REGISTRATION DOCUMENT | 2016

Gorgé

2016 Registration Document

INCLUDING ANNUAL FINANCIAL REPORT

This Registration Document was filed with the French Financial Markets Authority (Autorité. des Marchés Financiers – AMF) on 5 April 2017, in accordance with Article 212-13 of the AMF's General Regulations. This document may be used in a financial transaction when accompanied by a prospectus approved by the AMF. This document has been prepared by the issuer and is binding upon its signatories.

This document also contains the 2016 Annual Financial Report.

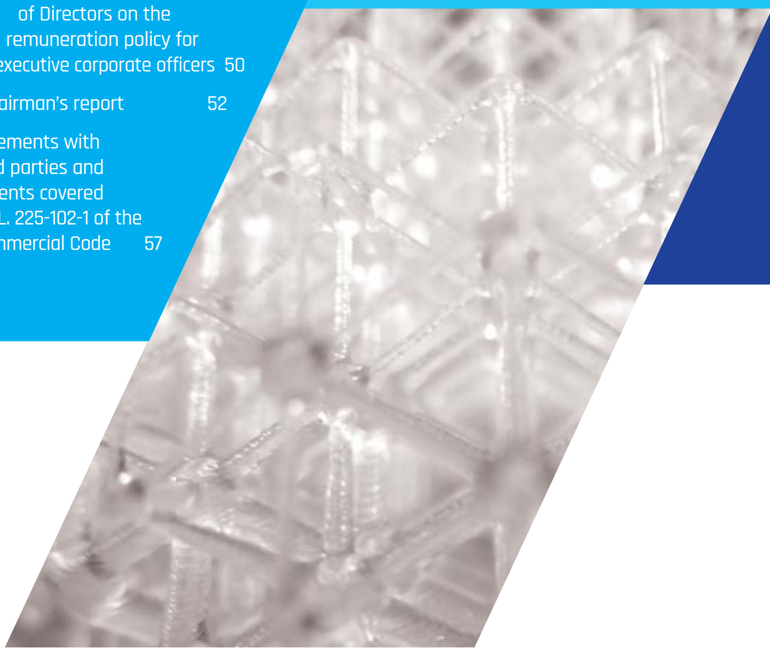
Incorporated by reference

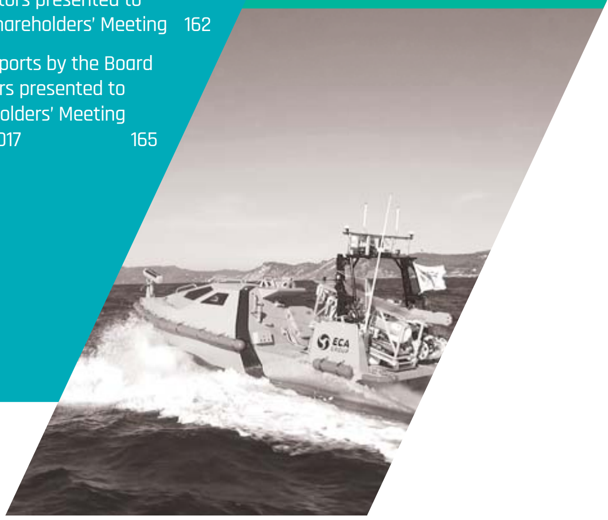
Pursuant to Article 28 of European regulation No. 809/2004 of 29 April 2004, the following information is incorporated by reference into this Registration Document, which the reader is encouraged to consult:

- for the financial year ended 31 December 2015: the management report, the consolidated financial statements and individual financial statements and the corresponding audit reports, included in the 2015 Registration Document filed with the AMF on 4 April 2016 (file number D. 16-0269);
- for the financial year ended 31 December 2014: the management report, the consolidated financial statements and individual financial statements and the corresponding audit reports, included in the 2013 Registration Document filed with the AMF on 21 April 2015 (file number D. 15-0387).

Copies of this Registration Document are available upon request and free of charge at the Company's registered office located at 19, rue du Quatre-Septembre, 75002 Paris, France or on its website www.groupe-gorge.com or on the AMF's website www.amf-france.org

Summary





CHAIRMAN'S MESSAGE

"2017 is therefore a new important year for the Group. The two divisions with their historical lines of business are strong, and the 3D Printing division is at a pivotal stage."

