355**	**-1,795**	**2,560**	**6**	**2,567**
Capital increase	1,152	42,235			43,387		43,387
Treasury shares		-298			-298		-298
Share issue expenses, net of tax		-2,144			-2,144		-2,144
Parent company dividends					0		0
Acquisitions / disposals					0		0
Other items			-22		-22		-22
Total transactions with shareholders	**1,152**	**39,794**	**-22**	**0**	**40,923**	**0**	**40,923**
Equity at Dec 31, 2014	**4,621**	**42,848**	**47,187**	**-52**	**94,604**	**39**	**94,643**

Statement of cash flows

€000	2014	2013
Total consolidated net income	4,362	3,817
Consolidated net income from continuing activities	4,362	3,817
Elimination of income from equity associates (Note 8)	1,070	1,087
Depreciation and amortization (Note 24)	7,241	7,214
Provisions (Note 25)	707	68
Gains/(losses) due to changes in fair value	-475	-96
Elimination of income from disposals	0	1
Elimination of dividend income	0	-21
Other non-cash income and expenses	-214	-443
Gross operating cash flow after net cost of debt and tax	12,691	11,627
Net cost of debt (Note 28)	638	877
Tax expense (Note 29)	1,720	2,337
Gross operating cash flow before net cost of debt and tax	15,049	14,841
Change in WCR related to operations	2,189	3,318
of which Change in trade receivables (Note 12)	*-4,803*	*1,638*
of which Change in inventories (Note 11)	*1,227*	*-1,711*
of which Change in trade payables	*3,365*	*872*
of which Change in other receivables and payables	*2,400*	*2,519*
Tax paid	-2,334	-1,438
Net cash flow from operating activities	**14,904**	**16,721**
Acquisition of PP&E and intangible assets (Notes 6 and 7)	-6,792	-6,003
Acquisition of financial assets (Note 9)	-161	225
Disposal of PP&E and intangible assets (Notes 6 and 7)	2	534
Provision for impairment of financial assets (Note 9)	192	-
Dividends received	45	21
Net cash flow from investing activities	**-6,713**	**-5,223**
New borrowings (Note 17)	1,900	6,000
Repayment of borrowings (Note 17)	-8,597	-8,576
Net interest expense (Note 28)	-634	-889
Attendance fees	-75	-
Factoring (Note 17)	2,384	771
Other cash flow from financing activities	-2,414	-3,318
Issue of securities (Note 16)	43,387	-
Purchase of treasury shares (Note 16)	-319	-
Gross issue fees deducted from shareholders' equity (Note 27)	-3,215	-
Net cash flow from financing activities	**32,417**	**-6,012**
Impact of exchange rate movements	244	-55
Change in net cash and cash equivalents	**40,852**	**5,432**
Opening cash and cash equivalents (Note 15)	7,993	13,856
Bank overdrafts at start of period (Note 17)	-3,742	-15,036
Net cash at start of period	4,251	-1,180
Closing cash and cash equivalents (Note 15)	45,178	7,993
Bank overdrafts at end of period (Note 17)	-76	-3,742
Net cash at end of period	45,102	4,251
Change in cash from discontinued operations	-	-
Change in net cash and cash equivalents	**40,851**	**5,431**

Notes to the consolidated financial statements

Note 1 - Information about the Group

1.1 Identification of the Issuer

SergeFerrari Group is a limited company ("*société anonyme*") domiciled in France.
Serge Ferrari Group designs, manufactures and distributes flexible composite materials.
The consolidated financial statements for the year ended December 31, 2014 were approved by the Chairman on March 18, 2015.
These financial statements were the subject of an audit report by the Statutory Auditors dated March 19, 2015.
The financial statements are presented in thousands of euros unless otherwise indicated. The amounts are rounded to the nearest thousand euros.
For all entities, the financial statements used for consolidation are the individual company financial statements for the year ended December 31, 2014.

1.2 Highlights of the fiscal year presented

SergeFerrari Group SAS became a French limited company with a Board of Directors ("*société anonyme à conseil d'administration*") on April 30, 2014, at the time of an Extraordinary General Meeting. The Extraordinary General Meeting of Shareholders then appointed Karine Gaudin, Victoire Gottardi, Sébastien Ferrari, Romain Ferrari, Philippe Brun, Bertrand Chammas and Bertrand Neuschwander as directors. The directors appointed Sébastien Ferrari as Chairman and Chief Executive Officer.

The General Meeting of Shareholders also split the par value of the shares from €20 per share to €0.40 per share. The number of shares accordingly increased from 173,469 to 8,673,450.

To prepare for the admission – potential at that time – of SergeFerrari Group shares for trading on the regulated Euronext Paris market, the General Meeting made the appropriate amendments to the Articles of Association and granted the Board of Directors authority to issue new shares.

On June 2, 2014 the Board of Directors approved the terms of the draft information circular for the admission of SergeFerrari Group shares for trading on Euronext Paris, determined the indicative price range and approved the principle of a capital increase as part of the transaction. During this meeting, the Board of Directors also decided on the principle of a capital increase reserved for CM-CIC Investissement, which had held a 2% interest in the Company since March 2008, up to a limit of €5 million, to be subscribed by private placement under the same pricing conditions as for the planned market transaction. Lastly, the Board of Directors determined the terms for a capital increase reserved for the employees, as well as the conditions for implementing the share buyback program approved in principle by the General Meeting of April 30, 2014.

On June 19, 2014, the Board of Directors formally noted the admission of the Company's shares for trading on the regulated Euronext Paris market, pursuant to the authority granted to the Chairman and Chief Executive Officer on June 2, 2014, and approved the terms of the management and placement agreement entrusted to CM-CIC Securities and Oddo & Cie, in their capacity as lead managers and joint book-runners. The Board of Directors took the decision to increase the share capital via a public offering, with waiver of preferential subscription rights.

On June 24, 2014, following the settlement and delivery transactions, 2,752,672 shares were issued as part of the retail public offering and global placement (including the greenshoe clause), and 416,666 shares were issued as part of the capital increase reserved for CM-CIC Investissement. The proceeds of the capital increase, which was priced at €12 per share, amounted to €38 million.

SergeFerrari shares began trading on Euronext Paris on June 25, 2014 under ISIN code FR0011950682, ticker SEFER and European classification index no. 2353 (Building Materials & Fixtures). A liquidity contract with €0.5 million in funding was arranged in late June 2014.

On July 18, 2014, the Company exercised the over-allotment option for the aforementioned capital increases, and issued 405,496 new shares at a price of €12, increasing the share capital to 12,248,284 shares. The proceeds of this transaction amounted to €4.9 million.

On July 28, 2014, the Board of Directors noted the issuance of 50,975 new shares as part of the capital increase reserved for employees at a price of €9.60 per share, subject to the 20% discount authorized in law. The proceeds of this transaction amounted to €0.49 million. Following the transaction, the share capital consisted of 12,299,259 shares.

From fiscal 2011, SergeFerrari Group prepared consolidated financial statements in accordance with French accounting standards and policies, with regard to the shareholders' right to information and the requirement to prepare a ratio certificate (the consolidated debt borne by SergeFerrari Group is subordinated to compliance with covenants). As from January 1, 2014, the financial statements used for the annual covenant test are the financial statements prepared according to IFRS. Accordingly, the financial statements prepared according to French accounting standards and policies are no longer drawn up or presented at the Annual General Meeting.

1.3 Post-balance sheet events

Post-balance sheet events for 2014
On January 15, 2015, the Swiss National Bank announced its decision to abolish the CHF 1.20 to EUR 1 exchange rate cap that it had been defending since September 2011. The CHF appreciated sharply against the EUR in the minutes following the announcement.

SergeFerrari Group manufactures around 20% of its flexible composite materials at its Eglisau facility, near Zurich, and almost all the PET micro-cables used to create the meshes for its products at the Emmenbrucke facility near Lucerne.

In the Registration Document registered by the French Financial Markets Authority on May 20, 2014, the Company specified that a 10% increase in the CHF would have a negative impact of €3 million on pre-tax income and equity capital.
However, given that around 50% of the Swiss plants' costs involve raw materials or materials supplied, invoiced and paid for in EUR or USD, paying for the supplies in foreign currencies should result in a 50% reduction in the impact of the increase in the CHF.

SergeFerrari Group will continue the initiatives that it has been implementing since September 2011, when the average exchange rate for the CHF increased by 12% from CHF 1.38 to EUR 1 in 2010 to CHF 1.23 to EUR 1 in 2011, including:

- making innovations to the properties of its advanced products, in order to strengthen their unique advantages;
- making innovations to the formulations of its products, in order to improve their competitiveness;
- increased sourcing of raw materials, components and services in EUR or USD, so as to reduce the cost base expressed in CHF;
- adjusting the organizational structure and breakdown of the production of flexible composite materials between the French and Swiss facilities.

The initiatives implemented at the time when the CHF appreciated in 2011 enabled the resulting loss of competitiveness to be recovered within a timeframe of 24 months.

Note 2 - Accounting and financial principles

The main accounting methods used in the preparation of the consolidated financial statements are explained below. They have been applied continuously to all the fiscal years presented.

2.1 Basis of preparation

The consolidated financial statements have been prepared pursuant to:
- IFRS (International Financial Reporting Standards) as adopted by the European Union. These are available for consultation on the website of the European Commission: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm;
- IFRS as published by the IASB.

The financial statements have been prepared primarily using the historical cost method, with the exception of employee benefits, which have been measured using the projected unit credit method, loans and borrowings, measured at cost less repayments, and derivative financial instruments, measured at fair value.

2.2 Procedure for first application of IFRS

The Group has prepared IFRS consolidated financial statements since January 1, 2013. Fiscal years 2011 and 2012 have been adjusted in accordance with the new standards.
The transition date adopted by the Company is January 1, 2011.

2.3 Changes in standards

The Group does not apply standards and interpretations published by the IASB but not yet adopted by the European Union.
The guidelines to which the Group refers may be found on the EFRAG (European Financial Reporting and Advisory Group) website at the following address:
http://www.efrag.org/Front/c1_306_Endorsement_Status_Report_EN.aspx

The standards, interpretations and amendments that were mandatory for the Group as from the 2014 fiscal year include:

- IFRS 10 – Consolidated financial statements, which offers a single definition of control based on power over the entity, exposure to or entitlement to the variable returns provided by that entity, and the ability to influence those returns, i.e. a link between the returns and the power;

- IFRS 11 – Partnerships, which defines two categories of partnerships: joint ventures, which are now consolidated according to the equity method (as proportional consolidation is no longer authorized), and joint operations;

- IFRS 12 – Disclosures of interests in other entities, which requires new quantitative and qualitative information, for consolidated entities, joint ventures or significant associates and non-consolidated structured entities, enabling an assessment of (i) the nature and extent of the involvement in the equity interests and the nature of the related risks, and (ii) the impact of these interests on the financial statements;

- IAS 28 revised – Investments in associates and joint ventures, according to which the equity method no longer applies solely to equity associates, but also to joint ventures classified as such according to IFRS 11.

The standards do not have a material impact on the Group's financial statements.
Furthermore, the new standards, interpretations and amendments applicable to accounting periods beginning on or after January 1, 2015 have not been applied in advance by the Group; they include:

- IFRIC 21 – Levies, which specifies when the liability relating to the obligation to pay a levy must be recognized.

- Amendment to IAS 19 – Defined benefit plans: employee contributions, which clarifies the accounting treatment of contributions paid by employees or third parties provided for by the provisions of a plan in order to help finance the benefits.

Standards or interpretations that cannot be applied by European listed companies in their 2014 IFRS financial statements, as they not been adopted by the European Union, include:

- IFRS 9 – Financial instruments

- IFRS 15 – Revenue from contracts with customers

There are no other standards or interpretations that are not yet effective and could have an impact on the Group's financial statements.

2.4 Consolidation methods

SergeFerrari Group is the consolidating company.
The financial statements of companies under the exclusive control of SergeFerrari Group are fully consolidated. Control is assumed to exist when the parent company holds, directly or indirectly through subsidiaries, more than half of the voting rights in an entity, unless in exceptional circumstances it can be clearly demonstrated that this holding does not allow control.

Control also exists when the parent company holding half or less than half of the voting rights in an entity, has:
- power over more than half of the voting rights by virtue of an agreement with other investors;
- power to dictate the entity's financial and operating policies by virtue of a regulation or a contract;
- power to appoint or dismiss the majority of the members of the Board of Directors or of an equivalent management body, if control of the entity is exercised by that Board or body; or
- power to mobilize the majority of votes at meetings of the Board of Directors or of an equivalent management body, if control of the entity is exercised by that Board or body.

Equity interests in companies over which the Group exercises significant control (associates) are measured using the equity method. With the exception of Vinyloop, SergeFerrari Group does not exercise significant or joint control of any other company.
Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated.
The balance sheet date for all annual consolidated financial statements is December 31. They are, if necessary, restated to ensure the uniformity of the accounting and measurement rules applied by the Group.
The consolidation scope is presented in Note 3.

2.5 Currency translation of financial statements

2.5.1 Operating currency and reporting currency of financial statements

The items included in the financial statements of each Group entity are measured in terms of the prevailing currency in the economic environment in which the entity operates ("operating currency").
The consolidated financial statements are presented in euros, which is the operating and reporting currency of the parent company SergeFerrari Group.

2.5.2 Currency translation of financial statements of foreign subsidiaries

The operating currency of subsidiaries is their local currency, in which most of their transactions are denominated. The financial statements of all Group entities whose operating currency is different from the reporting currency are translated into euros as follows:

- assets and liabilities are translated at the closing exchange rate at the balance sheet date;
- income, expenses and cash flows are translated at the average exchange rate over the reporting period;
- all the resulting differences on translation are recognized in "Items of other comprehensive income", then reclassified under profit or loss at the disposal date of those investments.

Goodwill/badwill and adjustments in fair value resulting from the acquisition of a foreign activity are treated as assets and liabilities of the foreign activity and translated at the closing rate.
The Group does not consolidate any entity that operates in an hyper-inflationary economy.

The exchange rates used for converting foreign currencies into euros are shown below.

Average exchange rate

	€1 equal to	Dec 31, 2014	Dec 31, 2013
Swiss franc	CHF	1.21460	1.23100
Chilean peso	CLP	756.62010	724.61175
Yen	JPY	140.40030	129.66880
US dollar	USD	1.32910	1.32820
Brazilian real	BRL	3.12290	3.21330

Closing rate

	€1 equal to	Dec 31, 2014	Dec 31, 2013
Swiss franc	CHF	1.20240	1.22760
Chilean peso	CLP	736.36600	722.91955
Yen	JPY	145.23000	144.72000
US dollar	USD	1.21410	1.37910
Brazilian real	BRL	3.22070	3.24662

2.5.3 Translation of transactions in a foreign currency

Transactions in a foreign currency are translated into the operating currency at the exchange rate on the transaction date. Gains and losses on translation resulting from the settlement of these transactions and from the translation, at the closing exchange rate, of monetary assets and liabilities denominated in a foreign currency, are recognized in profit and loss, unless directly posted to shareholders' equity as eligible cash flow hedges.

2.6 Critical accounting estimates and judgments

The preparation of financial statements involves making estimates and assumptions about the valuation of certain assets and liabilities shown on the balance sheet and of certain income statement items. Management is also required to exercise its judgment with regard to the application of the Group's accounting methods, any environmental and dismantling requirements, the impairment of receivables and the accounting treatment of transactions under the factoring agreement.
These estimates and judgments, continually updated, are based partly on historical information and partly on expectations of the future that are considered to be reasonable in light of circumstances. Given the relative uncertainty over assumptions about the future, the accounting estimates may differ from actual results.

Critical accounting estimates and judgments

Assumptions and estimates that may lead to a significant adjustment in the net carrying value of assets and liabilities in the next period relate mainly to:

- Development expenses: development expenses that meet the criteria for capitalization are entered under intangible assets and amortized over their expected useful life. The Group assesses these criteria mainly in light of the business and profitability forecasts applicable to the projects in question;
- The depreciation/amortization periods of non-current assets;
- Deferred tax assets: these result from tax loss carryforwards and the deductible temporary differences between the carrying value and tax value of recognized assets and liabilities. The recoverability of these assets is assessed on the basis of forecasts;
- measurement of the net realizable value of work-in-progress and finished products (see Notes 2.17 and 11);
- measurement of post-employment obligations and other long-term benefits. Post-employment obligations and other long-term benefits are estimated on statistical and actuarial bases.

2.7 Business combinations

The Group applies IFRS 3 Revised to the purchase of assets and assumption of liabilities constituting a business. The acquisition of assets or groups of assets not constituting a business is recognized in accordance with the standards applicable to those assets (IAS 38, IAS 16, IAS 39).

The Group recognizes each business combination through the acquisition method which consists of the measurement and recognition on the acquisition date of the difference known as goodwill (badwill if negative), between:

- the acquisition price of the acquired business plus any non-controlling interests in it, and
- the net identifiable assets acquired and liabilities taken over.

The acquisition date is the date on which the Group obtains effective control of the acquired business.

The acquisition price of the acquired business is the fair value, as of the acquisition date, of the components of the remuneration given to the seller in exchange for control of the acquiree, excluding any component that remunerates a transaction separate from taking control.

In the case where the initial recognition can only be measured provisionally before the end of the period during which the combination is completed, the acquirer recognizes the combination on the basis of provisional valuations. The acquirer must then recognize any adjustments to those provisional values from the initial recognition, within 12 months following the acquisition date.

2.8 Goodwill

For each business combination, the Group has the choice of recognizing as an asset the partial goodwill (corresponding to its percentage holding) or the entire goodwill (including goodwill assigned to non-controlling interests).

When the calculation of goodwill shows that the value of the assets acquired is higher than the price paid for them, the Group recognizes the entire profit in the income statement.

Goodwill is assigned to the cash generating unit to which the assets concerned belong for the purposes of impairment testing. These tests are performed when a loss in value is identified, and automatically on December 31, the annual balance sheet date.

2.9 Intangible assets

2.9.1 Assets acquired separately

These correspond to software valued on an amortized-cost basis (historical cost at initial recognition date, plus subsequent amortizable expenses, less accumulated amortization and identified impairment losses). These assets are amortized on a straight line basis over eight years as their estimated useful life.

2.9.2 Research and development expenses

Ferrari Group's activity is a high-value-added activity and the products used by its customers are used in innovative applications. R&D operations are decisive factors in implementing the Group's strategy in developing functional uses and chemical formulations of flexible composite materials. The criticality of the applications for which the Group's customers use its products (mechanical and aerodynamic constraints in tensioned architecture, hostile or highly corrosive environments, etc.) demands highly technological input.

R&D corresponds to the work of designing products, making industrial prototypes for industrial manufacturing, development testing to ensure product compliance with market specifications and applicable regulations (fire ratings, REACH requirements, etc.). To date, many patents have been filed in the names of Ferrari Group companies covering the Group's products and the industrial processes used to manufacture them.
In accordance with IAS 38 "Intangible Assets":

- R&D expenses are recognized as expenses in the fiscal year in which they are incurred;
- Development expenses are capitalized if the following six conditions can be demonstrated:
  - The technical feasibility of completing the intangible asset so that it will be available for use or sale;
  - The intention to complete the intangible asset and to use or sell it;
  - The capacity to use or sell the intangible asset;
  - The manner in which the intangible asset will generate future economic benefits;
  - The availability of suitable technical, financial and other resources for completing development and using or selling the intangible asset;
  - The ability to reliably estimate the costs attributable to the intangible asset during its development.

These development costs include the gross salaries and social security contributions of the employees who work on these programs and are calculated on a prorated time basis. The expenses related to service providers involved in these projects are also taken into account.
Research tax credits related to capitalized projects are considered to be investment subsidies, and are recognized as deductions from the corresponding assets. They are reported in profit and loss in the same way as the amortization of the corresponding assets. Subsidies allocated to a capitalized project are treated in the same way as research tax credit.
Development costs have been capitalized as assets since January 1, 2011, the year in which project-based cost monitoring and allocation was set up.
The useful life of these development expenses is estimated to be 4 years, and the equipment is depreciated on a straight line basis over that period.
Residual values and useful lives are reviewed at every period-end and adjusted if necessary. Amortized assets are subjected to an impairment test when, due to particular events or circumstances, recoverability may be in question. The recoverable value of an asset is its fair value less selling costs, or its value in use, whichever is higher. Recoverable value at period-end takes into account, in particular, any change in the commercial success of the product as well as technological advances.
The Company capitalized its R&D expenses for the first time in respect of the year ended December 31, 2011. These expenses are monitored per project and their state of progress is reviewed at periodic meetings with the Group's R&D managers. As is customary and for simplification, given the amount of time required to complete these programs, the following procedure has been adopted:
- all work done in year N begins to be amortized on January 1 of year N+1, whether the project has been completed or is still in progress at December 31 of year N;
- projects abandoned during the current year are removed from assets as of December 31 of that year.

Beginning in fiscal 2014, capitalized R&D projects will be amortized from the time when they are implemented. Any time discrepancies resulting from the method used until December 31, 2013 are not material.

2.10 Property, plant and equipment

Property, plant and equipment mainly includes land, structures and technical facilities, as well as expenses for re-engineering to prolong the lifetime of the industrial equipment for the production line and to upgrade with the latest available technologies. Property, plant and equipment is recognized at acquisition cost (purchase price and ancillary expenses or production costs for certain industrial equipment comprising capitalized production) excluding financial expenses, minus accrued depreciation and value impairment if any. It is not revalued. In application of the component method, each component of a single asset is recognized separately for the purpose of establishing the relevant depreciation schedule.

Depreciation is calculated using the straight line method based on the expected useful life of the various categories of assets:

Assets	Depreciation method	Term
Buildings	straight line	10/27 yrs
Building fixtures	straight line	5/12 yrs
Industrial equipment and machinery	straight line	3/8 yrs
Transport equipment	straight line	2/5 yrs
Office equipment, furniture	straight line	3/7 yrs

Depreciation is calculated on the basis of acquisition price, minus any residual value. Residual values and expected useful lifetimes are reviewed at every period-end.

2.11 Lease agreements

2.11.1 Finance lease agreements

Lease agreements covering property, plant and equipment under the terms of which the Group retains substantially all the risks and rewards inherent in ownership are classified as finance lease agreements. These contracts are entered in assets at the fair value of the leased item, or the discounted value of the minimum payments due under the lease, whichever is lower.

Each lease payment is broken down between the interest expense and the amortization of the outstanding debt remaining so as to obtain a constant periodic interest rate on the remaining balance due. The corresponding contractual rents, net of financial expenses, are including under 'Loans and borrowings'. The corresponding interest expenses are recognized in the income statement under 'Cost of debt' over the lifetime of the lease.

Assets acquired as part of lease finance agreements are depreciated over the useful life of the asset or over the lifetime of the lease, whichever is shorter.

2.11.2 Operating leases

Lease agreements under which the lessor retains substantially all the risks and rewards inherent in ownership are classified as operating leases. Payments under these contracts are recognized in expenses on a straight line basis over the lifetime of the lease agreement.

2.12 Impairment of assets

2.12.1 Impairment of intangible assets

IAS 36 “Impairment of Assets” requires the entity, whenever financial statements are prepared, to identify any evidence of impairment. If evidence of impairment is found, the entity must estimate the recoverable value of the asset.
An entity must also, even in the absence of evidence of impairment:
- annually test intangible assets with an indefinite useful life;
- test business combinations for goodwill impairment.

Impairment tests are carried out at the level of the cash generating unit (CGU) to which the assets are assigned. A CGU is the smallest identifiable group of assets that generates cash inflows largely independent of cash inflows generated by other assets or groups of assets.
The Group adopts segmentation per CGU that is consistent with the operational organization of business units, management control, and sector information and reporting. Impairment tests consist of comparing the carrying value and the recoverable value of the CGUs. The recoverable value of a CGU is the higher of its fair value (generally the market price) net of disposal cost and its value in use.

The value in use of a CGU is measured using the discounted future cash flow method:
- estimated flows during an explicit 5-year forecasting period, the first year of this period being derived from the budget;
- flows subsequent to this 5-year period measured by applying a growth rate to infinity reflecting the expected real growth rate of the economy in the long term.

The cash flow forecasts for the explicit period take into account the growth rate of the entity or the relevant sector.
The cash flow is discounted using a discount rate equal to:
- the 10-year risk-free interest rate;
- plus the market risk premium to which a sensitivity coefficient (β) specific to the entity is applied.

If the carrying value of the CGU exceeds its recoverable value, the CGU’s assets are written down to match their recoverable value. The value impairment is allocated as a priority to goodwill and recorded in the income statement under 'Non-recurring operating income and expenses'. The recognition of an impairment loss is final.

2.12.2 Impairment of investments in equity affiliates

Investments in equity affiliates are a unique asset and are tested for impairment in accordance with IAS 36 “Impairment of Assets”.
The goodwill relating to an equity affiliate is included in the value of the investment in the equity affiliate and must not be tested separately for impairment, as the value of these investments is measured including goodwill.
At each period-end, if there is evidence of impairment of the value of any investments in equity affiliates, the parent company performs an impairment test which consists of comparing the carrying value of the investments with their recoverable value.
According to IAS 36, the recoverable value of an investment in an equity affiliate is the higher of the value in use, measured in terms of future cash flow, and the fair value of the equity interest minus its disposal cost.
If an improvement in the recoverable value of investments in equity affiliates justifies a reversal of the value impairment, the entire impairment loss must be reversed, including the portion relating to goodwill.

2.12.3 Impairment of financial assets

IAS 39 (see IAS 39.58 “Impairment and uncollectibility of financial assets”) requires the entity to assess at each period-end whether objective evidence exists of impairment of a financial asset or group of financial assets. If such evidence exists, the entity must apply the provisions of IAS 39 relating to each category of financial assets to determine any impairment loss.

2.13 Financial assets

The Group classifies its financial assets under the following categories:
- Assets measured at fair value through profit or loss;
- Assets held to maturity;
- Loans and receivables;
- Assets available for sale.

How a financial asset is classified depends on the reasons for acquiring it. Management decides how to classify its financial assets when they are initially recognized and reviews the classification at the end of each fiscal year or half year.
Financial assets are entered on the balance sheet at their initial fair value. Subsequent valuations, depending on their classification, are either at fair value or at amortized cost.

2.13.1 Assets measured at fair value through profit or loss

This category includes financial assets held for trading (assets acquired primarily to be resold in the short term) as well as financial assets initially recognized at fair value through profit or loss. Changes in the fair value of the assets in this category are recognized in the income statement.

2.13.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments, that are not listed on an active market. They represent the financial assets issued by the Group due to the direct transfer, to a debtor, of money or goods and services. Loans and receivables are recognized at their nominal value and discounted where applicable in accordance with IAS 39. These assets are measured at amortized cost and a provision for impairment of receivables is recorded in accordance with the likelihood of their being collected.

The Group has identified in this category:
- (i) long-term loans and receivables classified as non-current financial assets (loans to non-consolidated affiliates and guarantee deposits paid on leased premises). Receivables related to non-consolidated equity interests are written down when their estimated recoverable value is less than their net carrying value; and
- (ii) short-term trade receivables. Short-term trade receivables remain valued at the original invoiced price, the nominal value usually representing the fair value of the consideration receivable. The discount effect is negligible given the short average invoice payment period. As necessary, an impairment is recognized on a case-by-case basis to take into account any payment collection problems. Where the customer is involved in a court-supervised procedure (corporate rescue, liquidation, etc.), except in duly justified circumstances, a provision is recorded for an amount ranging from 75% to 100% of the value of the receivable. Otherwise, the provision is estimated with regard to the likelihood of collection, with the amount ranging from 25% to 100% of the amount owed.

Non-due trade receivables sold under a factoring agreement and not meeting the derecognition conditions set out in IAS 39.20 (transfer of almost all of the risks and rewards) are kept in 'Trade receivables and related accounts'. A financial liability is recorded to offset the cash received.

2.13.3 Assets available for sale

These are non-derivative financial assets that do not fall into any of the above categories, that the company may or may not intend to sell. Changes in the fair value of these assets are recognized directly in items of other comprehensive income under shareholders' equity, with the exception of impairment losses and gains (losses) on currency translation recorded in the income statement.
The Group has classified in this category equity investments in non-consolidated companies over which it has no significant influence or control.
As these equity instruments are not quoted on an active market (unlisted companies) and their fair value cannot be measured reliably, they are held at their cost, net of any impairment losses. Their recoverable value is measured by taking various criteria into account (the Group's share in the net assets of these companies, the growth and profitability outlook for the entity in which the Group has invested, etc.). Impairment losses recorded in the income statement cannot be reversed.

2.14 Deferred taxes

Deferred taxes are recognized using the liability method for all temporary differences between the tax base of the assets/liabilities and their carrying value in the consolidated financial statements.
Deferred taxes are measured per entity or tax group, using the tax rate adopted or substantially adopted at period-end and expected to be applied when the tax asset concerned is realized or the tax liability settled.
Deferred tax assets corresponding to temporary differences and tax loss carryforwards are not recognized unless the probability exists that these tax savings will be realized in the future. They are calculated by applying the tax rate of the country to which the deferred tax assets are attached to the relevant tax base.

To assess the Group's ability to recover these assets, the following elements in particular have been taken into account:

- projected future taxable income;
- the proportion of non-recurring expenses in past losses which are not expected to recur in the future;
- the existence of sufficient taxable differences or tax opportunities
- historical taxable income in previous years.

The French 2010 Finance Act passed on December 30, 2009 removed the requirement for French taxable entities to pay the "tax professionelle", effective 2010, and replaced it with the Regional Economic Contribution (Contribution Economique Territoriale or "C.E.T.") which includes two new contributions:

- The Cotisation Foncière des Entreprises (CFE) levied on the assessed rental value of the real estate applied to the former Tax Professionelle.
- The company value-added contribution (CVAE) levied on the value added resulting from the Company's activities as presented in the financial statements.

The Group recognizes both of these contributions under operating expenses ('Miscellaneous taxes').

2.15 Derivatives

Derivative financial instruments are initially recognized at fair value on the date on which the agreement was entered into. They are subsequently remeasured at fair value. The method for recognizing the resulting profit or loss depends on the designation of the derivative as a hedge instrument and the type of item hedged.
The Group designates hedges as follows:

- a hedge of the fair value of recognized assets or liabilities or of a firm commitment (fair value hedge); or
- a hedge of a specific risk associated with a recognized asset or liability or a highly probable future transaction (cash flow hedge); or
- a hedge of a net investment in a foreign operation (net investment hedge).

The fair value of a hedging derivative is classified as a non-current asset or liability when the residual maturity of the hedged item is longer than 12 months, and as a current asset or liability when the residual maturity of the hedged item is less than 12 months. Depending on whether the hedge is a cash flow hedge or fair value hedge, changes in fair value are recognized in:
- Items of other comprehensive income. In the case of a cash flow hedge, the amount accumulated under OCI is posted to income as of the date on which the hedged transactions are executed
- Profit or loss, for fair value hedges.
Derivatives held for trading are classified as current assets or liabilities when they close out within less than a year after the period-end concerned. Otherwise, they are recognized as non-current assets or liabilities. The Group classifies as speculative derivatives that cannot be qualified as designated and effective hedging instruments as defined by IAS 39. Changes in fair value are recorded in the income statement under 'Other financial income and expenses'.

2.16 Cash and cash equivalents

This heading includes liquid assets, bank sight deposits, other very liquid investments with initial maturities less than or equal to three months, and bank overdrafts. Bank overdrafts are shown on the liabilities side of the balance sheet, under 'Loans and borrowings - short-term portion'.
The Group uses the analytical approach updated by the French Financial Management Association (AFG), the French Association of Corporate Treasurers (AFTE) and the French Association of Institutional Investors (AF2I) and recognized as a reasonable basis by the French Financial Markets Authority (AMF) in its position notice 2011-13 on the classification of UCITS (mutual funds) as cash equivalents:

- UCITS classified by the AMF as “money market” and “short-term money market” automatically satisfy the four eligibility criteria;
- the eligibility of other cash UCITS as "cash equivalents" is not taken for granted: these UCITS must be analyzed in accordance with the four criteria.

Cash equivalents are recognized at their fair value; changes in fair value are recognized in the income statement under 'Other financial income and expenses'.
Investment securities held by the Group are very liquid instruments satisfying the definition of cash equivalents as given in IAS 7. These securities are included in the consolidated statement of financial position under 'Cash and cash equivalents'.

2.17 Inventories

Inventories of raw materials and traded goods are valued at the weighted average price.
The gross value of inventories of traded goods and supplies includes the purchase price and ancillary expenses (customs duties and other taxes, as well as handling, shipping and costs directly attributable to the purchase).
Inventories of manufactured products and work-in-progress are valued at their production cost. Production cost includes consumables and direct and indirect production costs. The cost of under-activity is excluded from inventory value. Components are intermediate products whose cycle of production is completed and which are due to be incorporated into composite materials, which have been classified solely as finished products in these financial statements.
Net realizable value corresponds to the expected selling price after deducting the completion and marketing costs.
Inventories are written down to their net realizable value when evidence exists that NRV is below cost; the impairment is reversed as soon as the circumstances that led to the write-down cease to exist.
An impairment charge can also be recognized if the inventories have been damaged, if they have become completely or partially obsolete, or their selling price has fallen.
Estimates of net realizable value take into account fluctuations in price or costs directly linked to events arising after the end of the reporting period if those events confirm conditions existing at the end of the period.

2.18 Employee benefits

2.18.1 Short-term benefits and post-employment defined contribution schemes

The Group recognizes under 'Personnel expense' the value of short-term benefits as well as the contributions payable for general and mandatory pension plans. As the Group has no obligations in addition to these contributions, it does not lay down a provision for such pension plans.

2.18.2 Post-employment defined benefit schemes

These concern France, for payment of contractual retirement benefits, and Switzerland for retirement pensions.
Defined benefit schemes are borne directly by the Group, which provisions the cost of the deliverable benefits as follows.
The Group uses the projected unit credit method to measure the value of its defined benefit obligations: this method stipulates that each period of service gives rise to one additional unit of benefit rights and separately measures each unit to obtain the final obligation.
These calculations incorporate various actuarial assumptions such as the employee's probable future length of service, the level of future compensation, life expectancy, and estimated staff turnover.
The Group makes use of actuaries to assess its commitments in France and Switzerland.
The commitment calculated in this way is then discounted at the interest rate for blue chip corporate bonds, denominated in the currency of payment and whose duration approximates the estimated average duration of the pension obligation concerned.
Changes in these estimates and assumptions may lead to a significant change in the amount of the obligation. The main estimates and assumptions are as follows:

- Discount rate of 1.80% (France) and 1.50% (Switzerland)
- Salary growth rate 2% (France), 1% (Switzerland)
- Retirement age of 64 (France), 65 for men and 64 for women (Switzerland)

The amount of the provision set up for pension and similar obligations corresponds to the discounted value of the defined-benefit obligation. Actuarial gains (losses) resulting from the change in value of the discounted defined-benefit obligation include (i) the effects of the differences between the earlier actuarial assumptions and actuals and (ii) the effects of the changes in actuarial assumptions.
Actuarial gains (losses) are recognized in full in shareholders' equity under 'Items of other comprehensive income' without subsequent reclassification in the income statement, for all of the Group's defined benefit schemes, in accordance with IAS 19 Revised.
No new benefit or change of scheme, resulting from statutory or contractual provisions has been introduced during the fiscal year.

2.18.3 Other long-term benefits

These benefits concern Switzerland, for the payment of various long-service awards ("jubilee gifts").
Other long-term benefits are borne by the Group and are calculated by an independent actuary.

2.19 Loans and borrowings

Loans and borrowings mainly include:

- bank loans: these are initially recognized at fair value, net of transaction costs incurred. The borrowings are subsequently measured at their amortized cost; any difference between the income (net of transaction costs) and the repayment value is recognized in the income statement over the lifetime of the loan using the effective interest rate method;
- bank overdrafts;
- factoring.

The portion of loans and borrowings that must be repaid within 12 months following period-end is classified under current liabilities.

2.20 Provisions

A provision is set up when an obligation to a third party arises before period-end and the loss or liability is probable and can be measured reliably.
When the Group expects the provision to be totally or partially reimbursed, for example because an insurance policy exists, the reimbursement is recognized as a separate asset but only if the reimbursement is substantially certain. The provision charge is shown in the income statement net of any reimbursement.
If the effect of the time value of money is significant, the provision is discounted at a pre-tax rate that reflects the risks specific to the liability. When the provision is discounted, the provision increase linked to the flow of time is recognized as a financial expense.
When the provision is used, the provision reversal is recognized on the credit side of the expense account in which the expense covered by the provision was recorded. When the provision reversal reflects the extinction of the projected risk with no associated expenditure, the reversal is recognized on the credit side of the provision expense account.
If the loss or liability is not probable or cannot be measured reliably, a contingent liability is mentioned under the Group's commitments.

Provision for warranties
In addition to the product liability insurance subscribed by the Group, a provision for warranties is recognized to cover technical and/or commercial expenses resulting from the partial or total replacement of deliveries of composite materials to customers or the cost of additional or corrective work invoiced to the Group by customers. The expenditures actually recognized in previous years are analyzed by market and extrapolated to sales in the period ended. Depending on how long it takes for the Group to identify the origin of these costs, a provision is recognized and updated at each annual period-end.

2.21 Recognition of revenue

Consolidated net revenue breaks down as follows: 94% of total revenue (net of tax) is from the sale of flexible composite materials, with the balance from miscellaneous sales (industrial waste, intermediary services, industrial equipment built by CI2M, and semi-finished products such as PET micro-cables).
Proceeds from goods sold are recognized in the income statement when the significant risks and rewards inherent in the ownership of the goods have been transferred to the buyer, i.e. in most cases on the date that the materials are shipped. Where the incoterms applied do not transfer the significant risks and rewards to the customer, the invoicing is canceled and the materials are returned to inventory.
Revenue includes proceeds from the sale of goods and services after deduction of price reductions and taxes and after elimination of intercompany sales.

2.22 EBIT

Profit from continuing operations, or EBIT, includes all recurring income and expenses directly relating to the Group’s activities, with the exception of income and expenses resulting from one-off decisions or transactions.

2.23 Non-recurring income and expenses

This item is populated when a major event occurs during the accounting period that may give a false impression of the Company’s performance.

This includes a very limited number of income and expense entries, of unusual frequency, nature or value.

2.24 Operating income

Operating income includes all income and expenses directly relating to the Group's activities, whether the income and expenses are recurring or not, or result from one-off decisions or transactions.

2.25 Segment information

The Group is a "single segment" enterprise in the sense of IFRS 8, in the "flexible composite materials" segment (in accordance with IFRS 8, segment reporting is based on internal management data used by the Group's senior management, the Chairman and Chief Executive Officer, the two Senior Vice Presidents, the Group's main operational decision-makers), this single-segment presentation being linked to the strongly integrated nature of the activities developed by the Group.
Geographic regions and fields of activity do not constitute segments in the sense of IFRS 8.

2.26 Earnings per share

The earnings per share presented with the income statement is calculated from 'Net income, Group share' as follows:

- basic earnings per share is calculated using the weighted average number of outstanding shares during the period, after cancellation, where applicable, of treasury shares relating to the liquidity contract and share buyback plan, based on the injection dates of funds from capital increases in the form of cash, and the date of first consolidation for share issues carried out in connection with external contributions of securities of newly consolidated companies;
- diluted earnings per share is calculated by adjusting 'Net income, Group share' and the weighted average number of outstanding shares by the dilutive effect of stock option plans outstanding at period-end and bonus share allocation plans. The share buyback method is applied at the market price based on the average share price throughout the year.

The company has issued no dilutive or non-dilutive instruments in the periods presented. Earnings per share is therefore equal to diluted earnings per share.

As of December 31, 2013, the EPS value of €0.44 was calculated taking into account the 50:1 stock split effective April 30, 2014.

Note 3 - Scope of consolidation

Companies	Activity	Head office	Percentage control			2014 consolidation method
			2014	2013	2012	
Serge Ferrari Group	Holding	La Tour-du-Pin (France)	100%	100%	100%	Parent company
Serge Ferrari SAS	Production and distribution	La Tour-du-Pin (France)	100%	100%	100%	Full consolidation
Serge Ferrari North America	Distribution	Pompano Beach (USA)	100%	100%	100%	Full consolidation
Serge Ferrari Asia Pacific	Distribution	Hong Kong (HK)	100%	100%	100%	Full consolidation
Serge Ferrari Japan	Distribution	Kamakura (Japan)	83%	83%	69%	Full consolidation
Ferrari Latino America	None	Santiago (Chile)	100%	100%	100%	Full consolidation
Serge Ferrari Brasil	Distribution	Sao Paulo (Brazil)	100%	100%	100%	Full consolidation
Précontraint Ferrari SAS	Production	La Tour-du-Pin (France)	(1)	100%	100%	Full consolidation
Ci2M SAS	Equipment manufacture	La Tour-du-Pin (France)	100%	100%	100%	Full consolidation
Serge Ferrari AG	Production and distribution	Eglisau (Switzerland)	100%	100%	100%	Full consolidation
Ferfil	Production	Emmenbrücke (Switz)	100%	100%	100%	Full consolidation
Serge Ferrari Tersuisse	Production	Emmenbrücke (Switz)	100%	100%	100%	Full consolidation
Texyloop SAS	Recycling	La Tour-du-Pin (France)	100%	100%	100%	Full consolidation
Vinyloop	Recycling	Ferrara (Italy)	40%	40%	40%	Equity affiliate

(1) Serge Ferrari SAS and Précontraint SAS merged as of April 30, 2014.

SIBAC (18% owned), VR Développement (20% owned) and 2FB2I (5% owned) are excluded from the consolidation scope due to the absence of significant influence on these entities.

Note 4 - Comparability of financial statements

There was no entry into or exit from the consolidation scope in fiscal years 2013 and 2014 that would require the disclosure of comparative information.

Note 5 - Goodwill

Goodwill - €000	**Dec 31, 2014**	**Dec 31, 2013**
Net book value b/fwd	202	257
Translation differences	-1	-55
Net book value c/fwd	**201**	**202**

Goodwill corresponds to Serge Ferrari Japan acquired in 2008.
The valuation tests conducted as of December 31, 2013 and 2014 based on discounted cash flow (DCF) do not show evidence of a need to write down this asset. The changes in value result exclusively from exchange rate fluctuations.

As of December 31, 2014, Serge Ferrari Group consists of a single Cash Generating Unit, as the activities of the fully consolidated entities are interdependent. Substantially all the materials marketed by the Group and its subsidiaries are produced at its French or Swiss plants.

Note 6 - Intangible assets

Intangible assets can be analyzed as follows:

€000	Dec 31, 2012	Acq.	Disposals	Amortization for the period	Changes in exchange rates	Reclassifications and retirement	Dec 31, 2013
R&D expenses	3,333	1,341			-13		4,661
Licenses, patents & similar rights	38						38
Intangible assets in progress	991				-19	-971	2
Other intangible assets	5,581	1,118	-212		-8		6,479
Total intangible assets	**9,943**	**2,459**	**-212**		**-40**	**-971**	**11,179**
Amort./Impairment - R&D expenses	-334			-486	8	-425	-1,237
Amort./Imp. - licenses, patents & sim. rights	-38						-38
Amort./Imp. - other intangible assets	-5,444			-907	8	1,144	-5,198
Total Amort./Imp. of intangible assets	**-5,816**	**0**	**0**	**-1,392**	**16**	**719**	**-6,473**
Total net book value	**4,127**	**2,459**	**-212**	**-1,392**	**-23**	**-252**	**4,706**

€000	Dec 31, 2013	Acq.	Disposals	Amortization for the period	Changes in exchange rates	Reclassifications and retirement	Dec 31, 2014
R&D expenses	4,661	1,287			19		5,967
Licenses, patents & similar rights	38						38
Intangible assets in progress	2	958			2		961
Other intangible assets	6,479	234			28	1,080	7,819
Total intangible assets	**11,179**	**2,480**	**0**	**0**	**48**	**1,080**	**14,786**
Amort./Impairment - R&D expenses	-1,237			-1,188	-5		-2,431
Amort./Imp. - licenses, patents & sim. rights	-38						-38
Amort./Imp. - other intangible assets	-5,198			-603	-14		-5,816
Total Amort./Imp. of intangible assets	**-6,473**	**0**	**0**	**-1,792**	**-19**	**0**	**-8,284**
Total net book value	**4,706**	**2,480**	**0**	**-1,792**	**29**	**1,080**	**6,501**

The amount of research and development expenses capitalized in 2014 (€1,287,000) is stated after deduction of the €511,000 research tax credit for the fiscal year.

€1,080,000 of property, plant and equipment was reclassified to intangible assets (see also Note 7 - Property, plant and equipment). This did not impact Group cash or shareholders' equity.

Uncapitalized R&D expenses after deduction of amortization charges applied to R&D expenses capitalized in prior years amounted to €1,766,000 in 2014 and €2,064,000 in 2013.
Other intangible assets and intangible assets in progress mainly consist of IT solutions and systems used by the Group.