In 2016, the Group was reorganised into three divisions instead of four, the Protection in Nuclear Environments and Industrial Projects & Services divisions merging to create the Protection of High-Risk Installations division. This merger will facilitate the implementation of commercial and industrial synergies.

All the Group's businesses showed growth in 2016.

Growth was moderate for the new Protection of High-Risk Installations division (+1.8%). From the managerial and organisational point of view, this division is at a transitional phase. The nuclear business of PORTAFEU was acquired in the first half-year and reinforced the offering in the nuclear division. Today, prospects are plentiful with major export projects (EPR at Hinckley Point and China). These prospects plus the generalization of good practices within the division in outreach activities give every reason for confidence in the medium term.

In 2016, the Intelligent Security Systems division (ECA) made its first deliveries of innovative solutions developed in recent years: naval drones systems, terrestrial defence simulators, etc. It is posting a growth of 7%. Two acquisitions (ELTA and BE MAURIC) were completed at end 2016. BE MAURIC gives the Group the ability to optimise the integration of drones on customer vessels. ELTA broadens its offering in aeronautics (onboard systems) and space (ground stations). For several years, the division has enjoyed a good dynamic phase, strengthening supply, international development and improving margins.

Finally, the 3D Printing division reported strong growth in 2016. Created in 2013 within the Group, this division saw its turnover rise from almost nothing in 2013 to €5 million in 2014, €17.8 million in 2015 and €25.2 million in 2016. The Group has gone through many stages of development, is now positioned throughout the value chain and represents an integrated model that is unique in Europe. Prospects are extremely promising, in a market expected to grow at over 30% during the 2017-2020 period (source study WOHLERS). After the creation and structuring phase, the division has to enter a new phase of development. Consequently, on 7 March we announced our plans to raise funds with the PRODWAYS GROUP IPO (subject, of course, to market conditions). GROUPE GORGÉ will remain a majority shareholder in the PRODWAYS GROUP.

2017 is therefore a new important year for the Group. The two divisions with their historical lines of business are strong, are backed by high-quality employees who carry the Group's success, and their prospects are now very positive, particularly in the medium term. The 3D printing division is at a pivotal stage. Fund raising should enable it to consolidate its foundations and maintain a particularly high level of growth. In the short term, EBITDA are expected to be at balance in the fourth quarter. Beyond that, we aim to benefit fully from the spectacular development of 3D printing.

With our 1,800 employees, I am enthusiastic and confident as we look forward to the Group's future.

Raphaël Gorgé, Président Directeur Général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OVERVIEW OF THE GROUP AND ITS BUSINESSES

1.1 KEY FIGURES

The key figures have been extracted from the consolidated financial statements. The 2014 figures have been restated as detailed in the notes to the 2015 consolidated financial statements (Note 1.3 "Restatement of prior-period financial disclosures"). The 2015 figures have been restated as detailed in the Note 1.3 "Reconciliation with financial information from previous years" in the notes to the 2016 consolidated financial statements.

Change in revenue

(in millions of euros)	2016	2015	2014
Smart Safety Systems	112.49	105.22	93.87
Protection of High-Risk Installations	144.86	142.35	124.6
3D Printing	25.21	17.81	5.04
Structure and disposals	(1.40)	(0.85)	(0.22)
CONSOLIDATED REVENUE	**281.15**	**264.53**	**223.30**

Change in EBITDA

(in millions of euros)	2016	2015	2014
Smart Safety Systems	14.64	14.03	13.10
Protection of High-Risk Installations	11.64	10.36	11.58
3D Printing	(4.91)	(2.90)	(2.10)
Structure and disposals	0.3	(0)	0.15
CONSOLIDATED EBITDA(1)	**21.66**	**21.47**	**22.73**

(1) EBITDA: profit (loss) from continuing operations before depreciation, amortisation and provisions.

Change in profit (loss) from continuing operations

(in millions of euros)	2016	2015	2014
Smart Safety Systems	9.34	8.87	7.06
Protection of High-Risk Installations	7.06	7.54	11.22
3D Printing	(8.06)	(4.52)	(2.38)
Structure and disposals	0.7	(0.12)	(0.15)
CONSOLIDATED PROFIT (LOSS) FROM CONTINUING OPERATIONS	**9.03**	**11.76**	**15.75**

Change in net income

(in millions of euros)	2016	2015	2014
CONSOLIDATED NET INCOME	**4.86**	**3.64**	**4.84**
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE PARENT	**0.17**	**1.07**	**2.62**

Key financial data

(in millions of euros)	2016	2015	2014
EQUITY[1]	**101.74**	**96.97**	**83.33**
Available cash and cash equivalents (a)	38.75	34.43	29.42
Financial debt[2] (b)	(90.17)	(73.56)	(55.29)
Net debt[3] - (a) - (b) (+: net debt)	51.42	39.13	25.87
NET DEBT, ADJUSTED[4]	**49.46**	**37.78**	**25.01**

(1) Equity attributable to owners of the Group plus non-controlling interests.
(2) A schedule of financial debt is presented in Note 8.1.1 to the consolidated financial statements.
(3) Financial debt less available cash.
(4) Net debt plus market value of treasury shares at 31 December 2016.

Seasonality

(percentage generated during the second half-year)	2016	2015	2014
Revenue	50%	57%	55%
EBITDA	66%	70%	67%
Profit (loss) from continuing operations	72%	86%	75%

Investments

(in millions of euros)	2016	2015	2014
Total R&D expenditure[1]	12.8	11.3	10.3
R&D expenditure as a percentage of revenue	4.6%	4.3%	4.6%
Other capitalised investments	8.3	9.7	5.2

(1) R&D charged against income plus R&D capitalised during the financial year.

Workforce trends

	2016	2015	2014
Smart Safety Systems	705	593	568
Protection of High-Risk Installations	875	761	727
3D Printing	249	188	61
Structure	7	7	7
TOTAL WORKFORCE	**1,836**	**1,549**	**1,363**

1.2 OVERVIEW OF THE GROUP AND ITS BUSINESSES

GROUPE GORGÉ is an independent group that specialises in high-tech industries. Today, the Group is active in the fields of security and protection in extreme environments, as well as in the 3D printing sector. It employs around 1,800 people, is located in eight countries and directly exports around 40% of its activity. The Group has always enjoyed a strong entrepreneurial culture. It was founded in 1988 by Jean-Pierre GORGÉ, the father of the current Chairman and CEO, Raphaël GORGÉ. The GORGÉ family currently owns 56% of the capital of the Group which is listed on EURONEXT.

1.2.1 History and development of GROUPE GORGÉ

In its more than 25 year history, GROUPE GORGÉ has always developed and driven the latest technological and industrial innovations.

1988: FINUCHEM is created by Jean-Pierre GORGÉ (it becomes GROUPE GORGÉ in 2009).

1990-2005: ECA and industrial robotics.

1992: Acquisition of ECA.

1998: Listing on the secondary market of the Paris stock exchange.

1999: Acquisition of CIMLEC Industrie.

2004: Listing of ECA on the secondary market of the Paris stock exchange.

2005-2009: Move into new business sectors.

2005: Raphaël GORGÉ joins the Group and is appointed Deputy CEO. He embarks on a strategic reorientation of the Group to reduce its dependence on the automotive sector and investment in high potential sectors, in particular semi-conductors and naval construction, security and protection.

2006: Acquisitions of ECA FAROS and ECA SINDEL in the simulation sector.

2008: Raphaël GORGÉ is appointed Chief Executive Officer.

2009-2013: Development of the security and protection sectors.

2009: The Group focuses on the safety of people and property with the acquisitions of BAUMERT and CLF-SATREM in particular.

2011: Raphaël GORGÉ is appointed Chairman and Chief Executive Officer. Bpifrance (at the time, FONDS STRATÉGIQUE D'INVESTISSEMENT, FSI) acquires a stake in the Group.

In 2013: the Group enters the 3D printing sector and extended the mobile robotics offering.

2013: The Group enters the field of 3D printing with the purchase of PHIDIAS TECHNOLOGIES (since renamed PRODWAYS).

2014: The Group acquires DELTAMED and INFOTRON.

In September 2014, the Group was proud to receive the *Prix de l'Audace Créatrice* (Audacity and Creativity Prize) presented by the French President.