Note 7 - Property, plant and equipment

Property, plant and equipment can be analyzed as follows:

€000	Dec 31, 2012	Acq.	Dispo sals	Depreciation for the period	Changes in exchange rates	Reclassifications and retirement	Dec 31, 2013
Land	1,693				-28		1,665
Buildings	34,603	249	-2		-296		34,554
Plant and equipment	101,446	1,801			-887	-259	102,101
PP&E in progress	2,461	206	-79		-83		2,506
Other PP&E	6,418	863			-9	1,230	8,502
Total property, plant and equipment	**146,621**	**3,119**	**-81**	**0**	**-1,303**	**971**	**149,327**
Depr./impairment - buildings	-22,388		1	-1,886	145	-286	-24,413
Depr./impairment - plant & equipment	-87,344			-4,269	776		-90,837
Depr./impairment - other PP&E	-6,037		79	-171	79	-433	-6,484
Total depreciation/impairment of PP&E	**-115,769**	**0**	**80**	**-6,327**	**1,000**	**-719**	**-121,735**
Total net book value	**30,852**	**3,119**	**-1**	**-6,327**	**-303**	**252**	**27,592**

€000	Dec 31, 2013	Acq.	Disposals	Depreciation for the period	Changes in exchange rates	Reclassifications and retirement	Dec 31, 2014
Land	1,665				35		1,700
Buildings	34,554	638			371	0	35,563
Plant and equipment	102,101	2,714	-399		1,124	1,023	106,563
PP&E in progress	2,506	607			29	-2,103	1,039
Other PP&E	8,502	353			131		8,986
Total property, plant and equipment	**149,328**	**4,312**	**-399**	**0**	**1,689**	**-1,080**	**153,849**
Depr./impairment - buildings	-24,413			-1,552	-219		-26,184
Depr./impairment - plant & equipment	-90,837		397	-3,542	-1,017		-94,999
Depr./impairment - other PP&E	-6,484			-355	-115		-6,954
Total depreciation/impairment of PP&E	**-121,735**	**0**	**397**	**-5,449**	**-1,351**	**0**	**-128,137**
Total net book value	**27,592**	**4,312**	**-2**	**-5,449**	**338**	**-1,080**	**25,712**

Substantially all fiscal year 2013 and 2014 capital expenditure was incurred in Europe.

Note 8 – Investments in equity affiliates

Investments in equity affiliates relate to Vinyloop, which is 40% owned by SergeFerrari Group through its subsidiary Texyloop. The rest of the share capital is held by Solvay Group.

In 2014, the Group injected €0.8 million of capital into Vinyloop by capitalizing a receivable held against the company as of December 31, 2013 and recognized in 'Other loans and receivables' under 'Other financial assets' (explained in detail in Note 9 to the financial statements) of the Group balance sheet.

As of December 31, 2014, the Group is committed to providing Vinyloop with a further equity injection of €0.6 million in 2015, again to be carried out by means of a debt/equity swap.

Impact on net assets and consolidated net income

Vinyloop - €000	Dec 31, 2014	Dec 31, 2013
Investments in equity affiliates	0	133
Income from equity affiliates	-1,070	-1,087

Financial data of equity affiliates

The data presented below is drawn from the Italian financial statements in the absence of significant IFRS restatement identified for this equity investment.

Vinyloop - €000	Dec 31, 2014 (est.)	Dec 31, 2013 (act.)
Revenue	3,942	3,597
Net income/(loss) (est.)	-2,675	-2,613
Shareholders' equity (est.)	-681	-29
Total assets	Unknown	14,722

Note 9 - Other financial assets

€000	Dec 31, 2014	Dec 31, 2013
Held-for-sale financial assets	456	456
Other loans and receivables:	2,401	2,433
Total other financial assets	**2,857**	**2,888**

SIBAC (Tunisia, 18% owned), VR Développement (France, 20% owned) and 2FB2I (France, 5% owned) are excluded from the consolidation scope due to the absence of significant influence on these entities. Other loans and receivables include guarantee deposits and loans signed with non-consolidated companies (€1,465,000) and with Vinyloop (€1,128,000).

Note 10 - Deferred tax assets and liabilities

Deferred taxes are shown on the balance sheet separately from current tax assets and liabilities and are classified as non-current items.

Deferred taxes (€000)	Dec 31, 2014	Dec 31, 2013
Deferred tax assets related to employee benefits	1,439	666
Tax losses carried forward	95	127
Elimination of intercompany gains and losses	381	301
Restatement of research tax credit	292	232
Change in fair value of interest rate and currency hedges	195	32
Non-deductible provision	90	0
Other non-deductible temporary differences	574	125
Total deferred tax assets	**3,065**	**1,483**
Non tax-allowable provisions	821	872
Total deferred tax liabilities	**821**	**872**
Total net deferred tax	**2,244**	**611**

Note 11 – Inventories

€000	Dec 31, 2014			Dec 31, 2013		
	Gross	Provisions	Net	Gross	Provisions	Net
Raw materials and supplies	7,860	-27	7,834	8,303	-95	8,208
Work in progress	253	-41	212	355	-28	327
Finished products and components	25,437	-2,719	22,718	26,570	-2,246	24,324
Traded goods	3,323	-222	3,101	2,873	-234	2,639
Total	**36,873**	**-3,418**	**33,455**	**38,101**	**-2,603**	**35,498**

Note 12 - Trade receivables and related accounts

€000	Dec 31, 2014	Dec 31, 2013
Trade receivables and payments on account	13,792	10,024
Receivables sold to the factoring company	17,079	15,961
Gross trade receivables	**30,872**	**25,985**
Impairment of trade receivables	-2,155	-2,073
Net trade receivables	**28,716**	**23,913**

The Company analyses its trade receivables on a case-by-case basis and recognizes impairment on an individual basis taking into account the customer's situation and late payments.
All trade receivables are due in less than a year.

Note 13 - Tax receivables and payables

€000	Dec 31, 2014	Dec 31, 2013
Tax receivables	2,207	1,471
Tax payables	290	169

Tax receivables mainly relate to installments paid and tax credits not yet recorded.

Note 14 - Other current assets

€000	Dec 31, 2014	Dec 31, 2013
Current accounts - assets	4,180	2,593
Tax receivables excl. income tax	1,721	4,705
Staff and related receivables	147	288
Supplier receivable balances	279	643
Other receivables	828	53
Prepaid expenses	883	729
Deferred expenditure	0	20
Loans receivable, guarantees and other receivables due in less than 1 yr	13	134
Total other current assets	**8,051**	**9,165**

All other current assets have maturities of less than a year.
Tax receivables excluding corporate income tax mainly include customs duties and VAT receivables.

Current account assets are analyzed as follows:

€000	Dec 31, 2014	Dec 31, 2013
Non-consolidated third-party companies	200	200
Equity affiliates	77	0
Real estate companies	982	1,330
Ferrari Participations	2,882	937
Other	49	126
Current accounts - assets	**4,180**	**2,593**

These current accounts give rise to recognition of interest income and expense determined in accordance with arm's length principles.
The change in current accounts is presented in 'Other cash flows from financing activities' in the cash flow statement.

Note 15 - Cash and cash equivalents

€000	Dec 31, 2014	Dec 31, 2013
Marketable securities	84	67
Cash (at hand and in bank, term deposits)	45,094	7,926
Total	**45,178**	**7,993**

As of December 31, 2014 term deposits amounted to €23.8 million.

Note 16 - Share capital

As of January 1, 2014, the Company's share capital amounted to €3,469,000, divided into 173,469 fully subscribed and paid-up shares with a par value of €20 each. The April 30, 2014 General Meeting of Shareholders split the par value of the shares from €20 per share to €0.40 per share. The number of shares accordingly increased from 173,469 to 8,673,450.
On June 24, 2014, following the settlement and delivery transactions, 2,752,672 shares were issued as part of the retail public offering and global placement (including the greenshoe clause), and 416,666 shares were issued as part of the capital increase reserved for CM-CIC Investissement. The proceeds of the capital increase, which was priced at €12 per share, amounted to €38.0 million.
On July 18, 2014, the Company exercised the over-allotment option for the aforementioned capital increases, and issued 405,496 new shares at a price of €12, increasing the share capital to 12,248,284 shares. The proceeds of this transaction amounted to €4.9 million.

On July 28, 2014, the Board of Directors noted the issuance of 50,975 new shares as part of the capital increase reserved for employees at a price of €9.60 per share, subject to the 20% discount authorized in law. The proceeds of this transaction amounted to €0.49 million. Following the transaction, the share capital consisted of 12,299,259 shares.

The Company entered into a liquidity contract for SergeFerrari Group shares, which was funded with €500,000, during the fiscal year. The agreement was drawn up in accordance with the current legal framework, and more specifically with the provisions of (EC) Regulation 2273/2003 issued by the Commission on December 22, 2003 regarding the application procedures for Directive 2003/6/EC issued by the European Parliament and Council as regards the exemptions provided for buyback programs and the stabilization of financial instruments, Articles L. 225-209 *et seq.* of the French Commercial Code, the AMF General Regulation and the AMF Decision dated March 21, 2011 aimed at updating admitted market practice No. 2011-07 regarding liquidity contracts. The 25,689 treasury shares held pursuant to said agreement were cancelled on December 31, 2014, for an amount of €298,000.

The disposal of treasury shares resulted in a loss of €21,000.

The Company's share capital did not change during the 2013 fiscal year.

Depending on its financial position and the changes in its requirements, the Group may be required to adjust its share capital, for instance by issuing new shares, or purchasing and cancelling existing shares. The Company has never allocated transferable securities of any kind granting access to the share capital (stock options, bonus shares, etc.). There are therefore no dilutive instruments.

Note 17 – Loans and borrowings

Presentation of net debt

Dec 31, 2013 - €000	Current	Non-current	Total	Due in less than 1 yr	Due in 1 to 5 yrs	Due in more than 5 yrs
Bank loans	5,592	15,662	21,254	5,592	15,662	-
Bank overdrafts	3,742		3,742	3,742	-	-
Factoring	10,700		10,700	10,700	-	-
Total loans and borrowings	**20,034**	**15,662**	**35,696**	**20,034**	**15,662**	**0**
Cash and cash equivalents	-7,993		-7,993	-7,993	-	-
Net debt	**12,041**	**15,662**	**27,703**	**12,041**	**15,662**	**0**

Dec 31, 2014 - €000				Maturity		
	Current	Non-current	Total	Due in less than 1 yr	Due in 1 to 5 yrs	Due in more than 5 yrs
Bank loans	6,430	8,127	14,557	6,430	8,127	0
Bank overdrafts	76	0	76	76	0	0
Factoring	13,084	0	13,084	13,084	0	0
Total loans and borrowings	**19,590**	**8,127**	**27,717**	**19,590**	**8,127**	**0**
Cash and cash equivalents	-45,178	0	-45,178	-45,178	0	0
Net cash and cash equivalents	**-25,588**	**8,127**	**-17,461**	**-25,588**	**8,127**	**0**

The Group funds its operations and capital expenditure via the following means:

- the Club Deal with its relationship banks for financing its investments. Four such transactions were entered into in July 2009, May and December 2011 and September 2013. These arrangements were signed at floating market interest rates (EURIBOR) plus a spread. These borrowings are contractually subject to mandatory interest rate hedging (fixed rate vs floating rate swap) on a proportion of the total amount by using short-term cash facilities, confirmed or unconfirmed.
- by using financing for R&D operations: innovation aid in the amount of €107,000 (over five years with repayment deferred for the first two years) and a €1 million interest-free loan for innovation (over six years with repayment deferred for 27 months) were set up with OSEO in 2013. The balances were unchanged as of December 31, 2014.
- by factoring the receivables it holds against French and international customers.
- by bilateral lines of financing with the Swiss subsidiaries' local banks to finance CAPEX. Since 2012, the financing of these investments has been arranged by SergeFerrari Group.
  Factoring:
- The Group resorts to factoring to cover its short-term financing requirements. As of December 31, 2014, the main balance sheet and income statement accounts related to factoring were the following:
- Trade receivables (Note 12): €17,079,000 of receivables sold to the factoring company.
- Loans and borrowings (Note 17): €13,084,000 of financing advanced by the factor.
- Financing fees (Note 28) €116,000
- Factoring fees (Note 22) €65,000.

Note 18 - Provisions for pensions and similar obligations

The provisions recognized relate to:

- post-employment benefits relating to defined benefit schemes in France (severance pay on retirement) and Switzerland (pension plan);
- other long-term benefits in Switzerland (jubilee gifts).

These benefits are calculated by actuaries working in France and Switzerland.

The main actuarial assumptions adopted for obligations in France are as follows:

	Dec 31, 2014	Dec 31, 2013
Retirement age	Voluntary retirement at 64	
Collective bargaining agreement	Textile industry	
Discount rate	1.80%	3.16%
Mortality table	TH-TF 08-10	TH-TF 00-02
Salary growth rate	2%	2%
Staff turnover rate	Turnover inversely proportional to age	
Social security charge rate	48%	45%

The main actuarial assumptions adopted for obligations in Switzerland are as follows:

	Dec 31, 2014	Dec 31, 2013
Retirement age	65 for men, 64 for women	
Discount rate	1.50%	2.30%
Mortality table	BVG2010GT	BVG2010GT
Salary growth rate	1.00%	1.50%
Staff turnover rate	Turnover inversely proportional to age	

The reference discount rate used is the rate of return on “investment grade” corporate bonds in the industrial sector on the Swiss market.

The following table shows changes in provisions for pension and related commitments:

€000	Severance pay France	Switzerland		Total
		Pension plan	Jubilee gifts	
Dec 31, 2012	**1,079**	**3,439**	**416**	**4,934**
Cost of past services	80	-66	3	17
Interest expense	37	67	0	104
Actuarial gains/losses	-175	-1,586	0	-1,761
Exchange differences	0	-62	-7	-69
Dec 31, 2013	**1,021**	**1,792**	**412**	**3,225**
Cost of past services	115	-57	-36	22
Interest expense	52	41	0	93
Actuarial gains/losses	1,290	1,864	0	3,154
Benefits paid	-134	0	0	-134
Exchange differences	0	56	0	56
Dec 31, 2014	**2,344**	**3,695**	**376**	**6,416**

The following tables analyze the provision for pensions in Switzerland:

€000	Dec 31, 2014	Dec 31, 2013
Present value of the obligation	28,514	26,324
Fair value of plan assets	24,820	24,532
Recognized net liability	**3,695**	**1,792**

Reconciliation of plan assets and the actual value of pension obligations in previous years:

Change in the present value of the obligation

€000	Dec 31, 2014	Dec 31, 2013
Benefit obligations at start of period	26,324	29,022
Interest expense	608	559
Cost of services rendered	736	771
Members' contributions	498	538
Benefits paid	- 2,173	- 2,531
Cost of past services	-	- 51
Administrative costs	13	14
Actuarial gains/losses	1,958	- 1,515
Gain/loss on currency translation	550	- 482
Benefit obligation at end of period	**28,514**	**26,324**

Change in the value of plan assets

€000	2014	2013
Present value at start of period	24,532	25,582
Interest income from plan assets	567	491
Employer contributions	807	802
Members' contributions	498	538
Benefits paid	- 2,173	- 2,531
Return on plan assets excluding interest income	74	71
Currency translation differences	516	- 421
Present value at end of period	**24,820**	**24,532**

The breakdown of plan assets for the years presented is as follows:

Breakdown of plan assets by asset class

€000	2014	2013
Cash and cash equivalents	277	456
Equity instruments	2,396	2,379
Debt securities	3,098	3,124
Real estate	6,090	6,182
Other	482	537
Other assets from insurance policies	12,477	11,853
Total plan assets	**24,820**	**24,532**

The underlying assets comprising 'Other assets from insurance policies' represent the valuation of Serge Ferrari AG's share of the assets managed collectively by Swiss Life and are broken down as follows: 12% real estate, 77% fixed income and 7% mortgages and other claims on nominal value, the remainder consisting of other assets and cash.

Plan assets for Serge Ferrari Tersuisse and Ferfil Multifils comprise around 50% real estate, 24% fixed income and 19% equities, the remainder consisting of other assets and cash.

The following table shows the sensitivity to significant changes in actuarial assumptions:

Sensitivity test

€000	2014	2013
Change in present value of the obligation if the discount rate is reduced by 0.50%	2,442	2,113
Change in present value of the obligation if the discount rate is increased by 0.50%	- 2,090	- 1,842
Change in present value of the obligation if the salary growth rate decreases by 0.50%	- 245	- 178
Change in present value of the obligation if the salary growth rate increases by 0.50%	279	174
Change in the present value of the obligation if life expectancy increases by 1 year	612	492
Change in the present value of the obligation if life expectancy decreases by 1 year	- 575	- 505

The Company does not expect significant fluctuation in its cash flows in future years, as the flows mainly correspond to premiums paid to insurance companies. The annual premiums paid are in the order of CHF 1 million and the forecast premium for fiscal 2015 is estimated at CHF 1,011,000. The estimated weighted average duration of the obligation is 15.7 years. There is no minimum funding requirement.

Note 19 – Provisions for risks and contingencies

€000	Dec 31, 2013	Increases	Reversals		Dec 31, 2014
			Used	Not used	
Current provision	**803**	**588**	**-225**	**0**	**1,166**
Guarantee	602	166	-116	0	652
Staff and administrative disputes	201	100	-109	0	192
Commercial disputes	0	202	0	0	202
Investments in equity affiliates	0	120	0	0	120
Non-current provision	**0**	**0**	**0**	**0**	**0**

The portion of the share of earnings from equity affiliates that exceeds the value of the corresponding investments is reclassified to provisions for risks and contingencies.

Note 20 – Other current liabilities

€000	Dec 31, 2014	Dec 31, 2013
Current accounts - liabilities	271	1,049
Tax and social security payables	7,780	8,696
Customer accounts payable	350	1,418
Other payables	817	133
Fair value of derivative financial instruments	654	180
Total other current liabilities	**9,873**	**11,476**

The change in current accounts is presented in 'Other cash flows from financing activities' in the cash flow statement.

Note 21 - Information relating to geographic regions

Revenue

€000	Dec 31, 2014	%	Dec 31, 2013	%
Flexible composite materials	133,983	94%	131,275	94%
Other products	8,341	6%	8,317	6%
Total revenue	**142,324**	**100%**	**139,592**	**100%**

€000	2014	%	2013	%
Southern Europe	48,616	36%	46,943	36%
Wide Europe	51,350	38%	52,465	40%
Rest of World	34,017	26%	31,867	24%
Total revenue from flexible composite materials	**133,983**	**100%**	**131,275**	**100%**

Countries in which the Group has generated more than 10% of its consolidated revenue:

€000	Dec 31, 2014	Dec 31, 2013
France	32,768	32,542
Germany	16,059	18,256
Other countries	85,156	80,477
Total revenue from flexible composite materials	**133,983**	**131,275**

Geographic breakdown of main assets

The Group's main assets are located in France and Switzerland. For its commercial bases outside Europe, the Group leases its offices and facilities.

Breakdown of non-current assets by main geographic region

€000	Dec 31, 2014	Dec 31, 2013
Total non-current consolidated assets	38,336	37,003
France	20,120	19,146
Switzerland	17,775	17,616
Other countries	443	241

Note 22 – External expenses

€000	2014	2013
Misc. subcontracting	456	415
Leasing and rental costs	5,322	5,297
Maintenance and repairs	3,087	3,505
Insurance premiums	875	818
Studies, research, documentation and conferences	614	782
Remuneration to intermediaries and fees	7,648	6,438
Other external expenses	287	522
Non-company staff	870	613
Advertising, publications, public relations	3,180	3,654
Transport	6,343	5,779
Entertaining	2,746	2,464
Mail and telecommunications costs	581	646
Bank charges	360	516
Total external expenses	**32,371**	**31,449**

'Remuneration to intermediaries and fees' includes invoices issued for the cost of non-employee personnel in countries in which the Group has no legal structure of its own, in the amount of €1,342,000 for 2014 and €1,188,000 for 2013.

As explained in Note 26, the Company reclassified €560,000 of study and research expenses that contributed to the production of intangible assets and PP&E in 2013.

Note 23 - Personnel expense and executive compensation

Personnel expense

€000	2014	2013
Payroll	28,036	27,342
Social security charges	9,586	8,628
Other personnel expenses	698	723
Staff profit share	330	150
Total personnel expense	**38,649**	**36,842**

'Personnel expense' covers both permanent and fixed-term contracts.
In accordance with the ANC information notice of February 28, 2013, the proceeds from the Tax Credit for Competitiveness and Employment (CICE) have been recognized as a reduction in personnel expense in the amount of €482,000 for fiscal 2014 compared to €326,000 for fiscal 2013.

As explained in Note 26, the Company reclassified €1,177,000 of personnel expenses that contributed to the production of intangible assets and PP&E in 2013.

The headcount can be broken down as follows:

Headcount	Dec 31, 2014	Dec 31, 2013
Sales staff	122	107
Production / logistics	377	379
Support functions	106	99
Subtotal	**605**	**585**
Temporary staff and other (month-end headcount)	0	0
Total headcount	**605**	**585**

Executive compensation

€000	2014	2013
Ferrari Participations (provision of services)	538	408
Corporate office	127	120
Benefits in kind	6	5
Total executive compensation	**671**	**533**

Ferrari Participations (provision of services)

In 2013 and until April 30, 2014, the office of Chairman of SergeFerrari Group SAS was filled by the company Ferrari Participations (having itself appointed two general managers - namely Sébastien Ferrari and Romain Ferrari), which invoiced the services provided to the Group's operating companies. Since May 1, 2014, SergeFerrari Group has been directed by Sébastien Ferrari (Chairman and CEO), Romain Ferrari (Chief Operating Officer) and Philippe Brun (Chief Financial Officer).

The amounts shown relate solely to the compensation paid by the Group in respect of the operational positions held by Sébastien Ferrari and Romain Ferrari in 2013 and, as from May 1, 2014, by Sébastien Ferrari, Romain Ferrari and Philippe Brun.

The total invoicing borne under the management fees agreement, which amounted to €1,602,000 in 2014 and €1,394,000 in 2013, is shown in the table in Note 32 "Related party transactions".

Corporate office

All compensation received in respect of Group corporate offices held by Sébastien Ferrari, Romain Ferrari and Philippe Brun.

Benefits in kind

Benefits in kind relating to the provision of company vehicles.

Note 24 - Amortization and depreciation charges

€000	2014	2013
Intangible assets	-1,792	-1,105
Property, plant and equipment	-5,449	-6,110
Total depreciation and amortization	**-7,241**	**-7,214**

Note 25 - Impairment allowances and provisions

€000	2014	2013
Provisions for risks and contingencies	-469	-1,689
Provisions on receivables	-2,483	-2,090
Provisions on inventories and WIP	-2,775	-7
Reversal of provisions on property, plant & equipment	0	218
Reversal of provisions on inventories and WIP	2,375	117
Reversal of provisions on receivables	2,420	1,870
Reversal of provisions for risks and contingencies	225	1,512
Net impairment and provisions	**-707**	**-68**

Note 26 - Other recurring income and expenses

€000	2014	2013
Operating subsidies	228	99
Gain/loss on disposal of assets	2	-1
Other	687	-234
Other recurring income and expenses	**917**	**-136**

Pursuant to ANC (French accounting standards authority) recommendation no. 2013-03 of November 7, 2013, the Company reclassified expenses that contributed to the production of intangible assets and PP&E, deducting the relevant amounts from the relevant expense accounts.
In 2013, expenses totaling €1,737,000 were reclassified accordingly, including €1,177,000 of personnel expenses and €560,000 of external expenses.

Note 27 - Non-recurring operating income and expenses

€000	2014	2013
Non-recurring operating income	0	0
Non-recurring operating expenses	-524	-1
Net non-recurring income/expense	**-524**	**-1**

'Non-recurring income and expenses' mainly consists of expenses incurred in relation to the capital increases carried out at the time of the Group's IPO. These expenses were recognized as follows:

- Costs directly attributable to the capital increases were charged against the issue premium
- Expenses relating to both the capital increases and the IPO were charged against the issue premium in proportion to the number of newly issued shares, the remaining balance being posted to the income statement for the period. Accordingly, €314,000 was posted to 'Non-recurring operating income and expenses' in the income statement and €3,215,000 (€2,144,000 after tax) was charged against the issue premium generated from the capital increase transactions.