2015: **Growth accelerates in the 3D Printing Division:** €10 million raised in a round of financing from FIMALAC group; acquisition of the companies INITIAL, NORGE SYSTEMS and EXCELTEC; signing of a strategic partnership with the Chinese company FARSOON; creation of a US subsidiary (PRODWAYS Americas).

In April, the Group received the visit of the French Minister of the Economy, Emmanuel Macron, to the site of its PRODWAYS subsidiary.

The Group also strengthened its positioning in the fire protection sector with the acquisition of the remainder of the capital of the AI GROUP subsidiary during the first half-year 2015.

2016: Acquisitions for two of the Group's three divisions:

- for the Smart Safety Systems division: capacity building for the *Aerospace* and *Robotics and Integrated Systems* divisions with the acquisitions of ELTA and BE MAURIC;
- for the manufacture of high-security doors for nuclear installations, in the Protection of High-Risk Installations division: acquisition of the nuclear business of PORTAFEU.

The Industrial Projects & Services and Protection in Nuclear Environments divisions have merged to form a new division named "Protection of High-Risk Installations".

The French President visited the Group's PRODWAYS subsidiary. The President had previously presented the Group with the 2014 *Prix de l'Audace Créatrice* award.

In September, Bpifrance sold its entire stake in GROUPE GORGÉ for around €21 million.

1.2.2 Activities, markets and competition

The Group is structured into three divisions and various subsidiaries:

- Smart Safety Systems division – ECA and its subsidiaries;
- Protection of High-Risk Installations division – BALISCO and its subsidiaries (CLF-SATREM, AMOPSI, AI GROUP, VAN DAM, CIMLEC, etc.), NUCLEACTION and its subsidiaries (BAUMERT, PORTAFEU NUCLEAIRE) and SERES TECHNOLOGIES;
- 3D Printing division – PRODWAYS GROUP and its subsidiaries.

The subsidiaries are in direct contact with their markets and competitors. The divisions bring together the subsidiaries depending on their businesses and sector of activity. This organisational structure enables GROUPE GORGÉ to be positioned in 3 of the 12 disruptive technologies listed in the McKinsey Global Institute report from May 2013: advanced robotics, autonomous vehicles and 3D printing.

1.2.2.1 Smart Safety Systems division – ECA and its subsidiaries

ECA Group is a world-class player recognised for its expertise in robotics, specialised automation systems and simulation. The Group has been developing complete, innovative technological solutions for complex missions in hostile and confined environments since 1936.

Its product offering is designed for an international client base that is demanding, both in terms of safety and effectiveness. The Group's main markets are in the defence, maritime, aeronautics, nuclear, energy, transportation and industrial equipment sectors.

ECA Group solutions cover three main business segments: Robotics and Integrated Systems, Aeronautics and Simulation.

ECA Group's revenue totalled €112.5 million in 2016, *i.e.* around 40% of GROUPE GORGÉ's overall revenue.

The Robotics and Integrated Systems division

Nine of the world's ten leading armies are equipped with solutions developed by ECA Group. With world-renowned know-how and expertise, ECA Group has combined its design skills in the field of mobile underwater, sea, land and airborne drones and in integrated systems development for a complete line of solutions aimed at the defence, maritime, nuclear, oil, gas and manufacturing markets.

Robotics and Integrated Systems markets

The global market for mobile robotics is currently growing strongly for a number of reasons:

- the increase in armed conflicts around the world has led governments to allocate new resources to assure the safety and security of their armed forces and reduce their exposure to threats and risks. This effect is being heightened by, on one hand, "mature armies" which are seeking to limit human losses through the use of drone and robot systems and, on the other, "new armies" which are looking for access to more modern solutions straight away;
- the increase in terrorist acts and threats is encouraging governments to provide maximum security to sensitive sites (nuclear, petrochemical, etc.);
- dwindling natural resources are leading industrialists to turn to advanced technologies to access new reserves in increasingly extreme environments at optimum cost.

The ECA Group is meeting these new challenges as one of the only players in the world with a complete, mobile robotics offering that can operate in all environments (under and on water, on land and in the air). This unique competitive advantage enables it to address very specific needs in the different mobile robotics markets. The ECA Group offers both mobile robotics and robot systems designed for specific missions. The Group has also acquired complementary strategic expertise by taking a majority stake in naval architecture firm BE MAURIC. This allows it to act as a systems integrator for specific civilian or military applications, offering ECA's customers a fully integrated naval robotics system. At the same time, it has gained control over the design of the Group's forthcoming range of unmanned surface vehicles (USVs).

In the robot systems business, ECA Group relies on its tactical simulation activities and expertise described in the Simulation business.

Defence and Security

For over 60 years, ECA Group mobile robotics, training simulation and remote control systems solutions have been meeting the specific needs of internal security and special forces in numerous countries, as well as the needs of naval, air and land forces of the military. This is ECA Group's most important market and accounts for about 50% of its revenue.

The Group is also involved in:

- anti-submarine combat (underwater mine disposal and submarine systems);
- tactical reconnaissance missions (protection of sensitive infrastructure, inland protection, protection of armies and bases, surveillance and protection of territorial waters).

Maritime

The ECA Group's advanced robotic offering meets the different requirements and specificities of the maritime sector's activities both on and under water very precisely. Its AUV (Autonomous Underwater Vehicles) and ROV (Remotely Operated Vehicles) solutions equipped with cameras, sensors and articulated arms fulfil a wide range of mission requirements such as:

- ocean floor exploration (search for new underwater reserves, hydrographic and oceanographic research, inspection and study of underwater deposits);
- monitoring of sensitive zones (offshore platforms);
- search and rescue operations.

Energy and Industry

The solutions developed by the Group are particularly well-suited for the energy and industrial sectors which need to do work in close quarters in environments that are hazardous and difficult for people. All of the Group's drones are equipped with cameras or articulated arms, and can also be radiation resistant or equipped with a variety of sensors.

Thanks to the Group's expertise in these areas, it can contribute to missions such as:

- the inspection, protection and maintenance of water and industrial networks;
- infrastructure monitoring (dams, refineries, wind farms, nuclear plants, etc.);
- the decommissioning of nuclear plants;
- waste management.

Competition

The mobile robotics market includes a large number of applications. The ECA Group has different competitors depending on the type of application. They are nearly all large international groups. They include:

- for underwater robots, the KONGSBERG and BLUEFIN ROBOTICS groups in AUVs (Autonomous Underwater Vehicles), the ATLAS ELEKTRONIC and BAé SYSTEMS groups for underwater mine disposal robots, and the SAAB SEAEYE group in ROVs (Remotely Operated Vehicles);
- for naval drones, the ELBIT SYSTEMS group and the company ASV for USVs (Unmanned Surface Vehicles);
- for land robots, the NEXTER, iROBOT and TELEROB groups;
- for airborne drones, the AIRBUS, AIRROBOT, MICRODRONES, AERYON LABS and BERTIN TECHNOLOGIES groups.

R&D skills are critical in adapting the delivery systems, payloads, data analysis and systems to mission requirements. Its ability to provide this integrated offer in all environments distinguishes ECA from its competitors.

Our products and solutions are widely-recognised in the marketplace

Many of the solutions developed by the Group are now amongst the most widely-recognised in the mobile robotics marketplace. Here are a few examples:

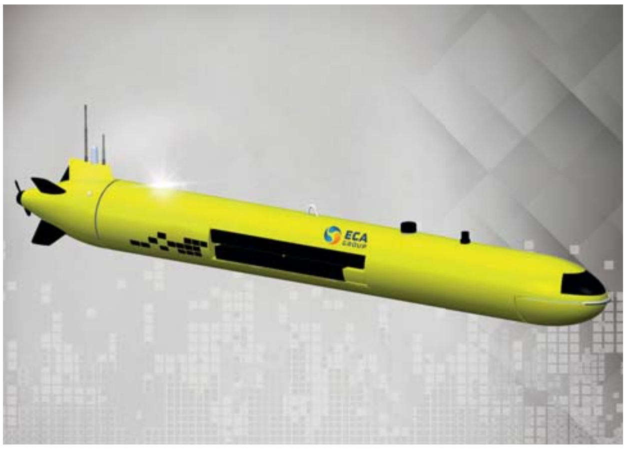
- PAP MK6

The PAP MK6 is part of the self-propelled ROV (Remotely Operated Vehicles) range for mine disposal. It has a large payload capacity. Its robust and reliable design and its propulsion system enable it to manoeuvre in strong currents and withstand harsh environmental conditions.