Note 28 – Financial income and expenses

	2014	2013
Net cost of debt	**-578**	**-830**
Income from cash and cash equivalents	60	47
Interest expense	-638	-877
Other financial income and expenses	**-176**	**-888**
Currency gains/losses	**566**	**-418**
- USD	703	-129
- CHF	-119	-81
- Other	-18	-208
Change in fair value of derivative financial instruments	**-475**	**-112**
- USD exchange rate	-478	19
- CHF exchange rate	0	0
- Interest rate	3	-131
Interest expense on employee benefits	**-93**	**-107**
Dividends from non-consolidated entities	**45**	**21**
Other	**-218**	**-272**
Net financial income/expense	**-754**	**-1,718**

NB:

- Factoring finance charges amounted to €116,000 in 2014 compared to €177,000 in 2013. They are included under interest expense.
- Factoring fees paid in 2014 and posted to 'External expenses' amounted to €65,000, compared to €62,000 in 2013.

Note 29 - Tax expense

€000	2014	2013
Deferred tax	104	-243
Current tax	1,720	2,580
Total income tax	**1,824**	**2,337**

The theoretical tax charge is calculated using the French company tax rate of 34.43% for fiscal years 2013 and 2014. This charge is reconciled with the recognized tax expense as follows:

€000	2014	2013
Net income	4,362	3,817
Offset:		
=> Share of earnings of equity affiliates	-1,070	-1,087
=> Tax charge	1,824	2,337
Income before tax	**7,256**	**7,241**
French statutory tax rate	**34.43%**	**34.43%**
Notional tax charge	**2,498**	**2,493**
Reconciliation		
=> Tax credits	-212	-73
=> Tax rate differences - France / other countries	-148	-121
=> Tax adjustment	-141	
=> Permanent differences	-173	38
Actual tax charge	**1,824**	**2,337**
Effective tax rate	**25.1%**	**32.3%**

The company value-added contribution (CVAE) has been recognized in 'Miscellaneous taxes' under operating income.

The Group recognized tax assets in the amount of €95,000 relating to tax loss carryforwards and has no other material tax assets that are not recognized in the financial statements.

Note 30 – Miscellaneous taxes

€000	2014	2013
Other miscellaneous taxes	1,624	1,300
Miscellaneous payroll taxes	895	1,007
Total	**2,518**	**2,307**

'Miscellaneous payroll taxes' include ongoing training, the 1% housing contribution, apprenticeship tax and the disabled employment sanction levied in France. All other charges are included under 'Other miscellaneous taxes'.
€709,000 was recognized in 2014 in respect of the CVAE company value-added contribution, compared to €714,000 in 2013.

Note 31 - Information on financial risk

Credit risk

The Group assesses the insolvency risk of its customers. Solvency takes into account items that are purely internal to the Group, as well as contextual items such as geographic location, global economic conditions and sector growth prospects.

An application for cover is submitted to a credit insurer whenever a customer account is opened.

Credit risk represents the risk, for the Group, of financial loss in the event that a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group is not exposed to significant credit risk. Such credit risk as exists mainly concerns trade receivables. The net carrying value of identified receivables reflects the fair value of the net cash flow receivable estimated by Management, based on information at period-end. The Group has not taken into account any guarantees or agreements for offsetting liabilities with the same maturity when performing impairment tests on financial assets.
There are no significant unimpaired past-due financial assets.

All of the Group's relationship banks have complied with the requirements of solvency testing provided for by European regulations.

• Trade receivables

A credit risk exists when a loss may occur if a customer cannot meet its obligations within the deadlines provided. The Group has set up an internal permanent credit-risk watch on its customers. When a possible credit risk is identified, the Group requires its customers to pay in installments.

• Average payment time by main geographic region

The average collection time for trade receivables depends on the market and financing practices in the economy concerned:

- Europe: from 10 days for discount (German-speaking region) to 120 days (Italy)
- North America and Asia: from 45 to 90 days
- Latin America: from 90 to 180 days

• Provisions for impairment of receivables:

Trade receivables are analyzed on a case-by-case basis and an impairment charge is recognized when the collectibility of the receivable is at risk.

• Importance of main customers

In 2014, the Group’s largest customer accounted for 8.6% of revenue from composite materials and the top 5 customers accounted for 15.6% of total revenue. On the other hand, distributor-customers serve dozens or even hundreds of end customers in the countries in which they operate.

Interest rate risk

Interest rate risk is handled by Group Management working closely with its main bank partners. For several years, Group policy has been to contract its debt at floating rates and hedge a significant part of it against potential rate rises. The financing agreements signed with the parent company's relationship banks currently require 50% of the nominal amount of the contracted loan to be hedged with regard to interest rates. Accordingly, interest rate swap agreements have been entered into. The Group offers a floating rate and receives a fixed rate.

The rate structure of borrowings before the application of interest-rate derivatives is presented below:

€000	Rate	Dec 31, 2014	Dec 31, 2013
Total loans and borrowings		27,717	35,696
Bank loans	Floating	10,108	14,206
	Fixed	4,449	7,048
Bank overdrafts	Floating	76	3,742
Factoring	Floating	13,084	10,700
Fixed-rate loans and borrowings		4,449	17,748
Floating-rate loans and borrowings		23,268	17,948

The exposure to interest-rate risk after taking into account interest-rate derivatives is presented below:

€000		Dec 31, 2014	Dec 31, 2013
Total at fixed rate		4,449	17,748
Total at floating rate		23,268	17,948
Fixed-rate payer swaps		5,956	8,156
Exposure to rate risk after hedging	Fixed	10,406	25,904
	Floating	17,312	9,792

Derivatives covering floating-rate debt are classified as cash flow hedges and recorded at their fair value. As of December 31, 2014, these agreements carried a total notional value of €6 million. Their fair value is determined by using the market rates prevailing on the balance sheet date, as provided by financial establishments, and represents the estimated amount that the Group would have paid or received had it closed out the agreement on the balance sheet date. The fair value of cash flow hedging instruments represented an unrealized liability in the amount of €151,000 as of December 31, 2014.

The change in the value of these instruments, posted to profit or loss, represented a €3,000 gain in 2014 compared to a €77,000 gain in 2013.

Exchange rate risk

The Group is exposed to the risk of exchange rate fluctuations on commercial and financial transactions made in a currency different from the operating currency of the Group entity that records it. Consolidated revenue is mainly invoiced in EUR (81%), USD (11%), CHF (6%) or JPY (1%). Intercompany transactions are usually executed in the same currencies.
The exchange rate hedges that are set up are futures. Their purpose is to obtain the budgeted rates for the aforementioned transactions.

SergeFerrari Group classifies its exchange rate hedges as cash flow hedges and carries them in the balance sheet at fair value.

Changes in the value of these instruments posted to the income statement represented expenses of €478,000 in 2014, compared to €19,000 in 2013.

Hedge instruments outstanding as of December 31, 2014 related to USD (notional value of USD 11.4 million).

The fair value of these instruments has been measured by banks at -€502,000.

The maturities of hedge instruments generally range from 3 to 9 months.

- Breakdown of expenses by currency

Expenses are mainly denominated in euros, with the exception of raw materials (USD) and local expenses of subsidiaries and offices denominated in the local currency. Local expenses in CHF incurred by the Swiss companies amounted to CHF €28 million in 2014.

Liquidity risk

The Group is not exposed to liquidity risk: as of December 31, 2014 net cash and cash equivalents amounted to €17.5 million. Moreover, the Group has the following financing means:
- Bilateral lines of credit in the amount of €4 million, not drawn as of December 31, 2014.
- A factoring agreement covering up to €20 million, of which €13 million had been used as of December 31, 2014.

Risks induced by early repayment clauses in financial ratio covenants

The Group's medium-term financing agreements (in EUR and CHF) include covenants requiring compliance with financial ratios. The covenants are tested at each annual balance sheet date:
- Leverage ratio (Net debt / EBITDA): maximum of 3 as of December 31, 2014
- Gearing ratio (Debt / Equity): maximum of 1.1 as of December 31, 2014.

The aggregates used to calculate the aforementioned ratios are clearly defined in the borrowing agreements referred to in the IFRS consolidated financial statements with regard to covenant tests conducted as from December 31, 2014.

Non-compliance with these ratios gives the lender concerned the option of requiring the loan to be repaid early. As of December 31, 2014, the Group was in compliance with its covenants.

Note 32 – Related party transactions

€000	2014			2013		
	Ferrari Participations	Real estate companies	Vinyloop	Ferrari Participations	Real estate companies	Vinyloop
Operating payables	256	6	22	310	246	53
Operating receivables	33	4		15	12	-
Current accounts	2,882	959	1,008 (1)	-951	1,310	1,268
Purchases of goods and services	1,932	2,965	181	1,393	2,912	240
Sales of goods and services	121	146		115	122	-
Interest expense	14	0		10	-	-
Interest income	30	15		13	9	-

(1) Other financial assets (Note 9) 1,128,000 – Provision for risks (Note 19) €120,000

Income recognized corresponds to services rendered under the services agreement whereby Serge Ferrari SAS provides administrative services (assistance in accounting, human resources management and IT services) to other Group entities and companies related to the Group.

Expenses correspond to:

- Ferrari Participations: re-invoicing under the agreement described in Note 23 “Executive compensation”.
- Real estate companies: rent paid to real estate companies directly or indirectly controlled by the same Ferrari family group, for industrial sites in France and Switzerland.

These agreements were entered into on arm's length terms.

Note 33 – Off-balance sheet commitments

Commitments given

Off-balance-sheet commitments (€000)	Dec 31, 2014	Less than 1 yr	1-5 yrs	More than 5 yrs	Dec 31, 2013
CHF-denominated mortgages translated at the closing rate	2,412	1,079	1,333	0	3,462
Operating lease commitments	6,601	3,203	3,399	0	5,239

The Group companies have also entered into arm's length operating lease agreements on the buildings and structures that they use.

SergeFerrari Group's debt is subject to covenants with which the Group has complied in all the fiscal periods presented.
Rent is reviewed on a three-yearly basis in accordance with the construction cost index.

Commitments received

As of December 31, 2014, corporate and personal guarantees given by Ferrari Participations covered:

- Financing agreements dated September 2013: €15,500,000
- Financing agreement dated December 2011: €6,000,000
- Financing agreement dated May 2011: €5,000,000

4.7. Statutory Auditors' report on the consolidated financial statements

To the Shareholders,

Pursuant to the assignment entrusted to us by your General Meetings, we hereby submit our report relating to the fiscal year ended December 31, 2014 on:

- our audit of SergeFerrari Group SA's consolidated financial statements, as appended to this report;
- the justification of our assessments;
- the specific testing required by law.

Your Company's consolidated financial statements have been approved by your Board of Directors. It is our responsibility to express an opinion on these financial statements based on our audit.

I - Opinion on the consolidated financial statements

We performed our audit in accordance with professional standards applicable in France. These standards require that we plan and perform the audit so as to obtain reasonable assurance that the consolidated financial statements are free of material misstatements. An audit involves examining, by means of spot checks and other selection methods, the evidence supporting the amounts and disclosures shown in the consolidated financial statements. An audit also involves assessing the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made, as well as the overall presentation of the financial statements. We believe that the information that we have gathered is sufficient and appropriate to form the basis of our opinion.

We hereby certify that the consolidated financial statements present a true and fair view of the net assets, financial position and earnings of the entity formed by the persons and entities included in the consolidation scope, in accordance with IFRS guidelines as adopted by the European Union.

II - Justification of our assessments

Pursuant to the provisions of Article L. 823-9 of the French Commercial Code regarding the justification of our assessments, we hereby draw the following matters to your attention:

- The assessments that we performed cover the appropriateness of the accounting policies applied, and the reasonableness of the significant estimates used to prepare the financial statements, especially as regards trade receivable and inventory accounts.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the establishment of our opinion expressed in the first section of this report.

III - Specific testing

We also carried out the specific testing required by law on the information regarding the Group presented in the management report, in accordance with professional standards applicable in France.
We have no comment to make on the fair presentation of that information or on its consistency with the consolidated financial statements.

Lyon and Villeurbanne, March 31, 2015

The Statutory Auditors

CABINET MARTINE CHABERT — Martine Chabert

ERREUR ! SOURCE DU RENVOI INTROUVABLE. — Pierre Beluze

4.8. Parent company financial statements for the year ended December 31, 2014

4.8.1. Annual financial statements of SergeFerrari Group SA

Balance sheet - Assets

		Dec 31, 2014 Gross	Dec 31, 2014 Depr. & imp.	Dec 31, 2014 Net	Dec 31, 2013 Net
	Subscribed capital, not (I)				
FIXED ASSETS	**INTANGIBLE ASSETS**				
	Start-up expenses				
	Development expenses				
	Concessions, patents and similar rights				
	Business goodwill (1)				
	Other intangible fixed assets				
	Advances and down payments				
	PROPERTY, PLANT & EQUIPMENT				
	Land				
	Buildings				
	Plant, machinery, tools and equipment				
	Other PP&E				
	Fixed assets in progress				
	Advances and down payments				
	FINANCIAL FIXED ASSETS (2)				
	Interests valued under equity method				
	Other interests	21,159,159	4,786,000	16,373,159	16,407,854
	Loans to affiliates	1,146,500	801,000	345,500	
	Other long-term investments				
	Loans				
	Other financial assets				
	TOTAL (II)	**22,305,659**	**5,587,000**	**16,718,659**	**16,407,854**
CURRENT ASSETS	**INVENTORIES AND WIP**				
	Raw materials, supplies				
	Work in progress - goods				
	Work in progress - services				
	Intermediate and finished products				
	Traded goods				
	Advances and down payments on orders	16		16	
	RECEIVABLES (3)				
	Trade receivables	118,263	32,000	86,263	100,710
	Other receivables	28,075,965		28,075,965	13,016,746
	Subscribed, called-up but unpaid share capital				
	MARKETABLE SECURITIES				
	CASH & CASH EQUIVALENTS	25,659,785		25,659,785	7,939
ACCRUALS AND EQUIVALENT	Prepaid expenses	64,959		64,959	16,566
	TOTAL (III)	**53,918,989**	**32,000**	**53,886,989**	**13,141,961**
	Deferred debt issuance costs (IV)				19,949
	Bond redemption premiums (V)				
	Unrealized foreign currency losses (VI)	293		293	7,459
	TOTAL ASSETS (I to VI)	**76,224,940**	**5,619,000**	**70,605,940**	**29,577,223**

(1) f which lease right
(2) of which financial assets < 1yr
(3) of which receivables > 1 yr

Balance sheet - Liabilities & Equity

		Dec 31, 2014	Dec 31, 2013
Equity	Share capital or individual capital	4,919,704	3,469,380
	Additional paid-in capital	43,867,647	1,930,603
	Revaluation surplus		
	RESERVES		
	Legal reserve	346,938	346,938
	Statutory or contractual reserves		
	Regulated reserves		
	Other reserves	8,653,104	9,518,576
	Retained earnings		
	Net income/(loss) for the period	**3,321,962**	**(865,472)**
	Investment subsidies		
	Regulated provisions		
	Total equity	**61,109,354**	**14,400,025**
Other equity	Proceeds from issue of equity loans		
	Conditional advances		
	Total other equity		
Provisions	Provisions for risks	293	7,459
	Provisions for contingencies		
	Total provisions	**293**	**7,459**
LIABILITIES (1)	**FINANCIAL LIABILITIES**		
	Convertible bonds		
	Other bonds		
	Borrowings from credit institutions (2)	8,955,416	13,330,950
	Other loans and borrowings	205,867	1,159,206
	Advances and down payments received on current orders	102,153	263,223
	OPERATING LIABILITIES		
	Trade payables	191,711	208,224
	Tax and social security payables	4,225	1,363
	OTHER PAYABLES		
	Fixed asset liabilities	13,850	140,461
	Other debts		
	Deferred income (1)		
	Total liabilities	**9,473,222**	**15,103,427**
	Unrealized foreign currency gains	23,072	66,312
	TOTAL EQUITY & LIABILITIES	**70,605,940**	**29,577,223**

Net income/(loss) for the period (in euros and cents)	3,321,961.59	(865,472.34)
(1) Liabilities and deferred income < 1yr	4,271,069	11,440,203
(2) Of which current bank loans and overdrafts	54,673	450,635

Income statement

		France	Exports	31/12/2014 12 months	31/12/2013 12 months
OPERATING INCOME	Sales of traded goods				
	Production sold - goods				
	Production sold – works and services	857,198	251,530	1,108,728	853,511
	Net revenues	**857,198**	**251,530**	**1,108,728**	**853,511**
	Production transferred to inventories				
	Capitalized production				
	Operating grants				
	Write-back of provisions and depreciation, expense transfers				
	Other items			1,360	8,176
	Total operating income (1)			**1,110,088**	**861,688**
OPERATING EXPENSES	Purchase of traded goods				
	Change in inventories				
	Purchase of raw materials and other supplies				
	Change in inventories				
	Other purchases and external expenses			3,976,016	339,149
	Taxes, duties and other levies			3,581	2,336
	Wages and salaries			24,000	
	Employee-related expenses			7,236	
	Operator's contribution				
	Depreciation and amortization:				
	- of fixed assets			(135)	49,272
	- deferred operating expenses			19,949	3,990
	Impairment:				
	- of fixed assets				
	- of current assets				
	Provisions				3,351
	Other expenses			72,230	3,078
	Total operating expenses (2)			**4,102,876**	**401,176**
	NET OPERATING INCOME/(EXPENSE)			**(2,992,788)**	**460,512**

Income statement (cont.)

		2014	2013
	OPERATING INCOME	**(2,992,788)**	**460,512**
Joint operations	Profit transferred in/loss transferred out		
	Loss transferred in/profit transferred out		
FINANCIAL INCOME	From equity investments (3)	6,212,672	20,513
	Other marketable securities and fixed-asset receivables (3)		
	Other interest and similar income (3)	319,669	232,805
	Write-backs of provisions and impairment, expense transfers	7,459	1,131,182
	Currency gains	5,722	22,139
	Net gains on sale of marketable securities		
	Total financial income	**6,545,522**	**1,406,638**
FINANCIAL EXPENSES	Depreciation, impairment and provisions	801,293	2,300,108
	Interest and similar expenses (4)	343,708	235,305
	Currency losses	1,524	18,727
	Net losses on sale of marketable securities	21,645	
	Total financial expenses	**1,168,169**	**2,554,140**
	NET FINANCIAL INCOME/(LOSS)	**5,377,353**	**(1,147,502)**
	NET INCOME/(LOSS) BEFORE TAX & NON-RECURRING ITEMS	**2,384,565**	**(686,990)**
NON-RECURRING INCOME	From operating operations		
	From capital transactions		98,544
	Write-back of provisions and impairment, expense transfers		
	Total non-recurring income		**98,544**
NON-RECURRING EXPENSES	On operating operations		26
	On capital transactions		98,544
	Depreciation and impairment charges, provisions		
	Total non-recurring expenses		**98,571**
	NET NON-RECURRING ITEMS		**(26)**
	EMPLOYEE PROFIT SHARING		
	CORPORATION TAX	(937,397)	178,456
	TOTAL INCOME	**7,655,610**	**2,366,870**
	TOTAL EXPENSES	**4,333,649**	**3,232,343**
	NET INCOME/(LOSS) FOR THE PERIOD	**3,321,962**	**(865,472)**

(1) of which income from prior years		
(2) of which expenses from prior years		
(3) of which income from affiliated companies	6,532,341	253,317
(4) of which interest from affiliated companies	827	95,598

Accounting methods and rules

The 2014 balance sheet total amounted to €70,605,940. The income statement, presented in the form of a list, includes total income of €7,655,610 and total expenses of €4,333,649, resulting in net income of €3,321,962.

This Appendix forms an integral part of the financial statements for the 12-month period beginning January 1, 2014 and ending December 31, 2014. These annual financial statements were prepared by the Chairman on February 23, 2015.

Accounting principles, valuation methods and comparability of financial statements

The parent company financial statements were prepared and presented in accordance with French accounting standard ANC 2014-03 of June 5, 2014 regarding the French chart of accounts.
Generally accepted accounting principles were applied with respect to the true and fair view principle in accordance with the base assumptions and the general rules of preparation and presentation as required for annual financial statements.

Valuation methods and procedures applied to various balance sheet items

The basic method used to value items recorded in the financial statements is the historical cost method. No change was made to the valuation and presentation methods during the fiscal year.

Highlights of the year

On April 30, 2014, by a decision of the shareholders' extraordinary general meeting, SergeFerrari Group SAS was converted into a *société anonyme* (French limited company) with a Board of Directors. The shareholders' extraordinary general meeting then appointed Karine Gaudin, Victoire Gottardi, Sébastien Ferrari, Romain Ferrari, Philippe Brun, Bertrand Chammas and Bertrand Neuschwander as directors. The directors nominated Sébastien Ferrari as Chairman and Chief Executive Officer.

The April 30, 2014 shareholders' general meeting also carried out a share split such that the par value per share was reduced from €20 to €0.40. Consequently, the number of shares increased from 173,469 to 8,673,450.

In light of the then potential admission of SergeFerrari Group shares for trading on the Euronext Paris regulated market, the shareholders' general meeting amended the Company's Articles of Association accordingly and authorized the Board of Directors to issue new shares.

On June 2, 2014 the Board of Directors approved the terms of the draft operation memorandum for the purposes of listing SergeFerrari Group shares on Euronext Paris, established the provisional issue price range and approved in principle a capital increase in conjunction with said planned transaction. During this meeting, the Board of Directors also resolved in principle to issue new stock to CM CIC Investissement, which has held 2% of the Company's share capital since March 2008. The issue was capped at €5 million and was subject to planned terms and conditions. Lastly, the Board of Directors established the terms for an employee-reserved capital increase and the terms for a share buyback program that had been approved in principle by the April 30, 2014 general meeting.

On June 19, 2014, the Board of Directors took formal note of the admission of the Company's shares for trading on Euronext Paris, pursuant to the authority granted June 2, 2014 to the Chairman and Chief Executive Officer, and approved the terms of the management and placement contract with CM CIC Securities and ODDO & Cie as joint lead managers and bookrunners. The Board of Directors resolved to issue new stock without a priority subscription right by way of a public offering.

On June 24, 2014, following the settlement and delivery operations, 2,752,672 new shares were issued under the retail public offering and global placement (including the extension clause) and 416,666 new shares were issued under the capital increase reserved for CM-CIC Investissement. The issue price was €12 per share amounting to total proceeds of €38 million.

On June 25, 2014, SergeFerrari shares were traded for the first time on Euronext Paris, under ISIN code FR0011950682, ticker symbol SEFER and European industry classification (ICB) number 2353 (Building Materials & Fixtures). A liquidity contract with €0.5 million in reserve was introduced late June 2014.

On July 18, 2014, the company exercised the over-allotment option on the aforementioned capital increase transactions and issued 405,496 new shares at a price of €12 per share, resulting in share capital comprising 12,248,284 shares. The proceeds of this issue amounted to €4.9 million.