The command and control software includes autopilot functions.

- AUV line

The ECA Group offers a complete line of AUVs, from the most compact A9 to the largest versions with the A27 and ALISTAR 3000. AUVs all share the same IT architecture, autonomous software and supervision interface along with excellent endurance (more than 30 hours for certain models) and large sensor-carrying capability. They are designed for the most demanding missions. The French Navy uses the A27 AUV for hydrography and long-range underwater surveillance operations.



- INSPECTOR line

The INSPECTOR is a surface drone designed for the protection of critical maritime structures such as offshore platforms. The Inspector line provides operators with real-time situation status through surveillance, reconnaissance and the detection and identification of threats.

- The COBRA

The COBRA is a land drone equipped with a day and night camera. It is designed for inspection and reconnaissance operations. It can be easily deployed by a soldier on the ground, and controlled remotely over the terrain thanks to its remote control guidance system.

- IT180

The IT180 airborne drone is a member of the UAV (Unmanned Autonomous Vehicles) *range*. It is a pilotless inspection solution. The drone provides lengthy endurance (120 min), long-distance remote control functionality (10 km) and reports high-quality data. This drone also exists in a captive version.

Simulation division

The ECA Group has a very complete line of driving and mission training simulators with state-of-the-art technology.

Simulation markets

The ECA Group works with the civilian and military driving and training simulation markets, and with the tactical mission simulation market.

Driver training simulation

The Group's offer covers all environments and is designed for both defence and civilian customers for:

- flight simulation training for AIRBUS and BOEING aircraft;
- land driving simulation (motorcycles, cars, buses and trucks – civilian or military);
- maritime navigation simulation (civilian or military applications).

The clients for these solutions include airlines, driver training centres and schools, maritime training schools and the armies and navies of a number of countries.

Tactical mission simulation

The Group also offers solutions that provide training for a range of different situations likely to be encountered by police forces, firefighters and armed forces, etc. without any risk to their personnel.

These solutions cover missions involving:

- internal security (police, firefighting);
- defence (exploration of hazardous zones, underwater mine disposal);
- maritime operations (pollution control, crisis management, dynamic positioning management).

Competition

The simulation market is competitive and comprised of both very large, international companies and low-cost local companies:

- the larger competitors focus on the military driving simulation and tactical simulation markets. They include BAé SYSTEMS, THALES Simulation, LOCKHEED MARTIN, SAAB and L3;
- competitors in the civilian driving simulation market are essentially national companies, the number of which varies depending on the country. They include EDISER and DEVELTER in France and DORON and L3 in the United States;
- competitors in the flight simulation market include CAE in Canada, L3 Link Simulation Training, AEROSIM and INDRA in the United States and SIM INDUSTRIE in the Netherlands.

R&D is of critical importance in this competitive market to be able to provide the most realistic driving conditions possible. In addition, the global nature of the market means that the regulations in effect in each country for road, air and maritime safety must be monitored closely to be able to offer simulation software meeting the latest regulations.

Our products and solutions are widely-recognised in the marketplace

ECA Group has developed a very extensive line of solutions which ranges from land, air and maritime simulators to tactical mission simulators.

- Civilian driving simulators

This simulator provides a realistic cabin, complete training software and realistic visuals. It includes a motion platform which pitches, rolls and lifts the entire cabin to simulate the movement of a real vehicle driving on the road.

- Military land vehicle driving simulator

The simulator enables armies to train under the conditions they would find in a real theatre of operations.

- Tactical naval simulator

This naval simulator enables sailors of all levels to become familiar with tactical procedures and sensor parameters through complex and realistic scenarios in a totally secure training environment.

Aerospace

ECA Group's Aerospace business offers solutions for civil and military aviation. Its expertise in the field, combined with its robotics and automation know-how, enables it to respond to the requirements of aircraft manufacturers, airline companies, maintenance and repair centres and air defence.

Aeronautics markets

The ECA Group designs assembly stations, production and maintenance tools, on-board electronic equipment and test equipment for aircraft manufacturers, as well as mechatronic repair and maintenance equipment (GSE – Ground - Support Equipment) for aircraft operators.