On July 28, 2014, the Board of Directors took formal note of the issue of 50,975 new shares at €9.60 per share in conjunction with the employee-reserved capital increase, including a 20% discount on the €12 issue price as permitted by law. The proceeds of this issue amounted to €0.49 million. Following this transaction, the share capital comprised 12,299,259 shares.

During the period, the Company also entered into a liquidity contract in respect of the SergeFerrari Group share, with €0.5 million in reserve. The SergeFerrari Group portfolio valuation as of December 31, 2014 includes a liquidity reserve of €180,366.07 under the liquidity contract and a securities account of €297,992.40, representing 25,689 treasury shares with a price of €11.60 per share at December 31, 2014.

Since fiscal 2011, SergeFerrari Group had prepared its consolidated financial statements according to French GAAP with regard to the shareholders' right to information and the requirement to certify the relevant ratios (the consolidated debt carried by SergeFerrari Group is subject to compliance with financial covenants). As from January 1, 2014, the statements used for annual covenant testing are those prepared according to IFRS standards. The consolidated financial statements prepared under French accounting standards and principles are therefore no longer approved or presented at the Annual General Meeting.

Equity interests

Equity interests are recognized at their acquisition cost, excluding ancillary expenses. A provision is set up when the closing book value is lower than the fair value of each share concerned. The fair value is defined as the value in use of each subsidiary, based on the proportion of equity held and expected short-term results.

As of December 31, 2014, Texyloop equity interests were fully written off by an amount of €4,786,000. These equity interests now have zero net value.

The following amounts were reclassified from "Current accounts" to "Loans to affiliates" in 2014:
- Texyloop: €609,000
- VR Développement: €200,000
- 2FB2I: €337,500

Additional information
Statutory auditors' fees amounted to €244,814.

Group
The SergeFerrari Group SA financial statements have been included in the Ferrari consolidated financial statements in accordance with the full consolidation method.

Since July 1, 2007, the cash flows of the companies based at La Tour-du-Pin have been pooled. SergeFerrari SAS acts as the pooling company. The dedicated current account shows a €19,544,707.13 receivable against Serge Ferrari SAS.

In 2014, SergeFerrari Group SA contracted and drew down €7,000,000 in new loans, in the form of renewable commercial paper, adding to outstanding borrowings taken out from 2009 to 2013. These borrowings are subject to financial covenants, which were in compliance at December 31, 2014.

Cash flow

The IPO enabled us to increase cash flow, which was invested in the following fixed-term accounts:
- June 25, 2014, fixed-term account opened at Caisse d'Epargne: €5,000,000 at an interest rate of 1.25% per annum over 36 months,
- June 25, 2014, fixed-term account opened at CIC: €5,000,000 at an interest rate of 1.56% per annum over 18 months,
- June 26, 2014, fixed-term account opened at CIC: €7,000,000 at an interest rate of 1.35% per annum over 12 months,
- July 3, 2014, three fixed-term growth accounts opened at Société Générale: each with €1,000,000 at an interest rate of 1% per annum over 18 months,
- June 25, 2014, fixed-term account opened at Société Générale: €1,000,000 at an interest rate of 1.25% per annum over a period of one month (renewable).

Remuneration of directors
Since May 1, 2014, SergeFerrari Group SA has paid remuneration to three executive board members: Sébastien Ferrari, Romain Ferrari and Philippe Brun.
Attendance fees were also granted to four executive and supervisory board members:
- Bertrand Neuschwander: €17,000
- Bertrand Chammas: €20,000
- Karine Gaudin: €7,000
- Victoire Gottardi: €9,000

Total attendance fees come to €53,000.

Taxation

Since January 1, 1992, the Company has headed the tax group. This tax consolidation option is tacitly renewed.
Current tax is determined based on a tax savings re-allotment principle between the parent company and its subsidiaries. Accordingly, the tax re-allotments to subsidiaries are as follows:
- CI2M: €33,087
- Texyloop: €9,037

The research tax credit amounted to:
- Serge Ferrari SAS: €494,301
- Texyloop: €17,529

The Serge Ferrari SAS apprenticeship tax credit amounted to €2,666.

The patronage tax credit amounted to:

- Serge Ferrari SAS: €120,600
- Serge Ferrari Group: €3,326

The French CICE tax credit for employment and competitiveness amounted to:

- Serge Ferrari SAS: €456,654
- CI2M: €25,813

Post-balance sheet events

On Thursday January 15, 2015, the Swiss National Bank announced its decision to abolish its euro exchange rate cap of CHF 1.20, which it had defended since September 2011. In the minutes following this announcement, the Swiss franc soared against the euro.

In the SergeFerrari Group SA Base Document registered with the French Financial Markets Authority (AMF) on May 20, 2014, the parent company indicated that a 10% increase in the value of the Swiss franc would reduce pre-tax net income and equity by €3 million.
The company explained that around 50% of costs incurred by its Swiss plants related to raw materials, or materials sourced, invoiced and paid for in EUR or USD. Consequently, this payment method would reduce the impact of a strengthening of the Swiss franc by some 50%.

The Serge Ferrari Group will continue to pursue measures implemented in September 2011, when the average CHF price increased in value by 12% to CHF 1.23 to the euro in 2011, compared with CHF 1.38 in 2010. These measures include:

- Innovative development of the properties of the Company's advanced materials for professionals, so as to increase their unique benefits;
- Innovative development of product formulations to improve competitiveness;
- Increased sourcing of raw materials, components and services denominated in euros or dollars so as to reduce costs in Swiss francs;
- Adaptation of organizational structures and redistribution of production of flexible composite materials between the French and Swiss plants.

Steps taken in response to the strengthening of the Swiss franc in 2011 enabled the Group to offset the resulting loss of competitiveness over a 24-month period.

Fixed Assets

		Gross values b/fwd	Changes during the period: Increases – Revaluations	Increases – Acquisitions	Decreases – Item transfers	Decreases – Disposals	Gross values as of Dec 31, 2014
INTANGIBLE	Start-up and development costs						
	Other						
	TOTAL INTANGIBLE ASSETS						
PROPERTY, PLANT & EQUIPMENT	Land						
	Buildings on own land						
	on land owned by third parties						
	fixtures, fittings & equipment						
	Plant, machinery, tools and equipment						
	Other fixtures, fittings & equipment						
	Transport equipment						
	Office equipment and furnishings						
	Recoverable packaging and other items	4,120				4,120	
	PP&E in progress						
	Advances and down payments						
	TOTAL PROPERTY, PLANT & EQUIPMENT	**4,120**				**4,120**	
FINANCIAL	Interests accounted for by the equity method						
	Other interests	21,193,854		1,146,500		34,695	22,305,659
	Other long-term investments						
	Loans and other financial assets						
	TOTAL FINANCIAL FIXED ASSETS	**21,193,854**		**1,146,500**		**34,695**	**22,305,659**
	TOTAL	**21,197,974**		**1,146,500**		**38,815**	**22,305,659**

Amortization and Depreciation

		Amort. & depr. b/fwd	Changes during the period: Increases	Changes during the period: Decreases	Depr./amort. as of Dec 31, 2014
INTANGIBLE	Start-up and development expenses				
	Other				
	TOTAL INTANGIBLE FIXED ASSETS				
PROPERTY, PLANT & EQUIPMENT	Land				
	Buildings on own land				
	on land owned by third parties				
	Fixtures, fittings & equipment				
	Plant, machinery, tools and equipment				
	Other fixtures, fittings & equipment	4,120		4,120	
	Transport equipment	135	(135)		
	Office equipment and furnishings				
	Recoverable packaging and other items				
	TOTAL PROPERTY, PLANT & EQUIPMENT	**4,255**	**(135)**	**4,120**	
	TOTAL	**4,255**	**(135)**	**4,120**	

Provisions

		B/fwd	Increase	Decrease	Dec 31, 2014
REGULATED PROVISIONS	Provisions for mineral and oil deposits				
	Provisions for investment				
	Provisions for price increases				
	Provisions for accelerated depreciation				
	Tax provisions for overseas operations before Jan 1, 1992				
	Tax provisions for overseas operations after Jan 1, 1992				
	Tax provisions for installation loans				
	REGULATED PROVISIONS				
PROVISIONS FOR RISKS & CONTINGENCIES	For litigation				
	For guarantees granted to clients				
	For loss of long-term contracts				
	For fines and penalties				
	For foreign exchange losses	7,459	293	7,459	293
	For pensions and similar commitments				
	For taxes				
	For renewal of assets				
	For major works and repairs				
	For vacation pay employee & tax charges				
	Other				
	PROVISIONS FOR RISKS & CONTINGENCIES	**7,459**	**293**	**7,459**	**293**
PROVISIONS FOR IMPAIRMENT	Of] tangible / intangible fixed assets	4,786,000	801,000		5,587,000
	investments in equity affiliates				
	equity interests				
	other financial				
	Of inventories and WIP	32,000			32,000
	On customer accounts (accounts receivable)				
	Others				
	PROVISIONS FOR IMPAIRMENT	**4,818,000**	**801,000**		**5,619,000**
	OVERALL TOTAL	**4,825,459**	**801,293**	**7,459**	**5,619,293**
	of which and write-backs - extraordinary				
	- operating				
	- financial		**801,293**	**7,459**	
Investments in equity affiliates: impairment carried forward calculated according to rules outlined under Article 39-1 5e of the French General Tax Code					

Receivables and Payables

RECEIVABLES		Dec 31, 2014	Due in ≤ 1 yr	Due in > 1 yr
	Receivables attached to equity interests	1,146,500		1,146,500
	Loans (1) (2)			
	Other financial fixed assets			
	Doubtful or disputed receivables			
	Other trade receivables	118,263	[illegible]	
	Receivables - securities lent			
	Personnel and related accounts			
	Social security and other welfare organizations			
	Income tax	1,890,052	1,890,052	
	Value-added tax	35,965	35,965	
	Other taxes, duties and levies			
	Sundry			
	Group and associates (2)	26,149,948	26,149,94	
	Miscellaneous debtors			
	Prepaid expenses	64,959	64,959	
	TOTAL	**29,405,68**	**28,259,188**	**1,146,500**

(1) Loans granted during the year	
(1) Repayments received during the year	
(2) Loans and advances granted to associates (natural persons)	

PAYABLES		Dec 31, 2014	≤ 1 yr	1 to 5 yrs	> 5 years
	Convertible bonds (1)				
	Other bonds (1)				
	Borrowings from credit institutions originally due in up to 1 yr (1)	54,673	54,673		
	Borrowings from credit institutions originally due in more than 1 yr (1)	8,900,743	3,800,743	5,100,000	
	Other loans and borrowings (1) (2)				
	Trade payables	191,711	191,711		
	Personnel and related payables				
	Social security and other welfare	3,486	3,486		
	Income tax				
	Value-added tax				
	Secured bonds				
	Other taxes, duties and levies	740	740		
	Payables on fixed assets				
	Group and associates (2)	205,867	205,867		
	Other payables	13,850	13,850		
	Borrowed securities				
	Deferred income				
	TOTAL PAYABLES	**9,371,069**	**4,271,069**	**5,100,000**	

(1) Borrowings taken out during the year	7.000.000
(1) Borrowings repaid during the year	10,755,394
(2) Borrowings from associates (natural persons)	33,858

Items spread across several balance sheet accounts

Dec 31, 2014	Affiliates	Other related parties	Payables and receivables - commercial paper
Balance sheet - Assets			
Fixed assets			
Advances and down payments on intangible assets			
Advances and down payments on PP&E	15,920,789	452,371	
Equity interests		345,500	
Receivables on equity interests			
Loans			
Other long-term investments			
Other financial fixed assets			
Current assets			
Advances and down payments on orders			
Trade receivables	57,031	15,382	
Other receivables	26,050,082		
Subscribed, called-up but unpaid capital			
Marketable securities			
Cash and cash equivalents			
Balance sheet - Liabilities			
Convertible bonds			
Other bonds			
Borrowings from credit institutions			
Other loans and borrowings			
Advances and down payments received on orders	102,153		
Trade payables	53,49		
Payables for fixed assets	172,009		
Other payables			

224

Transactions between affiliates

Name	*Transaction*	*Balance Dec 31, 2014*	*2014 amount*
Receivables			
Ferrari Participations	Customer	32,733	
SF SAS	Tax current account	99,866	
SF SAS	Current account	337,760	
Texyloop	Current account	2,884,923	
Ci2m	Current account	70,325	
Ferrari Participations	Current account	2,881,724	
Ferrari Brazil	Current account	238,654	
SF SAS	Cash pooling	19,544,707	
Payables			
SF SAS	Customer	70,699	
Ci2m	Tax current account	129,225	
Texyloop	Tax current account	42,784	
Ferfil	Supplier	53,493	
Income			
SF SAS	Trademark royalties		857,198
Expenses			
SF SAS	Rent		24,000

Accrued income

		Dec 31, 2014
Total accrued income		**152,391**
Other receivables		**152,391**
interest incurred on current account	*69,644*	
accrued income	*82,747*	

Accrued expenses payable

		Dec 31, 2014
Total accrued expenses payable		**124,267**
Borrowings from credit institutions		**46,321**
interest on borrowings	*29,317*	
Trade payables		**77,946**
Pending invoices	*77,946*	

Prepaid expenses

	Period	Amount	Dec 31, 2014
Prepaid expenses - OPERATIONS			**64,959**
Interest on commercial paper		52,408	
Other		12,551	
Prepaid expenses - FINANCIAL			
Prepaid expenses – NON-RECURRING			
TOTAL			**64,959**

Share capital

		Dec 31, 2014	Number	Par value	Amount
SHARES	Share capital b/fwd		173,469.00	20.0000	**3,469,380.00**
	Issued during the fiscal year		12,299,259.00	0.4000	**4,919,703.60**
	Redeemed during the year		173,469.00	20.0000	**3,469,380.00**
	Share capital c/fwd		**12,299,259.00**	0.4000	**4,919,703.60**

The April 30, 2014 shareholders' general meeting also carried out a share split such that the par value per share was reduced from €20 to €0.40. Consequently, the number of shares was increased from 173,469 to 8,673,450.

(1) The capital increases carried out at the time of the Initial Public Offering involved the issue of 3,625,809 shares, bringing the share capital to 12,299,259 shares.

Currency translation differences

	Amount	Dec 31, 2014
Unrealized foreign currency LOSSES		**293**
Trade payables	293	
Unrealized foreign currency GAINS		**23,072**
Current accounts	22,344	
Trade receivables	728	
TOTAL		**(22,779)**

Financial commitments

Dec 31, 2014	Commitments granted	Commitments received
Discounted bills not yet due		
Endorsements, sureties and guarantees Joint sureties with Ferrari Participations: - Financing agreements of September 2013 - Financing agreements of December 2011 - Financing agreements of May 2011		 15,500,000 6,000,000 5,000
Finance lease commitments		**26,500,500**
Pension and retirement commitments		
Other commitments Interest rate swap June 2012 - December 2018 (Euribor 3 months) Interest rate swap June 2012 - December 2018 (1.39% fixed rate)	 **4,571,426** **4,571,426**	 **4,571,426** **4,571,426**
Total financial commitments (1)	**4,571,426**	**31,071,426**
(1) of which Executive management Subsidiaries Equity interests		

Subsidiaries and equity interests

Dec 31, 2014	Share capital	Shareholders' equity	% interest	Book value of shares held	
				Gross	Net
A. Detailed information					
1. Subsidiaries (> 50%)					
Serge Ferrari SAS	14,169,170	38,317,647	99.80	14,690,638	14,690,638
Texyloop	1,101,000	(607,820)	100.00	4,786,000	
CI2M	500,000	709,386	100.00	335,245	335,245
Ferfil Multifils (in CHF excluding shares in EUR)	1,000,000	9,546,216	100.00	623,789	623,789
Serge Ferrari Brasil (in BRL excl. shares and advances in EUR)	854,164	820,609	83.12	271,117	271,117
2. Equity interests (10-50%)					
Sibac as of Dec 31, 2013 (in TND)	600,000	1,232,640	17.53	102,269	102,269
VR Développement as of Dec 31, 2013	1,243,883	676,981	20.10	250,102	250,102

1. Subsidiaries (> 50%)	Loans and advances granted	Sureties and endorsements granted	Revenue	Income for year ended	Dividends received
Serge Ferrari SAS	19,911,634		127,547,128	3,620,632	
Texyloop	2,842,140		1,286,389	(889,835)	
CI2M	(58,900)		1,558,345	(37,697)	
Ferfil Multifils (in CHF excl. shares in EUR)	(53,493)		20,478,713	261,767	7,500,000
Serge Ferrari Brasil (in BRL excl. shares and advances in EUR)	241,304		4,124,614	254,696	
2. Equity interests (10-50%)					
Sibac as of Dec 31, 2013 (in TND)			1,386,837	277,928	
VR Développement as of Dec 31, 2013	151,314		240,000	(131,704)	

B. General information	Subsidiaries not included in A		Equity interests not included in A	
	French	Overseas	French	Overseas
Share capital			2,000,000	
Shareholders' equity			5,295,129	
% interest			5.00	
Book value of shares held - gross			100,000	
Book value of shares held - net			100,000	
Loans and advances granted			209,569	
Sureties and endorsements granted				
Revenue				
Income for year ended			1,151,209	
Dividends received				

Part B - general information:

This information concerns company 2FB2I.

4.8.2. Results of the last five financial results

(€)	2010	2011	2012	2013	2014
1. Share capital c/fwd					
a. Share capital	3,469,380	3,469,380	3,469,380	3,469,380	4,919,704
b. No. of existing ordinary shares	173,469	173,469	173,469	173,469	12,299,259 (1)
c. No. of non-voting preference shares	---	---	---	---	---
d. Max. no. future shares to issue	---	---	---	---	---
d1 by bond conversion	---	---	---	---	---
d2 by exercise of subscription right	---	---	---	---	---
2. Transactions and earnings for the year					
a. Gross revenue	1,810,729	1,987,733	849,877	853,511	1,108,728
b. Earnings before tax, employee profit-share, depreciation and provisions	2,165,492	(50,820)	8,506,342	538,523	3,198,213
c. Income tax	190,234	464,261	128,933	(178,456)	937,397
d. Employee profit-share due for period	---	---	---	---	---
e. Earnings after tax, employee profit-share, depreciation and provisions	1,888,653	312,210	8,741,396	(865,472)	3,321,962
f. Distributed earnings	1,578,568	---	---	---	1,475,911
3. Earnings per share					
a. Earnings after tax and employee profit-share, but before depreciation and provisions	13.57	2.38	49.78	2.06	0.34
b. Earnings after tax, employee profit-share, depreciation and provisions	10.89	1.80	50.39	(4.99)	0.27
c. Dividend per share	9.10	---	---	---	0.12 (2)
4. Personnel					
a. Average headcount (full-time equivalent) during the period	4.0	5.0	---	---	---
b. Total payroll	1,008,804	1,103,108	---	---	24,000
c. Social security, employee services and benefits, etc.	474,231	408,469	---	---	7,236

(1) Dividend on share par value reduced from 20 euros to 0.40 euros on April 30, 2014
(2) According to resolution put forward at the April 29, 2015 general meeting

4.9 Statutory Auditors' Report on the parent company financial statements

To the Shareholders,

Pursuant to the assignment entrusted to us by your General Meetings, we hereby submit our report relating to the fiscal year ended December 31, 2014 on:

- our audit of SergeFerrari Group SA's annual financial statements, as appended to this report;
- the justification of our assessments;
- the specific testing and information required by law.

The Company financial statements have been approved by the Board of Directors. It is our responsibility to express an opinion on these financial statements based on our audit.

I - Opinion on the Company financial statements

We conducted our audit in accordance with professional standards applicable in France. These standards require that we plan and perform the audit so as to obtain reasonable assurance that the Company financial statements are free of material misstatements. An audit involves examining, by means of spot checks and other selection methods, the evidence supporting the amounts and disclosures shown in the Company financial statements. An audit also involves assessing the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made, as well as the overall presentation of the financial statements. We believe that the information that we have gathered is sufficient and appropriate to form the basis of our opinion.

We hereby certify, in accordance with French accounting rules and standards, that the Company financial statements give a true and fair view of the results of the transactions performed during the fiscal year ended, as well as of the Company's financial position and net assets at the end of that fiscal year.

II - Justification of our assessments

Pursuant to the provisions of Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we hereby draw the following matters to your attention:
Your Company's assets mainly consist of equity interests, for which the accounting rules and methods are set out in the Note entitled "Equity interests" in the notes to the financial statements. Our audit included assessing the information taken into consideration in order to estimate the fair value of these interests. As part of our assessments, we ascertained the merits of the approach selected, as well as the overall consistency of the assumptions used and the resulting valuations.
The assessments performed are in keeping with our approach to the audit of the Company financial statements, taken as a whole, and therefore contributed to the establishment of our opinion expressed in the first section of this report.

III - Specific testing and information

We also carried out the specific testing required by French law, in accordance with the professional standards applicable in France.

We have no comment to make on the fair presentation of the information provided in the management report of the Board of Directors and in the documents issued to the shareholders with respect to the Company's financial position and financial statements, or on the consistency of such information with the Company financial statements.

As regards the information provided in accordance with Article L. 225-102-1 of the French Commercial Code regarding the compensation and benefits paid to corporate officers, and the commitments made in their favor, we ascertained their consistency with the financial statements or with the data used to prepare these financial statements and, where applicable, with the information gathered by your Company from companies that control it, or are controlled by it. Based on this work, we hereby certify the accuracy and fair presentation of this information.

Lyon and Villeurbanne, March 31, 2015

The Statutory Auditors

CABINET MARTINE CHABERT

Martine Chabert

ERREUR ! SOURCE DU RENVOI INTROUVABLE.

Pierre Beluze

4.10. Major contracts

All contracts have been entered into as part of the Group's normal business management.

4.11. Audit of historical financial reporting

See Section 20.4.1 of the Base Document registered with the French Financial Markets Authority (AMF) on May 20, 2014 under number I. 14-032.

4.12. Date of most recent financial reporting

The most recent fiscal year for which the financial reporting has been audited is the year ended December 31, 2014.

4.13. Interim and other financial reporting

Not applicable: as of the date of this Registration Document, no half-year financial reporting after December 31, 2014 has been published.

4.14. Dividend distribution policy

It is recalled that no dividend has been paid during the last three fiscal years.

Depending on its future earnings and financing requirements, the Company may decide to pay a dividend of around 30% of its consolidated net income. However, this possibility shall not be construed as a commitment on the part of the Group.

Shareholder structure and stock market

5.1. Shareholder structure and share capital

5.1.1. Shareholder structure at December 31, 2014 and during the last three fiscal years

Ferrari Participations is ultimately controlled by Sébastien Ferrari and Romain Ferrari.

	Dec 31, 2014			Dec 31, 2013			Dec 31, 2012		
	Shares	% interest	% voting rights	Shares	% interest	% voting rights	Shares	% interest	% voting rights
Ferrari Participations	6,765,200	55.0%	55.1%	135,304	78.0%	78.0%	135,304	78.0%	78.0%
Sébastien Ferrari	663,650	5.4%	5.4%	13,344	7.7%	7.7%	13,344	7.7%	7.7%
Romain Ferrari	1,075,516	8.7%	8.8%	21,350	12.3%	12.3%	21,350	12.3%	12.3%
Ferrari concert subtotal	**8,504,366**	**69.1%**	**69.1%**	**169,998**	**98.0%**	**98.0%**	**169,998**	**98.0%**	**98.0%**
Other directors	687,540	5.6%	5.6%	0	0.0%	0.0%	0	0.0%	0.0%
Other shareholders	3,081,664	25.1%	25.1%	3,471	2.0%	2.0%	3,471	2.0%	2.0%
Treasury shares	25,689	0.2%	0.0%	0	0.0%	0.0%	0	0.0%	0.0%
Total	12,299,259	100.0%	100.0%	173,469	100.0%	100.0%	173,469	100.0%	100.0%

(NB: the shareholder structure at December 31, 2011 was identical to the structure at December 31, 2012).

To the Company's knowledge, the following non-family shareholders held more than or just under 5% of the share capital at the date when this Registration Document was prepared:
- Salvepar: 6.16% of the shares
- FCP ETI 2020 (BpiFrance): 5.45% of the shares
- CM-CIC Investissement 4.80% of the shares

Pledges

Pledges of Company shares
To the Company’s knowledge, no pledges had been registered on SergeFerrari Group shares at the date when this Registration Document was prepared.

Pledge of Company assets
At the date when this Registration Document was prepared, a pledge on 11,270 shares in Serge Ferrari SAS had been granted to banks, in relation to loans contracted by the Company.

5.1.2. Information on control of the Company's share capital

Sébastien Ferrari, Ferrari Participations, which the former controls, and Romain Ferrari have declared that they are acting in concert within the meaning of the provisions of Article L. 233-10 of the French Commercial Code.
The Company has not put any measures in place in order to ensure that this control is not exercised in an abusive manner. However, half of the Board members are independent directors.
In the event of a change in the control of SergeFerrari Group, its banks could require the immediate repayment of the medium-term financing granted in the form of club deals with its relationship banks, the balance of which amounted to €8,871,000 at December 31, 2014.

5.1.3. Share capital

The share capital, fully subscribed and paid up, amounted to €4,919,703.60 at December 31, 2014. It is divided into 12,299,259 shares with a par value of €0.40 each.

Each share grants the right to ownership of the corporate assets, a share in the profits and in the liquidation surplus in proportion to the amount of share capital that it represents.

As of December 31, 2014 there were no securities granting access to the share capital, shares not representing share capital, options or bonus share allotment programs.

Changes in the share capital since the Company's foundation

Date	Nature of the transactions (in euros unless specified otherwise)	Amount of the transaction	Issue premium	Number of shares created	Number of shares comprising the share capital	Par value	Amount of the share capital following the transaction
Sept 2, 1991	Incorporation (in FRF)	17,184,000	---	171,840	171,840	100.00	17,184,000
May 10,1991	Cancellation of shares following the merger with SEROM (in FRF)	-5,900,000	---	-59,000	112,840	100.00	11,284,000
May 10, 1991	Capital increase (in FRF)	5,650,000	---	56,500	169,340	100.00	16,934,000
April 25, 2001	Capital increase by capitalization of reserves (in FRF)	66,000	---	660	170,000	100.00	17,000,000
April 25, 2001	Increase in par value by capitalization of reserves (in FRF)	5,302,538	---	0	170,000	131.19	22,302,538
April 25, 2001	Translation into euros	---	---	0	170,000	20.00	3,400,000
June 9, 2008	Capital increase	69,380.00	1,930,602.57	3,469	173,469	20.00	3,469,380
April 30, 2014	50-for-1 par value split	---	---	8,499,981	8,673,450	0.40	3,469,380
June 24, 2014	Capital increase (retail public offering and global placement)	1,101,068.80	31,930,995.20	2,752,672	11,426,122	0.40	4,570,448.80
June 24, 2014	Capital increase reserved for CM-CIC Investissement	166,666.40	4,833,325.60	416,666	11,842,788	0.40	4,737,115.20
July 18, 2014	Capital increase (over-allotment option)	162,198.40	4,703,753.60	405,496	12,248,284	0.40	4,899,313.60
July 28, 2014	Capital increase reserved for employees	20,390.00	468,970.00	50,975	12,299,259	0.40	4,919,703.60

5.1.4. Double voting rights

A double voting right was introduced for any shares held in registered form for at least two years as from the admission of the Company’s shares for trading on the regulated Euronext Paris market. No shares had been granted double voting rights at the date when this Registration Document was prepared.

5.1.5. Memorandum and Articles of Association

5.1.5.1. Corporate Purpose

The Company's object is:

- Financial participation in any French or foreign existing or future groups, companies or businesses operating, in particular, in the design, manufacturing and/or distribution of innovative composite materials and associated systems and their recycling, by any means, in particular by contribution, subscription or purchase of shares or units, merger or grouping;
- The purchase, sale and management of any securities;
- The management, control and coordination of its subsidiaries and equity interests;

- The management and exploitation of intellectual property rights;
- Consulting on sales organization, marketing, public relations, any provision of services in commercial, administrative, financial or information technology fields;
- Acceptance or exercise of any administrative, management, control or consulting mandates, engineering, research, development of all management resources and assistance to businesses related to the Company.
- The management of its financial investments and any interests in any companies.

5.1.5.2. Provisions of the Articles of Association and other arrangements relating to the members of executive and management bodies

See Section 3.1.3 "Organization and operation of executive and management bodies" of this Registration Document.

5.1.5.3. Rights, preferences and restrictions attached to shares in the Company

- Form of shares (Article 10 of the Articles of Association)

Fully paid-up shares may be registered or bearer shares, at the choice of the shareholder, except where the applicable laws and regulations require them to be registered. (…)

- Voting rights (Articles 12.1 and 30.2)

The voting right attached to shares is proportional to the share of capital that they represent. Each share entitles the holder to one vote.

However, a double voting right (i.e. double that conferred on other shares with regard to the percentage of share capital that they represent) is attached to all other fully paid-up shares that can be proven to have been held in registered form for at two (2) years in the name of a given shareholder, counting from the date that the Company shares were first listed on a regulated market or on an organized multilateral trading system.

In the event of a capital increase through the capitalization of reserves, profits or issue premiums, the double voting right is conferred, immediately upon issuance, on all registered shares allotted to a shareholder in respect of their existing double voting shares.

- Rights to dividends, profits and liquidation surplus (Articles 12.1, 36 and 37)

Each share confers a right to the Company's profits, assets and liquidation surplus in proportion to the fraction of capital that it represents. (…)

At least five percent (5%) of the profits of a fiscal year, minus any eligible previous losses, must be set aside to form a fund called a “legal reserve”. This set-aside ceases to be mandatory when the value of the legal reserve amounts to one-tenth of share capital.

Distributable profit consists of the profit for the fiscal year, minus eligible previous losses and minus the aforementioned set-aside, in accordance with law and the Articles of Association, plus any retained earnings.

The General Meeting may deduct any sums from distributable profit that it considers appropriate to form any optional, ordinary or extraordinary reserves or to allocate to retained earnings.

The balance, if any, is distributed by the General Meeting among all shareholders in proportion to the number of shares held by each one.

The General Meeting can also decide to distribute available sums taken from reserves, specifying the reserve accounts from which such sums are taken. However, dividends are taken, as a priority, from the distributable profit of the fiscal year.

Except in the case of a capital reduction, no distribution may be made to shareholders if shareholders' equity is, or would be after doing so, less than the sum of capital plus reserves that are prohibited by law or the Articles of Association from being distributed. Revaluation gains are not distributable. They may be partly or fully capitalized. (…)

If a statement of financial position prepared during or at the end of the period and certified by a statutory auditor reveals that the Company - since the previous period-end, after constituting the necessary depreciation charges and provisions and after deducting any previous losses as well as the amounts to be posted to reserves, in accordance with the law and Articles of Association - has made a profit, this profit may be distributed as interim dividends before the financial statements for the period have been approved. The interim dividends must not exceed the profit as defined above.

The methods for paying out dividends in cash are set by the General Meeting or, otherwise, by the Board of Directors.

Any dividends payable in cash must be paid out no later than nine months after the end of the fiscal year, unless this deadline has been extended by court order. (…)

- Deadline for claiming dividends (Article 37)

Dividends not claimed within five (5) years of being paid out are barred.

In accordance with Article L. 1126-1 of the French General Public Property Code, the dividend pay-outs affected by the 5-year bar accrue to the State.

- Right to liquidation surplus (Article 12.1)

Each share confers a right to the Company's profits, assets and liquidation surplus in proportion to the fraction of capital that it represents.

- Preferential subscription rights (Article 8)

Shareholders have, in proportion to the number of shares that they hold, preferential rights to subscribe, in cash, for shares issued for the purpose of a share capital increase, which they can waive at any time. An Extraordinary General Meeting can decide, subject to applicable laws, to remove this preferential subscription right.

- Limitation on voting rights

None.

- Identifiable bearer securities (Article 10)

In order to identify the owners of bearer shares, the Company is at all times entitled, at its own expense and in accordance with the conditions and methods laid down by the statutory and regulatory provisions, to request that the central depositary keeping its share issue account disclose the identity (name or corporate name, nationality, year of birth or incorporation, and address) of the owners of shares conferring immediate or future voting rights at General Meetings of Shareholders, as well as the number of shares held by each of them and any restrictions relating to the shares. The Company, having followed the procedure described above and having seen the list provided by the central depositary, is entitled to request - directly or through the central depositary, under the conditions and subject to the penalties provided in Article L. 228-3-2 of the French Commercial Code - the persons on that list who the Company believes may be registered on behalf of a third party, to disclose information about the owners of the securities. The information obtained by the Company may not be disclosed to third parties, even free of charge, under pain of criminal sanctions.

- Purchase by the Company of its own shares.

See section 5.2.3 of this Registration Document.

5.1.5.4. Procedure for modifying shareholders' rights

Only an Extraordinary General Meeting is authorized to amend any provisions of the Articles of Association. It may not, however, increase shareholders' commitments unless resulting from a duly executed reverse stock split.

5.1.5.5. General Meetings of Shareholders

General Meetings are convened and vote under the conditions laid down in applicable laws and regulations.

Shareholders' collective decisions are taken in Ordinary, Extraordinary or Special General Meetings depending on the nature of the decisions they are asked to take.

Special Meetings convene the holders of a given class of shares or securities to approve a change to the rights attached to that class of shares or securities.

The decisions of General Meetings bind all shareholders, including those absent, dissenting or incapacitated.

- **ARTICLE 25 - CONVENING AND LOCATION OF GENERAL MEETINGS**

General Meetings are convened by the Board of Directors, the Statutory Auditors, or by an administrator appointed by court order pursuant to applicable laws.
If not all the shares are in registered form, before starting the procedure to convene a General Meeting the Company must publish a notice in the official gazette (Bulletin des Annonces Légales Obligatoires) containing the text of the resolutions that will be submitted to the meeting thirty-five (35) days before the meeting.
The notice is published fifteen (15) days before the meeting by being inserted in a newspaper authorized to publish legal announcements in the *département* (region) of the registered office and, as the case may be, in the official gazette.
Owners of registered shares who have owned them for at least one month on the date that the notice of meeting is published, are convened by ordinary mail fifteen (15) days before the meeting. The notice of meeting can also be sent by electronic means, subject to applicable laws and regulations, to the address indicated by the shareholder.
The meetings are held at the registered office or at any other place specified in the notice of meeting.
When a meeting cannot validly pass resolutions due to the lack of quorum, a second meeting and if necessary a postponed second meeting shall be convened in the same form as the first and with at least ten (10) days notice. The notice of meeting or invitation letters for the second meeting shall restate the date and the agenda of the first meeting. If the meeting is adjourned by court order, the judge may set a different date.
Notices of meeting must mention the information required by law, notably the agenda, the Company's email address to which shareholders' written questions can be sent, and, if applicable, a reminder of the requirement to obtain the prior opinion or consent of the owners of securities giving access to capital.

- **ARTICLE 26 - AGENDA - WRITTEN QUESTIONS**

The agenda of the meeting is set by the author of the notice of meeting.
One or more shareholders, acting under the conditions and deadlines set by law, are entitled to request, by registered mail with return receipt or by email, that items or draft resolutions be included in the meeting agenda in accordance with applicable laws and regulations.
The reasons for the inclusion of an item on the agenda must be explained. If the request concerns an amendment to or the inclusion of a draft resolution, the wording of the proposed resolution must be included and may be accompanied by a brief explanation of the reasons why it is being proposed.
The originators of the request must also include proof that they are listed in the shareholder register or a qualifying securities account. The agenda point or resolution will be raised at the meeting only if a further certificate or affidavit is received proving, on the same terms as above, that the requesting persons are shareholders at zero hour (Paris time) on the third business day preceding the date of the General Meeting.
The Works Committee may also demand resolutions to be included on the agendas of General Meetings in accordance with applicable laws and regulations.

The meeting may not vote on any matter that is not included on the agenda. However, it may under any circumstances remove one or more members of the Board of Directors from office and replace them.
Any shareholder may submit written questions to the Board of Directors. Written questions must be sent to the registered office by registered mail with return receipt, addressed to the Chairman of the Board of Directors, or sent electronically to the address indicated in the notice of meeting no later than the fourth business day preceding the date of the General Meeting.
The Board of Directors must answer the written questions during the General Meeting. An answer may cover several questions if they have the same content. In any case, a written question is deemed to have been answered if the question and answer appear on the Company's website under Q&As.

- **ARTICLE 27 - ADMISSION TO MEETINGS - POWERS**

Every shareholder has the right to attend General Meetings and to take part in the voting, in person or by proxy, upon provision of proof of the shareholder's identity, provided the shares are paid up as required.
However, this right is contingent on the shares being registered shares or, in the case of bearer shares, on presentation of proof that, as of zero hour (Paris time) on the third business day preceding the date of the General Meeting, the shares are recorded in a securities account registered in the name of the shareholder or the intermediary acting on his behalf in accordance with Article L. 228-1 para 7 of the French Commercial Code, either in the shareholder register kept by the Company or in a bearer securities account maintained by an intermediary as covered by Article L. 211-3 of the French Monetary and Financial Code. Bearer-share ownership via an intermediary securities account as mentioned in Article L. 211-3 is identified in accordance with the provisions of Article R. 225-85.II of the French Commercial Code.
Any shareholder can be represented by their spouse, common-law partner or another shareholder acting as proxy, but to do so the representative must provide proof of proxy. A shareholder can also be represented, subject to applicable laws, by any natural person or legal entity of his/her choice if the Company shares are admitted for trading on a regulated market or multilateral trading system. The representative must provide proof of proxy and must provide the grantor of the proxy with the information specified in Article L. 225-106-1 of the French Commercial Code.
Legal representatives of shareholders who are legally incapacitated and natural persons representing shareholders who are legal entities take part in General Meetings whether they are shareholders or not.
Any shareholder can submit a postal vote by using a ballot addressed to the Company under the conditions allowed by applicable laws and regulations. The ballot form must be received by the Company three (3) days before the date of the General Meeting in order to be counted.
Remote voting via an electronic ballot or by electronically signed proxy is governed by applicable laws and regulations, either via secure electronic signature as defined by French Decree no. 2001-271 of March 30, 2001 or via a reliable identification process guaranteeing the provenance of the action.
Two members of the Works Committee, designated by the Works Committee, if there is one, under the conditions set by law, can attend General Meetings regardless of the status and agenda of the meeting. They must, if they so request, be heard in any deliberations on decisions that require shareholder unanimity.

- **ARTICLE 28 - SHAREHOLDERS' RIGHT TO INFORMATION**

Every shareholder has the right to obtain the documents necessary for him to understand and make an informed judgment about the management and running of the Company.
The nature of these documents and the conditions for delivering or making them available are defined by the applicable laws and regulations.

- **ARTICLE 29 - ATTENDANCE SHEET - OFFICERS - MINUTES**

An attendance sheet duly signed by all shareholders present and proxies, to which all proxy and postal voting forms are attached, is certified as accurate by the officers of the meeting.

General Meetings are chaired by the Chairman of the Board of Directors or, in his absence, by a Vice Chairman or director specially appointed for the purpose by the Board of Directors. Failing this, the General Meeting itself can elect a person to chair the meeting.
The duties of teller are performed by the two shareholders, present at the start of the meeting and willing to perform such duties, who represent the greatest number of votes both on their own behalf and as proxies.
The meeting officers shall appoint a secretary, who may or may not be a shareholder.

The minutes of the meeting shall be drawn up. Copies or excerpts of these minutes shall be issued and certified in accordance with the law.

- **ARTICLE 30 - QUORUM - MAJORITY**

30.1 Quorum is calculated on the basis of all shares comprising the share capital that carry voting rights, except for Special General Meetings, where quorum is calculated in terms of the shares or securities in the particular class concerned, in all cases after deduction of any shares or securities stripped of their voting rights for legal reasons.
In the case of postal voting, the quorum calculation considers only duly completed postal voting forms received by the Company no later than three (3) days before the meeting.
30.2 The voting right attached to shares is proportional to the fraction of capital that they represent. Each share entitles the holder to one vote.
However, a double voting right (i.e. double that conferred on other shares with regard to the percentage of share capital that they represent) is attached to all other fully paid-up shares that can be proven to have been held in registered form for at two (2) years in the name of a given shareholder, counting from the date that the Company shares were first listed on a regulated market or on an organized multilateral trading system.
In the event of a capital increase through the capitalization of reserves, profits or issue premiums, the double voting right is conferred, immediately upon issuance, on all registered shares allotted to a shareholder in respect of their existing double voting shares.

5.1.5.6. Provisions for delaying, deferring or preventing a change of control
None.

5.1.5.7. Breach of thresholds established by the Articles of Association (Article 12.4)
In accordance with Article L. 233-7 of the French Commercial Code and the Company's Articles of Association, if the number of shares held by any natural person or legal entity acting alone or in concert exceeds the threshold of one fortieth (2.5%) of the share capital or voting rights, such person or entity must inform the Company within the deadlines applicable to the crossing of statutory thresholds referred to in the previous section, counting from the date on which the total number of shares or voting rights held by the person exceeded the shareholding threshold. This information shall also be disclosed within the same time limits when the number of shares or voting rights falls below the aforementioned thresholds.

In accordance with Article L. 233-7 VI of the French Commercial Code, if a shareholder fails to disclose the fact that they have crossed the threshold of 2.5% of the share capital or voting rights stipulated by the Articles of Association, they may be stripped of the voting rights attached to the undisclosed excess shares for a period of two years counting from the date on which the required disclosure is made. The decision to strip voting rights falls under the jurisdiction of the Chairman of the General Meeting of Shareholders, provided that his/her shareholding represents at least two-and-a-half percent (2.5%) of share capital or that he/she is requested to do so by one or more shareholders satisfying the same condition.

5.1.5.8. Special stipulations governing changes to capital
None.

5.1.6. Related party transactions

5.1.6.1. Significant agreements with related parties

(See Note 32 to the consolidated financial statements in Section 4.2 of this Registration Document.)

- Agreements between Group companies and one of its shareholders

Services agreement between Ferrari Participations and the Group
The role of Ferrari Participations, as holding company, is to implement a globally applicable and consistent policy within the Group and to define the Group's strategic priorities and growth strategies. To this end, an agreement was signed between Ferrari Participations and the Group's direct and indirect operational subsidiaries effective January 1, 2012.

It covered the following direct and indirect subsidiaries: Serge Ferrari SAS, Texyloop, Ferfil Multifils, Ci2M, Serge Ferrari Tersuisse, Serge Ferrari AG, Serge Ferrari Asia Pacific, Serge Ferrari North America, Serge Ferrari Japan and Serge Ferrari Brasil.
The only subsidiaries not included were Vinyloop (40% owned, a joint venture with Solvay) and Ferrari Americo Latina (inactive since 2011).

These services are remunerated on the basis of a provisional annual amount paid quarterly, adjusted at the start of the next fiscal year. This amount corresponds to the re-invoicing of full costs plus a margin.

The amount invoiced to all Group companies for these services by Ferrari Participations for fiscal year 2014 was €1,932,000.

These services include:

- Consulting on strategy and development of beneficiary companies (operating subsidiaries);
- Consulting on financial and cash management issues;
- Assistance in tax administration and insurance management;
- Assistance in human resources management;
- Consulting on business development;
- Consulting on industrial development and quality;
- Consulting on R&D;
- Consulting on sustainable development and environmental matters.

This agreement is automatically renewable annually.

Group central cash management (cash pooling) agreement

A cash pooling agreement between Ferrari Participations, SergeFerrari Group, Serge Ferrari SAS, Texyloop and Ci2M came into effect on January 1, 2012, replacing a previous agreement signed in 2007.

Under this new agreement, Serge Ferrari SAS is the pooling company.

As of December 31, 2014, the outstanding balance of the cash pooling and current accounts opened in the name of SergeFerrari Group on the books of Serge Ferrari SAS was: €20,006,368 (€19,544,707 in the cash pooling account).

Interest payments for the year (cash pooling and current account) between SergeFerrari Group and Serge Ferrari SAS were as follows:
Group interest income: €63,049
Group interest expense: €2,182

- Agreements directly or indirectly binding the Company and one of its corporate officers

Apart from the premises owned by the Group, the main Group company premises are leased from real estate companies (SCIs) owned by the Company's sister company Ferrimmo.

Accordingly, lease agreements exist (standard 3/6/9 commercial leases) between the Group's French entities and the real estate companies controlled by Ferrimmo, a wholly-owned subsidiary of Ferrari Participations, the Company's majority shareholder in which Sébastien Ferrari and Romain Ferrari hold respective stakes of 66.70% and 33.30%.

The Group paid total rent of €2.7 million in 2014. This amount breaks down as follows:

- SCI Immobilière Ferrari : €1,372,000
- SCI La Roche : €977,000
- SCI Clomeca : €215,000
- SCI SRF : €170,000
- SCI SETIMM : €28,000

As regards the potential conflict of interest that these agreements represent for Sébastien and Romain Ferrari, an independent real estate assessor (Galtier Expertises Immobilières et Financières) made an assessment of whether the rents paid by the Group to the SCIs controlled by the Ferrari family group was consistent with market rates. The assessor estimated the rental value of the relevant premises at €2.7 million per annum excluding VAT. (See Section 23 of the Base Document registered on May 20, 2014 under number I. 14-032.)

5.1.6.2 Statutory auditors' report on regulated agreements

To the Shareholders,

As the Statutory Auditors for your Company, we hereby present our report on regulated agreements and commitments.
It is our duty to report to you, based on the information provided to us, the key features of the agreements and commitments of which we have been informed, or which we have identified during our assignment, without being required to form an opinion as to their usefulness or appropriateness or to search for undisclosed agreements and commitments. It is your duty, pursuant to the provisions of Article R.225-31 of the French Commercial Code, to assess the advantages of entering into said agreements and commitments for the purpose of granting your approval.

It is also our duty, where applicable, to communicate to you the information provided for in Article R.225-31 of the French Commercial Code regarding the performance and execution, during the year ended, of agreements and commitments previously approved by the General Meeting.

We carried out the investigations that we considered necessary in order to comply with the professional guidelines issued by the French National Institute of Auditors (*Compagnie nationale des commissaires aux comptes*) in respect of this assignment. These investigations involved verifying the consistency of the information provided to us with the underlying documents from which it was taken.

Agreements and commitments submitted to the General Meeting for approval

Agreements and commitments authorized during the fiscal year ended

We have not been informed of any agreement or commitment authorized during the fiscal year ended that required the approval of the General Meeting pursuant to Article L. 225-38 of the French Commercial Code.

Agreements and commitments previously approved by the General Meeting

Performance and execution, during the fiscal year ended, of agreements and commitments approved in previous years

Pursuant to Article R.225-30 of the French Commercial Code, we have been informed of the performance and execution, during the fiscal year ended, of the following agreements and commitments approved in previous years by the General Meeting.

1. **Operating license agreements covering the "SERGE FERRARI" trademark**

   Licensor: SergeFerrari Group SA
   Licensees: Serge Ferrari SAS, Serge Ferrari North America, Serge Ferrari Japan, Serge Ferrari Asia Pacific Ltd, Serge Ferrari AG, Serge Ferrari Tersuisse AG, Serge Ferrari Brasil
   Effective date of agreements: January 1, 2012

   Term: unlimited

   Contractual fee: as from January 1, 2014, the contractual fee amounts to 0.8% of annual revenue excluding VAT from sales outside the FERRARI group.

Revenue recognized for 2014

Serge Ferrari SAS	€857,198 excl. VAT
Serge Ferrari North America	€86,080 excl. VAT
Serge Ferrari Japan	€10,120 excl. VAT
Serge Ferrari Asia Pacific Ltd	€17,600 excl. VAT
Serge Ferrari AG	€109,346 excl. VAT
Serge Ferrari Tersuisse AG	€21,600 excl. VAT
Serge Ferrari Brasil	€6,784 excl. VAT
Total	€1,108,728 excl. VAT

Directors concerned:

Sébastien Ferrari Chairman of Serge Ferrari North America, Serge Ferrari AG and Serge Ferrari Brasil – Director of Serge Ferrari Japan – Sole Director of Serge Ferrari Asia Pacific Ltd – Chairman and CEO of SergeFerrari Group SA - CEO of Serge Ferrari SAS.

Romain Ferrari: Vice-Chairman of Serge Ferrari Tersuisse AG - CEO of SergeFerrari Group SA and Serge Ferrari SAS.

2. Operating lease agreement granted by Serge Ferrari SAS

Rent recognized under expenses for fiscal 2014: €24,000 excl. VAT

Directors concerned:

Sébastien Ferrari: Chairman and CEO of SergeFerrari Group SA - CEO of Serge Ferrari SAS

Romain Ferrari: CEO of SergeFerrari Group SA and Serge Ferrari SAS.

Lyon and Villeurbanne, March 31, 2015

The Statutory Auditors

MAZARS
Pierre BELUZE
Partner

Cabinet Martine CHABERT
Martine CHABERT

5.2 Stock market

5.2.1. SergeFerrari Group share price and trading volumes

The SergeFerrari Group share is listed on Euronext Paris (Compartment C).

	High (€)	Low (€)	Closing (€)	Volume (no. of shares traded)	Volume (€)	Average price (€)
June 2014	12.44	11.93	12.21	260,370	3,160,820	12.14
July 2014	13.32	12.16	13.19	123,582	1,587,562	12.85
August 2014	13.25	12.17	12.71	92,010	1,164,429	12.66
September 2014	12.90	12.31	12.79	171,458	2,157,127	12.58
October 2014	12.80	11.00	11.96	40,234	482,810	12.00
November 2014	11.96	9.98	11.96	102,101	1,073,597	10.52
December 2014	11.60	10.00	11.60	126,069	1,339,224	10.62

5.2.2. Summary of share trading by directors and connected persons

Directors carried out the following transactions involving the Company's shares during the year:
Sébastien Ferrari: purchase of 5,100 shares at an average price of €11.12 per share
Romain Ferrari: none
Philippe Brun: none

No stock option or performance share plan is currently in place.

5.2.3. Share buyback plan: description and 2014 report

The April 30, 2014 General Meeting authorized the Board of Directors, for a period of 18 months counting from the date of the General Meeting and under the condition precedent that the Company's shares were admitted for trading on the Euronext regulated market in Paris, to implement a share buyback plan in accordance with Article L. 225-209 of the French Commercial Code and the AMF General Regulation, under the terms and conditions described below:

Maximum number of Company shares that can be purchased: 10% of the share capital as of the date when the shares are purchased. When Company shares are purchased to promote liquidity, the number of shares used for the calculation of this 10% limit corresponds to the number of shares purchased, less the number of shares re-sold over the term of this authorization.

Objectives of the share buyback plan

- to encourage liquidity and boost the Company's share price through the intervention of an Investment Services Provider acting independently under a liquidity contract in compliance with the ethics charter of the French Financial Markets Association recognized by the French Financial Markets Authority (AMF). The Company currently holds 25,689 treasury shares for this purpose;

- to grant shares to employees or corporate officers of the Company and French or foreign companies or groups related to it, in accordance with statutory and regulatory conditions, primarily as a means of sharing in the profits of the Company's growth, under employee shareholding plans, company savings plans, stock option plans or bonus share allocations, or on any other terms permitted by applicable regulations. The Company currently holds no treasury shares for this purpose;

- to transfer Company shares as consideration or in exchange, primarily in relation to mergers and acquisitions. No shares are currently held for this purpose;

- to grant shares upon the exercise of rights attached to securities conferring the right to existing Company shares via redemption, conversion, exchange, presentation of a coupon or by any other means. No shares are currently held for this purpose;

- to cancel repurchased shares as part of a capital reduction, subject to the shareholders in an Extraordinary General Meeting adopting a resolution specifically authorizing such capital reduction. No shares are currently held for this purpose.

Maximum purchase price: 300% of the price per share adopted for admission to trading on the Euronext regulated market in Paris, excluding fees and commissions and any adjustments required to take into account capital transactions;
Minimum amount of funds that may be allocated to the share buyback plan: €5,000,000.

The number of shares purchased by the Company to hold for use as consideration or in exchange in a merger, demerger or capital contribution may not exceed 5% of its share capital.

The shares thus repurchased may be canceled, as the Combined General Meeting of April 30, 2014 authorized the Board of Directors to reduce the share capital by canceling the treasury shares resulting from the buyback plan described above.

Treasury shares as of December 31, 2014	
Number of shares	25,689
% of share capital	0.21%
Purchase price value (€)	319,637
Net book value (€)	297,992
Par value (€)	10,276

Share buyback program: description

The following resolution will be submitted to a vote by the General Meeting on April 29, 2015:
The General Meeting, having reviewed the Board of Directors' report, and voting under the quorum and majority conditions required for ordinary general meetings, authorizes the Board to purchase a number of shares in the Company representing up to ten per cent (10%) of the number of shares that make up the share capital, for a period of eighteen (18) months or until the date of its renewal by the Ordinary General Meeting, in accordance with the provisions of Article L. 225-209 of the French Commercial Code.

These shares may be purchased, disposed of or transferred at any time and via any means, in one or several installments, on the market or off the market, including via block transactions and option transactions, and during public tender offer periods. The maximum portion of the buyback program that may be performed via the purchase and disposal of blocks of shares is equal to the entire authorized share buyback program.

The net maximum purchase price per share shall not exceed eighteen (18) euros, excluding fees and commissions. This price is subject to any adjustments made in accordance with statutory and regulatory conditions in relation to potential transactions in the Company's share capital.

The Company may purchase, in one or several installments, and at such times as the Board of Directors shall decide, a number of ordinary shares in the Company that shall not exceed:

- Ten per cent (10%) of the total number of shares comprising the share capital, as adjusted following transactions that may affect it subsequently to this decision; or

- Five per cent (5%) of the same number of ordinary shares comprising the share capital, if the transaction involves shares purchased by the Company with a view to holding them and subsequently delivering them in payment or exchange as part of a merger, demerger or contribution transaction.

The maximum amount of the funds required to execute the program will be twenty-two million, one hundred and thirty-eight thousand, six hundred and fifty euros (€22,138,650).

In the event of a capital increase by capitalization of reserves, bonus share allotment, stock split or reverse stock split, the prices indicated above will be adjusted by a multiplying factor equal to the ratio between the number of shares comprising the share capital prior to the transaction and the number following the transaction.

Share buybacks may be carried out for the following purposes, in order of priority:

- Encouraging liquidity and increasing trading in the Company's shares via an investment services provider acting independently under a liquidity contract that is compliant with the French Financial Markets Association’s professional conduct code, as recognized by the French Financial Markets Authority;

- Allotting shares to employees or corporate officers of the Company and of French or foreign companies or groups related to it, subject to statutory and regulatory conditions, primarily in respect of sharing in the results of the company’s expansion, employee shareholding schemes or corporate savings schemes or a stock option scheme, or via the allotment of bonus shares, or under any other conditions authorized by the regulations;

- Delivering the shares in payment or in exchange, including as part of external growth transactions;

- Allotting shares on exercise of the rights attached to transferable securities that entitle the holder to existing shares in the Company through redemption, conversion, exchange or presentation of a warrant, or in any other manner;

- Cancelling the shares redeemed in this way via a capital reduction, subject to the adoption of a specific resolution regarding such capital reduction by the General Meeting of Shareholders voting under the conditions applicable to extraordinary general meetings.

This authorization cancels and supersedes the authorization granted to the Board of Directors by the General Meeting of April 30, 2014 in its 32nd Ordinary Resolution.

Authorized capital

The following resolutions passed at the April 30, 2014 and April 29, 2015 General Meetings granted authorization for share issues and set the maximum terms for exercising such authorization:

<table>
<tr><th>Resolutions authorizing share issues</th><th>Maximum term of exercise</th><th>Maximum par value</th><th>Shared maximum par value</th></tr>
<tr><td>Capital increase with retention of preferential rights to subscribe to shares and/or securities giving access to Company capital</td><td>June 30, 2016</td><td>Capital increase: €2.5 million
Debt securities: €15 million</td><td rowspan="6">Capital increase: €2.5 million

Debt securities: €15 million</td></tr>
<tr><td>Capital increase by way of public offering with removal of preferential rights to subscribe to shares and/or securities giving access to Company capital</td><td>June 30, 2016</td><td>Capital increase: €2.5 million
Debt securities: €15 million</td></tr>
<tr><td>Capital increase with removal of preferential rights to subscribe as part of an offering to eligible investors or a restricted circle of investors in accordance with Section II of Article L. 411-2 of the French Monetary and Financial Code (private placement)</td><td>June 30, 2016</td><td>Capital increase: €2.5 million
Debt securities: €15 million</td></tr>
<tr><td>Authorization to set the issue price at up to 10% of the share capital</td><td>June 30, 2016</td><td>-------</td></tr>
<tr><td>Increase the number of securities to be issued in the event of a capital increase with or without preferential subscription rights</td><td>June 30, 2016</td><td>15% of initial issue</td></tr>
<tr><td>Capital increase with removal of preferential subscription rights in favor of one category of persons:
- Companies regularly investing, directly and/or indirectly, in growth shares of “small caps” (i.e. whose capitalization, if they are listed companies, does not exceed €1 billion), in the industrial sector, notably in the composite materials field;
- Any person who has been, or whose main shareholder has been, an employee or exclusive commercial agent of the Company or of a related company for at least the past 12 months;
- Any person who is, or whose main shareholder is, an executive corporate officer of a foreign company related to the Company, with the exception of the executive corporate officers of said companies related to the Company who are also executive corporate officers of the Company.</td><td>October 30, 2015</td><td>Capital increase: €2.5 million
Debt securities: €15 million</td></tr>
<tr><td>Capital increase, up to 10% of share capital, as consideration for contributions in kind made in the form of shares or other securities giving access to the capital of third-party companies, outside the scope of a public exchange offer</td><td>October 29, 2016</td><td>10% of Company capital</td><td></td></tr>
<tr><td>Capital increase in favor of employees belonging to the group savings plan</td><td>October 30, 2016</td><td>€58,000</td><td></td></tr>
<tr><td>Issue options to purchase or subscribe for shares in the Company in favor of its employees and directors</td><td>June 30, 2017</td><td colspan="2">5% of Company capital</td></tr>
<tr><td>Allocate existing shares or issue shares free of charge to the Company's employees and directors</td><td>June 30, 2017</td><td colspan="2">10% of Company capital</td></tr>
</table>

6. Combined General Meeting of 29 April 2015

6.1. Agenda for the General Meeting

Ordinary General Meeting:

- Review of the management and group report prepared by the Board of Directors;
- Review of the Statutory Auditors' report on the parent company and consolidated financial statements for the fiscal year ended December 31, 2014;
- Review of the special report of the Chairman of the Board of Directors on corporate governance and internal control pursuant to the provisions of Article L. 225-37 of the French Commercial Code;
- Review of the Statutory Auditors' special report on the report of the Chairman of the Board of Directors;
- Review of the Corporate Social Responsibility report and the related Statutory Auditors' report;
- Approval of the parent company and consolidated financial statements for the fiscal year ended December 31, 2014, discharge of the Directors;
- Approval of non-tax deductible expenses;
- Appropriation of earnings for the fiscal year;
- Review of the Statutory Auditors' special report on the agreements referred to in Articles L. 225-38 *et seq.* of the French Commercial Code, approval of those agreements;
- Setting of an annual attendance fee budget to compensate directors for the current fiscal year and subsequent fiscal years;
- Renewal of Victoire Gottardi's appointment as director;
- Renewal of Philippe Brun's appointment as director;
- Appointment of BPI France as a new director;
- Renewal of Mazars' appointment as the incumbent joint Statutory Auditor;
- Renewal of Max Dumoulin's appointment as the alternate joint Statutory Auditor;
- Authorization for the Company to trade in its own shares on the stock market.

Extraordinary General Meeting:

- Authorization enabling the Board of Directors to decrease the share capital via the cancellation of treasury shares.

Ordinary and Extraordinary General Meeting:

- Powers for formalities.

6.2. Information on the candidate for the position of Director

See Section 3.2.

6.3. Draft resolutions

FIRST RESOLUTION *(Approval of the Company financial statements and transactions for the 2014 fiscal year)* — The General Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings, and having reviewed:

- The Board of Directors' report on the management of the Company during the fiscal year ended December 31, 2014 and on the management of the subsidiaries included in the consolidation scope,

- The report of the Chairman of the Board of Directors on the conditions for preparing and organizing the Board's work and the internal control procedures, as provided for by Article L. 225-37 of the French Commercial Code,

- And the Statutory Auditors' reports on the execution of their assignment during this fiscal year,

Approves the Company financial statements, namely the balance sheet, the income statement and the notes to the financial statements prepared at December 31, 2014, as presented to the Meeting, together with all the transactions reflected in those financial statements and summarized in these reports.

The Meeting notes that the financial statements for the fiscal year ended do not include any expenses that cannot be included in tax-deductible expenses under Article 39.4 of the French General Tax Code.

As a result, it discharges all the directors in respect of their management performance for the fiscal year ended December 31, 2014.

SECOND RESOLUTION *(Approval of the consolidated financial statements for the 2014 fiscal year)* — The General Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings, and having reviewed the reports prepared by the Board of Directors and the Statutory Auditors, approves the consolidated financial statements drawn up at December 31, 2014, as presented to the Meeting.

THIRD RESOLUTION *(Appropriation of earnings and determination of the dividend)* — The General Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings, approves the Board of Directors' recommendation, and decides to appropriate the profit of €3,321,961.59 for the fiscal year as follows:

Net income for the fiscal year:	€3,321,961.59
To the legal reserve:	€145,032.40
The amount of €0.12 per share as a dividend to the shareholders Granting entitlement to a dividend on the day when the shares go ex-dividend i.e. a maximum dividend budget amounting to:	€1,475,911.08
Balance:	€1,701,018.11

Allocated in full to "Other reserves", which will accordingly amount to at least €10,354,122.62.

In addition, the General Meeting notes that this dividend budget takes into account the total number of shares outstanding at the date of publication of the draft resolutions granting entitlement to these dividends, on the understanding that treasury shares do not grant any entitlement to dividends; as a result, the amount of said budget is liable to increase or decrease depending on the number of shares that potentially grant entitlement to a dividend on the day when the shares go ex-dividend.

In accordance with statutory requirements, the General Meeting notes that no dividend has been paid in respect of the three previous fiscal years.

FOURTH RESOLUTION *(Regulated agreements)* – The General Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the special report of the Statutory Auditors on the agreements referred to in Article L. 225-38 of the French Commercial Code, and deliberating on the basis of that report, notes that no new agreement was entered into during the fiscal year ended, and notes that transactions continued under the agreements previously entered into and authorized.

The General Meeting notes that it has received the special report prepared pursuant to the provisions of Articles L. 225-38 *et seq.* of the French Commercial Code, and approves the findings of this report.

FIFTH RESOLUTION *(Setting an annual attendance fee budget to compensate directors in respect of the current fiscal year and subsequent fiscal years)* – The General Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings, hereby resolves to allocate an annual attendance fee budget of seventy thousand euros (€70,000) on the recommendation of the Board of Directors, in order to compensate the directors in respect of the current fiscal year and subsequent years, until the General Meeting of Shareholders decides otherwise.

SIXTH RESOLUTION *(Reappointment of a director – Victoire Gottardi)* – The General Meeting, voting under the quorum and majority conditions for Ordinary General Meetings, hereby resolves to renew Victoire Gottardi's appointment as a director for a period of three years, subject to the conditions provided for by Article 14 of the Articles of Association, on the recommendation of the Board of Directors. Her office will end following the General Meeting convened to approve the financial statements for the fiscal year ended December 31, 2017.

SEVENTH RESOLUTION *(Reappointment of a director – Philippe Brun)* – The General Meeting, voting under the quorum and majority conditions for Ordinary General Meetings, hereby resolves to renew Philippe Brun's appointment as a director for a period of three years, subject to the conditions provided for by Article 14 of the Articles of Association, on the recommendation of the Board of Directors. His office will end following the General Meeting convened to approve the financial statements for the fiscal year ended December 31, 2017.

EIGHTH RESOLUTION *(Appointment of a new director – BPI France)* – The General Meeting, voting under the quorum and majority conditions for Ordinary General Meetings, hereby resolves to appoint BPI France as a director for a period of three years, on the recommendation of the Board of Directors. Its office will end following the General Meeting convened to approve the financial statements for the fiscal year ended December 31, 2017.

NINTH RESOLUTION *(Renewal of the appointment of an incumbent joint Statutory Auditor)* – The appointment of Mazars, incumbent Statutory Auditor, expires at the end of this General Meeting; this Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings, hereby resolves to renew that appointment for a further period of six (6) fiscal years, i.e. until the end of the General Meeting convened to approve the financial statements for the fiscal year ended December 31, 2020.

TENTH RESOLUTION *(Renewal of the appointment of an alternate joint Statutory Auditor)* – The appointment of Max Dumoulin, alternate Statutory Auditor, expires at the end of this General Meeting; this Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings, hereby resolves to renew that appointment for a further period of six (6) fiscal years, i.e. until the end of the General Meeting convened to approve the financial statements for the fiscal year ended December 31, 2020.

ELEVENTH RESOLUTION *(authorization to trade on the stock exchange)* – The General Meeting, having reviewed the report prepared by the Board of Directors, and voting under the quorum and majority conditions required for Ordinary General Meetings, hereby authorizes the Board to purchase a number of shares in the Company representing up to ten per cent (10%) of the number of shares comprising the share capital, for a period of eighteen (18) months or until the date of its renewal by the Ordinary General Meeting, in accordance with the provisions of Article L. 225-209 of the French Commercial Code.

These shares may be purchased, disposed of or transferred at any time and via any means, in one or several installments, on the market or off the market, including via block transactions and option transactions, and during public tender offer periods. The maximum portion of the buyback program that may be performed via the purchase and disposal of blocks of shares is equal to the entire authorized share buyback program.

The net maximum purchase price per share shall not exceed eighteen (18) euros, excluding fees and commissions. This price is subject to any adjustments made in accordance with statutory and regulatory conditions in relation to potential transactions in the Company's share capital.

The Company may purchase, in one or several installments, and at such times as the Board of Directors shall decide, a number of ordinary shares in the Company that shall not exceed:

- Ten per cent (10%) of the total number of shares comprising the share capital, as adjusted following transactions that may affect it subsequently to this decision; or

- Five per cent (5%) of the same number of ordinary shares comprising the share capital, if the transaction involves shares purchased by the Company with a view to holding them and subsequently delivering them in payment or exchange as part of a merger, demerger or contribution transaction.

The maximum amount of the funds required to execute the program will be twenty-two million, one hundred and thirty-eight thousand, six hundred and fifty euros (€22,138,650).

In the event of a capital increase by capitalization of reserves, bonus share allotment, stock split or reverse stock split, the prices indicated above will be adjusted by a multiplying factor equal to the ratio between the number of shares comprising the share capital prior to the transaction and the number following the transaction.

Share buybacks may be carried out for the following purposes, in order of priority:

- Encouraging liquidity and increasing trading in the Company's shares via an investment services provider acting independently under a liquidity contract that is compliant with the French Financial Markets Association’s professional conduct code, as recognized by the French Financial Markets Authority;

- Allotting shares to employees or corporate officers of the Company and of French or foreign companies or groups related to it, subject to statutory and regulatory conditions, primarily in respect of sharing in the results of the company’s expansion, employee shareholding schemes or corporate savings schemes or a stock option scheme, or via the allotment of bonus shares, or under any other conditions authorized by the regulations;

- Delivering the shares in payment or in exchange, including as part of external growth transactions;

- Allotting shares on exercise of the rights attached to transferable securities that entitle the holder to existing shares in the Company through redemption, conversion, exchange or presentation of a warrant, or in any other manner;

- Cancelling the shares redeemed in this way via a capital reduction, subject to the adoption of a specific resolution regarding such capital reduction by the General Meeting of Shareholders voting under the conditions applicable to extraordinary general meetings.

This authorization cancels and supersedes the authorization granted to the Board of Directors by the General Meeting of April 30, 2014 in its 32nd Ordinary Resolution.

The General Meeting hereby grants all powers to the Board of Directors to place any orders, enter into any agreements, complete any formalities, make any representations to any bodies and generally do everything that is required, with the option to sub-delegate these powers to the Chief Executive Officer.

Extraordinary Resolutions

TWELFTH RESOLUTION *(Authorization for the Board of Directors to reduce the share capital by cancelling shares)* – The General Meeting, voting under the quorum and majority conditions required for Extraordinary General Meetings, and having heard the report of the Board of Directors and the special report of the Statutory Auditors, and subject to the adoption of the 11th Resolution, hereby authorizes the Board of Directors to perform the following acts, with the option to sub-delegate that authorization to the Chief Executive Officer, in accordance with Article L. 225-209 of the French Commercial Code, for a period of twenty-four (24) months:

- To cancel the shares purchased by the Company pursuant to the implementation of the authorization granted in the 11th Resolution, within a limit of ten per cent (10%) of the share capital, as adjusted in accordance with transactions that may affect it subsequently to this resolution, for each period of twenty-four (24) months;

- To decrease the share capital accordingly by deducting the difference between the purchase value of the cancelled shares and their par value from available share premiums or reserves; and

- To amend the Articles of Association accordingly and complete any formalities required.

This authorization cancels and supersedes the authorization granted to the Board of Directors by the General Meeting of April 30, 2014 in its 33rd Extraordinary Resolution.

<u>Combined Ordinary and Extraordinary Resolutions:</u>

THIRTEENTH RESOLUTION *(Powers)* – The General Meeting hereby grants full powers to complete all legal formalities to the holder of copies or excerpts of these minutes.

The General Meeting of April 30, 2014 approved the draft resolutions submitted to it.

7. Additional information

7.1. Persons responsible for the Registration Document and financial report

Statement by the person responsible for the Registration Document

"I hereby certify, after having taken every reasonable measure to this effect, that the information contained in this Registration Document is, to the best of my knowledge, accurate and does not contain any omission that could affect its scope.

I have obtained a letter of completion from the Statutory Auditors in which they state that they have verified the data regarding the financial position and financial statements contained in this document and have read the Registration Document in its entirety."

Sébastien Ferrari
Chairman and Chief Executive Officer
June 10, 2015

Statement by the person responsible for the financial report

"I hereby certify that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting principles and present a true and fair view of the assets and liabilities, financial position and earnings of the Company and all of the companies included in the consolidation. I also certify that the management report included in this Registration Document presents a true and fair view of developments in the business activity, earnings and financial position of the Company and all of the companies included in the consolidation and includes a description of the main risks and contingencies with which they are faced."

Philippe Brun
Chief Financial Officer
June 10, 2015
Address: Zone industrielle la Tour-du-Pin 38110 Saint-Jean-de-Soudain
+33 (0)4 74 97 41 33 / investor@sergeferrari.com

7.2. Information regarding the Statutory Auditors

Identity of the Statutory Auditors

The incumbent statutory auditors are:

Cabinet Martine CHABERT (company owned by Martine Chabert)
74 rue Maurice Flandin 69003 Lyon

Cabinet Martine CHABERT was appointed Statutory Auditor to replace Ms. Martine Chabert, who had resigned, at the Extraordinary General Meeting of April 30, 2014 for the remaining term of its predecessor ending at the close of the Ordinary General Meeting called to approve the financial statements for the fiscal year ending December 31, 2018.

MAZARS represented by Pierre Beluze
131 Boulevard Stalingrad - Le Premium - 69624 Villeurbanne Cedex

MAZARS was appointed Statutory Auditor by the General Meeting of April 25, 2007 for the remaining term of its predecessor, who had resigned, ending at the close of the General Meeting called to approve the financial statements for the fiscal year ending December 31, 2008. This appointment was renewed by the General Meeting of April 17, 2009 for a period of six fiscal years ending at the close of the Ordinary General Meeting called to approve the financial statements for the fiscal year ending December 31, 2014.

The alternate statutory auditors are:

Didier VAURY (Alternate Statutory Auditor to Cabinet Martine CHABERT)
115 boulevard Stalingrad - CS 52038 - 69616 Villeurbanne Cedex
Didier Vaury was appointed Alternate Statutory Auditor to replace COGEM Audit, which had resigned, at the Extraordinary General Meeting of April 30, 2014 for the remaining term of his predecessor ending at the close of the Ordinary General Meeting called to approve the financial statements for the fiscal year ending December 31, 2018.

Max DUMOULIN
131 Boulevard Stalingrad - Le Premium - 69624 Villeurbanne Cedex
Max Dumoulin was appointed Alternate Statutory Auditor by the General Meeting of April 25, 2007 for the remaining term of his predecessor, who had resigned, ending at the close of the General Meeting called to approve the financial statements for the fiscal year ending December 31, 2008. His appointment was renewed by the General Meeting of April 17, 2009 for a period of six fiscal years ending at the close of the Ordinary General Meeting called to approve the financial statements for the fiscal year ending December 31, 2014

Information regarding resignations and non-reappointment of statutory auditors
During the period covered by the historical financial information, no statutory auditors resigned or were not reappointed, with the exception of Martine Chabert, who resigned, having been statutory auditor since February 25, 1999, and was replaced by Cabinet Martine CHABERT by a decision of the General Meeting of April 30, 2014.
The General Meeting of April 29, 2015 will be asked to vote on the reappointment of Cabinet MAZARS as incumbent statutory auditor and Mr. Max Dumoulin as alternate statutory auditor.

Fees paid to statutory auditors and members of their network

	Mazars				Cabinet Martine Chabert			
(€000 excl. VAT)	2014 amount	2013 amount	2014 %	2013 %	2014 amount	2013 amount	2014 %	2013 %
Total fees	**274.5**	**115.0**	**100%**	**100%**	**164.5**	**118.0**	**100%**	**103%**
Statutory audit, certification, review of separate and consolidated financial statements	**178.5**	**96.0**	**65%**	**83%**	**159.5**	**115.0**	**97%**	**97%**
Parent company (recurring assignments)	56.0	13.0			60.0	21.0		
Parent company (approval of Base Document and operation memorandum)	22.5	0.0			22.5	0.0		
Fully consolidated subsidiaries	100.0	83.0			77.0	94.0		
Other assignments and services directly related to the Statutory Auditors' engagement	**96.0**	**19.0**	**35%**	**17%**	**5.0**	**3.0**	**3%**	**3%**
Parent company (2014: review of transition to IFRS, CSR report 2013: covenant certificate)	96.0	19.0			5.0	3.0		
Fully consolidated subsidiaries	0.0	0.0			0.0	0.0		
Other services rendered	0.0	0.0			0.0	0.0		

7.3. Company information

7.3.1. Company history and development

Corporate name of the Company

The Company's corporate name is SergeFerrari Group.

Place of registration and registration number of the Company

The Company is entered in the Vienne Trade and Companies Register (Registre du Commerce et des Societes de Vienne) under number 382 870 277.

Date of incorporation and term

The Company was incorporated for a period of 99 years expiring on June 30, 2090, unless wound up early or extended.

Registered office of the Company, legal form, laws governing its activities

Initially incorporated as a French limited company (*société anonyme*), then transformed into a simplified joint-stock company (*société par actions simplifiée*) by unanimous decision of the June 30, 2003 General Meeting of Shareholders, the Company was transformed back into a corporation by decision of the April 30, 2014 General Meeting of Shareholders.

The Company is governed by present and future applicable laws and regulations, notably the French Commercial Code and its amendments, as well as the Company's Articles of Association. Due to the nature of its activity, since 2007 it has also complied with the European "REACH" regulations governing manufacturing safety and the use of chemical substances in European industry.

The Company's registered office is at: Zone industrielle de La Tour-du-Pin - 38110 Saint Jean-de-Soudain.
The Company's contact details are as follows:
Telephone: +33(0)4 74 97 41 33
Email: investor@sergeferrari.com
Website: www.sergeferrari.com

Key events in the growth of the Company

1973	- TESF (Tissage et Enduction Serge Ferrari) is founded by Serge Ferrari, father of Sébastien Ferrari and Romain Ferrari. - Development starts on the Précontraint® process and the first production line is set up.
1977	The first distribution contract is signed, in Italy.
1980	Sébastien Ferrari joins Serge Ferrari Group.
1987	The Batyline® (Taraflex) business is acquired, specializing in coating extruded cables for furniture.
1990	Romain Ferrari joins Serge Ferrari Group.
1991	As part of family succession, Ferrari Participations is formed (corporate name later changed to SergeFerrari Group) by contribution of TESF shares.
1999	A collaboration and license agreement is signed with Solvay to develop an industrial process for recycling PVC materials.

2000 A 50% stake is acquired in Tersuisse (a company based in Lucerne, Switzerland), the main supplier of micro-cables to the Group, as a joint venture with Rhodia Group.

2001 Forbo-Stamoïd, a Group competitor based in Zurich, Switzerland, is acquired in order to expand its range of coating technologies and products (yachting and breathable protection mainly for roofs and facades).

2002 A US marketing subsidiary (Serge Ferrari North America) is created in Kentucky, to target the United States and Canada. It is currently the Group's largest subsidiary (based in Florida, with 15 employees and approximately US$13 million revenue in 2013).

2004 A 10% stake is acquired in a marketing subsidiary in Tokyo, Japan (Serge Ferrari Japan), gradually increased over the following years to 83%.

2005 The remaining 50% stake in Tersuisse is acquired (the Company having owned 50% since 2000).

2007 A marketing subsidiary is created in Hong Kong (Serge Ferrari Asia Pacific Ltd) to target China and Southeast Asia.

2008 A 2% stake is acquired in SergeFerrari Group by Banque de Vizille, later becoming CM-CIC Capital Finance (which owns CM-CIC Investissement).
The composite materials collection and recycling business is developed, through the Texyloop subsidiary created in 2003. Texyloop provides the first mechanical stage involved in recycling collected PVC materials, and sells the PET products resulting from the recycling process.

2008 - 2012 SAP systems are installed at the Tour-du-Pin (France) and Eglisau (Switzerland) sites as part of the Group's streamlining and restructuring program.

2009 Précontraint Ferrari SAS merges with weaving firm Sénéclauze Ainé & Fils.

2011 Following a shareholder restructuring initiative (by creating a controlling holding company called Ferrari Participations), former Ferrari Participations SAS changes its corporate name to SergeFerrari Group SAS.

2012 A marketing subsidiary is opened in Sao Paulo, Brazil (Serge Ferrari Brasil), to target South America.

2013 An exclusive distribution agreement for the Stamisol range is signed in December with the German Würth group.
A strategy committee is formed with three independent (non-company) members.

2014 Merger by absorption of Précontraint Ferrari SAS by Serge Ferrari SAS (formerly TESF).
The Company is transformed into a corporation (limited company) with a Board of Directors.

Initial public offering (IPO) on Euronext Paris – Compartment C

7.4. Documents on display

Copies of this Registration Document are available free of charge from the Company's registered office at Zone industrielle la Tour-du-Pin - 38110 Saint-Jean-de-Soudain, France. This Registration Document can also be consulted on the Company's website (www.sergeferrari.com) and on the AMF website www.amf-france.org.

The Articles of Association, minutes of General Meetings and other Company documents, as well as historical financial information and all assessments and reports issued by an expert at the Company's request that are required to be available to the shareholders, in accordance with applicable laws, can be consulted free of charge at the Company's registered office.

Once the shares of the Company are admitted for trading on the regulated Euronext stock exchange in Paris, the information required pursuant to the AMF General Regulation will also be available on the Company's website (www.sergeferrari.com).

7.5. Cross-reference tables

Table of cross-references between the Registration Document and Annex I of European Regulation 809/2004.

		Registration Document section number
1.	Persons Responsible	
1.1	Persons responsible for the information provided in the Registration Document	7.1.
1.2.	Declaration by those responsible for the Registration Document.	7.1.
2.	Statutory auditors	
2.1.	Names and addresses of statutory auditors	7.2.
2.2.	Changes in statutory auditors	7.2.
3.	Selected financial information	
3.1	Presentation of selected financial information for each fiscal year for the period covered	4.1.
3.2	Presentation of selected financial information for interim periods	4.13.
4.	Risk factors	1.10.
5.	Information about the issuer	
5.1.	History and development of the issuer	
5.1.1.	Legal and commercial name of the issuer	7.3.1
5.1.2.	Issuer's place of registration and registration number	7.3.1.
5.1.3.	Issuer's date of incorporation and term	7.3.1.
5.1.4.	Issuer's registered office and legal form, the legislation under which the issuer operates, its country of incorporation, and the address and telephone number of its registered office	7.3.1.
5.1.5.	Important events in the development of the issuer's business	4.3.2.1.
5.2.	Investments	
5.2.2.	issuer's principal investments in progress	1.8
5.2.3.	Information concerning future investments	1.8
6.	Business overview	
6.1.	Principal activities	
6.1.1.	Nature of the issuer's operations and principal activities	1.2.
6.1.2.	New products introduced	1.2.3.
6.2.	Principal markets	1.3.
6.3.	Exceptional factors influencing items 6.1 and 6.2	1.2/1.3
6.4.	Summary information regarding the extent to which the issuer is dependent on patents, licenses, industrial, commercial or financial contracts or new manufacturing processes	1.2.1 1.6.2
6.5.	The basis for any statements made by the issuer regarding its competitive position	1.3.2.

7.	Organizational structure	
7.1.	Brief description of the Group	1.9.1.
7.2.	List of main subsidiaries	1.9.2.
8.	Property, plant and equipment	
8.1.	Material property, plant and equipment and any major encumbrances thereon	1.5
8.2.	Environmental issues	2.1.
9.	Operating and financial review	
9.1.	Description of financial position, changes in financial position	4.3.1 4.3.2
9.2	Operating results	
9.2.1.	Significant factors affecting income from operations	4.3.2.1
9.2.2.	Explanation of changes in the financial statements	4.3.2.2 4.3.2.3
9.2.3.	Information regarding any governmental, economic, fiscal or monetary policies	4.3.2.1.
10.	Capital resources	
10.1.	Information concerning the issuer's capital resources (both short and long term)	4.5.1.
10.2.	Sources, amounts and narrative description of the issuer's cash flows	4.5.5
10.3.	Information on the issuer's borrowing requirements and funding structure	4.5.3.
10.4.	Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect, the issuer's operations	4.5.7.
10.5.	Information regarding anticipated sources of funds	4.5.8
11.	Research and development, patents and licenses	
	Description of the issuer's research and development policies	1.6.
12.	Information on trends	
12.1.	Information on the most significant trends since the end of the last fiscal year to the date of the registration document	1.4.
12.2.	Information on any known trends or trends likely to have a material effect on the issuer's prospects	1.4.
13.	Profit forecasts or estimates	4.1.
14.	Administrative, management and supervisory bodies and senior management	
14.1.	Names, business addresses and positions of members of administrative and management bodies	3.1.1.
14.2	Conflicts of interest in the administrative and management bodies	
	Potential conflicts of interest	3.1.2.
	Arrangements or understandings with major shareholders	3.1.2
	Restrictions agreed	3.1.2
15.	Remuneration and benefits	
15.1.	Amount of remuneration paid	3.2.2.
15.2.	Amounts set aside or accrued to provide pension benefits	3.2.2.
16.	Board practices	
16.1	Date of expiration of current terms of office	3.1.1.
16.2	Information about members of the administrative, management or supervisory bodies' service contracts with the issuer	3.1.2.
16.3	Information about special committees	3.1.3.
16.4.	Statement regarding compliance with the applicable corporate governance regime	3.1.
17.	Employees	
17.1.	Number of employees at the end of the period covered by the historical financial information	2.1.2.
17.2	Shareholdings and stock options	2.1.3 2.1.4 2.1.5
17.3.	Arrangements for involving the employees in the issuer's capital	2.1.4.
18.	Main shareholders	
18.1.	Breakdown of share capital	5.1.1.

18.2.	Persons other than members of the administrative, management or supervisory bodies holding a major interest in the issuer's capital or voting rights	5.1.1.
18.3	Major shareholders holding different voting rights	5.1.4.
18.4	Nature of control over the Company and measures in place to ensure that such control is not abused	5.1.2.
18.5.	Description of any arrangements, the operation of which may result in a change in control of the issuer	5.1.2.
19.	Related party transactions	5.1.6.
20.	Financial information concerning the Company's assets and liabilities, financial position and profits and losses	
20.1.	Historical financial information	4.1.
20.2.	Pro forma financial information	4.2.
20.3.	Financial statements	4.6 4.8
20.4	Auditing of historical annual financial information	4.11.
20.5	Age of latest financial information	4.12
20.6	Interim and other financial information	4.13.
20.7	Dividend policy	4.14
20.7.1.	Amount of the dividend per share	6.3
20.8	Governmental, legal or arbitration proceedings	1.10.5
20.9.	Significant changes in the issuer's financial or trading position	4.4
21	Additional information	
21.1	Share capital	5.1.3.
21.1.1	Amount of issued capital	5.1.3.
21.1.2.	Shares not representing capital	5.1.3.
21.1.3.	Treasury shares	5.2.3
21.1.4.	Amount of any convertible securities, exchangeable securities or securities with warrants	5.1.3.
21.1.5.	Information about the terms of any acquisition rights and/or obligations over issued capital	5.1.3.
21.1.6.	Information about any capital of any member of the Group which is under option	5.1.3.
21.1.7.	History of share capital for the period covered by the historical financial information	5.1.3.
21.2	Memorandum and Articles of Association	
21.2.1.	Description of the corporate purpose	5.1.5.1.
21.2.2.	Provisions relating to the administrative and management bodies	5.1.5.2.
21.2.3.	Rights, preferences and restrictions attached to shares in the Company	5.1.5.3.
21.2.4.	Description of actions required to change shareholders' rights	5.1.5.4
21.2.5.	Conditions governing the convening of general meetings of shareholders	5.1.5.5
21.2.6.	Provisions for delaying, deferring or preventing a change of control	5.1.5.6.
21.2.7.	Threshold crossing disclosures required by the Articles of Association	5.1.5.7.
21.2.8.	Conditions governing changes in the capital, where such conditions are more stringent than is required by law	5.1.5.8
22.	Material contracts	4.10.
23.	Third-party information, statements by experts and declarations of interest	
23.1.	Statement or report attributed to a person as an expert	5.1.6.1.
23.2.	Confirmation regarding the accurate reproduction of information in the Registration Document	3.1.2.
24.	Documents on display	7.4
25.	Information on holdings	4.3.1.5.

Table of cross-references with the Management Report of the Board Directors to the Annual General Meeting

This Annex refers to the sections of the Registration Document that contain the information required for the Board's Management Report to the General Meeting as provided for by Articles L.225-100 *et seq*., Article L.232-1 and Articles R.225-102 et seq. of the French Commercial Code.

Information required for the SergeFerrari Group SA Management Report	Sections
1. Parent company financial statements	**4.8.**
2. Consolidated financial statements	**4.6.**
3. Management report	
3.1. Information on the Company's operations	
• Overview of the operations of the Company, each subsidiary and the Group during the fiscal year	4.3.1.2. 4.3.2.1
• Analysis of developments in business activity, earnings, financial position and debt	4.3.1.2. 4.3.1.3. 4.3.2.2 4.3.2.3.
• Key financial and non-financial indicators	2.1.
• Material post-balance sheet events	4.4.
• Use of financial instruments, including price, credit, liquidity and cash flow risks to which the Company and the Group are exposed	1.10.4.
• Main risks and contingencies to which the Company and Group are exposed	1.10.
• Research and development activities conducted by the Company and Group	4.3.1.4.
3.2. Company legal, financial and tax information	
• Choice of senior management model between the two alternative options	3.1.
• Breakdown of and changes in shareholding structure	5.1.1.
• Name of Group companies holding a controlling interest in the Company, percentage of capital owned	5.1.1.
• Material shareholding acquisitions	
• Notification of holding of more than 10% of the share capital	5.1.1.
• Acquisition and disposal of treasury shares	5.2.3.
• Employee shareholdings	2.1.4
• Items likely to have an impact in the event of a public tender offer	
- Company's capital structure,	5.1.1.
- restrictions on the exercise of voting rights or transfer of shares imposed by the Articles of Association or clauses of agreements brought to the Company's attention	5.1.1.
- direct and indirect equity interests in the Company	5.1.1.
- holders of all securities carrying special control rights	5.1.1.
- control mechanisms attached to any employee shareholding arrangement where the control rights are not exercised by the employees	5.1.
- shareholder agreements of which the Company is aware and which could entail restrictions on the transfer of shares and exercise of voting rights	5.1.5.6.
- rules governing the appointment and replacement of Board members	3.1.1.
- powers of the Board of Directors, notably in respect of share issuance and buyback	
- agreements entered into by the Company which are amended or terminated in the event of a change of control	5.2.3.
- agreements providing for compensation for Board members in the event of their resignation or unfair dismissal or if their employment is terminated as a result of a public tender offer	5.1.3.
• Summary of currently valid capital increase authorizations granted by the General Meeting	3.2.2. 5.2.3.
• Disclosure of potential adjustments	
- regarding securities giving access to capital and stock options in the event of a share buyback	5.1.1.
- regarding securities giving access to capital in the event of financial transactions	5.1.1.
• Dividend payments over the past three fiscal years	4.14
• Payment terms and breakdown of outstanding trade receivables and payables by due date	4.3.1.4.
• Court orders and financial penalties for anti-competitive practices	1.10.7.

• Agreements between a corporate officer or a shareholder holding more than 10% of the voting rights and a subsidiary	5.1.6.
3.3. Information on corporate officers	
• List of all offices and positions held by each corporate officer in all companies during the fiscal year	3.1.1.
• Remuneration paid and benefits of any kind granted to each corporate officer by the Company during the year	3.22.
• Commitments related to the assumption, termination or changing of duties	3.2.2
• In the event of a grant of stock options, mention of whether the Board of Directors decided to prohibit the directors from exercising their options until the termination of their duties or require them to retain all or some of the shares resulting from the exercise of their options in registered form until the termination of their duties	3.2.2
• Summary of transactions in the Company's shares carried out by directors and connected persons	5.2.2.
• In the event of a bonus share allotment, mention of whether the Board of Directors decided to prohibit the directors from selling or transferring their bonus shares until the termination of their duties or require them to retain all or some of the shares in registered form until the termination of their duties	3.2.2.
3.4. CSR information	
• Measures regarding the social and environmental impact of the Company's operations, commitments to promote sustainable development, diversity and anti-discrimination	2.1.
• Information on hazardous operations	2.1.
4. Statement of natural persons responsible for the annual financial report	7.1
5. Statutory auditors' report on the parent company financial statements	4.9.
6. Statutory auditors' report on the consolidated financial statements	4.7

Additional documentation	**Section**
Description of the share buyback plan	5.2.3.
Disclosure of statutory auditors' fees	7.2.
Chairman's report on corporate governance and internal control and risk management procedures	3.3
Statutory auditors' report on the Chairman's report on corporate governance and internal control and risk management procedures	3.4.

Grenelle II cross-reference table	Section
2.1	

7.6. Glossary

LCA (Life Cycle Analysis):
Life Cycle Analysis adds to the understanding of the sustainability of the system studied. It does not include economic and social factors. The systems studied are considered to be running normally, so accidents are excluded. Impact studies apply to the biosphere and not to the technosphere. What happens in the product environment is therefore not examined.

PET (Polyethylene terephthalate):
A saturated polyester plastic, as opposed to a thermoset polyester. This polymer is obtained by polycondensation of terephthalic acid with ethylene glycol. Despite its name, it shares no similarities with polyethylene and does not contain phthalate. This plastic is mainly used to make bottles, jars, pots, films and sheets, fibers, etc. As part of the thermoplastic family, it is recyclable.
When extruded or drawn under tension, the amorphous polyester produces a film with biaxial semicrystalline properties. This film is very strong under tension, highly stable and transparent and an excellent electrical insulator.

PVC (polyvinyl chloride):
a popular thermoplastic polymer, amorphous or slightly crystalline, generally known as PVC. It is produced from two raw materials, 57% salt and 43% petroleum. PVC is the only widely used plastic comprising over 50% mineral-based raw materials found in abundance in natural sources.