Following the acquisition of ELTA, the division has gained new expertise in three main areas: electronic security, radio transmission and measurement. In aeronautics, the division now offers a complementary range of aircraft equipment, including emergency beacons, connectivity gear and energy conversion systems. In the space sector: ground stations and balloon systems (platform gondola and associated ground station), as well as electronic equipment (radio-frequency, microwave and signal processing).

Competition

In a market whose economics are rapidly changing, aeronautics companies require their partners to be responsive, high quality and comply strictly with deadlines and costs.

Thanks to its recognised expertise in its different businesses, the ECA Group is able to guarantee innovation and economic effectiveness to its clients. The Group is now a leading supplier to aircraft manufacturers and operators. It competes with companies of varying size including GE POWER CONVERSION for test equipment solutions; id3D for production and maintenance tools and SEROMA and PRONOË across all of the ECA Group's business lines in this field (test equipment, assembly lines and production tools).

In the fields of electronic security, radio transmission and measurement (in which it is now present thanks to the acquisition of ELTA), the ECA Group competes against the likes of French group OROLIA, specialising in GPS applications, and Honeywell, which supplies black boxes and specialises in measurement, control and detection devices.

Our products and solutions are widely-recognised in the marketplace

ECA Group's expertise is recognised by its clients, to which it provides proven products and solutions including:

- Production Line

The Group designs and delivers production lines to aircraft manufacturers.

- Power Board Test Bench

The test bench was developed for Airbus. It is used as a design aid for all new Airbus programmes. It is also supplied to the manufacturers of power-supply boards for their final production tests.

- ATR GSE (ground support equipment)

The ECA Group is ATR-certified worldwide. The Group designs, manufactures, repairs and calibrates all ground support equipment tools for ATR.

- Emergency beacons

The Group designs emergency beacons to aid search and rescue teams in locating an aircraft in distress. The beacons are designed to activate automatically upon impact or to be manually activated by crew. A legal requirement, beacons are rigorously tested to ensure that they meet the regulatory standards.

1.2.2.2 Protection of High-Risk Installations division – CLF-SATREM, AMOPSI, AI GROUP, VAN DAM, CIMLEC and their subsidiaries BAUMERT, PORTAFEU NUCLEAIRE and SERES TECHNOLOGIES

In October 2016, the Group announced a change in its organisational structure with the merger of the Industrial Projects & Services and Protection in Nuclear Environments divisions. Rodolphe BASSI, who had headed the Industrial Projects & Services division since 2015, was appointed head of the new division, renamed "Protection of High-Risk Installations".

The reorganisation strengthens the Group's position as a major player in the safety and security market, with a comprehensive offering for all energy sectors.

The merger also brings more consistency to the Group's products and services through clear geographical complementarity, enabling it to develop a common global marketing network.

In addition, the existing operational synergies within the Industrial Projects & Services division will be shared with the subsidiaries of the former Protection in Nuclear Environments division.

The Protection of High-Risk Installations division consists of six main subsidiaries, four of which (CLF-SATREM, AI GROUP, VAN DAM and BAUMERT) provide security and protection for energy markets, including oil, gas and nuclear, in addition to the industrial and service sectors in France. Two subsidiaries (CLF-SATREM and AI GROUP) are primarily involved in active fire protection, while three subsidiaries (VAN DAM, BAUMERT and SERES) offer passive fire protection, with high-performance partitioning systems ensuring safety in extreme environments.

The last subsidiary in this division, CIMLEC, develops specific industrial robotics projects and services for industrial and service-sector clients in four main areas: electricity-automation, locksmith-structural metalwork, robotised island integration and renovation, and industrial robot path programming.

The Protection of High-Risk Installations division generated revenue of €144.9 million in 2016, *i.e.* around 51% of GROUPE GORGÉ's overall revenue.

Fire Protection business

The Fire Protection business consists of three subsidiaries (CLF-SATREM, AI GROUP and VAN DAM) which have complementary activities that each address different markets.

CLF-SATREM

CLF-SATREM designs, installs and maintains fixed fire protection systems. Its solutions range from traditional fixed systems (sprinklers, RIA) to more specialised systems for special risks (deluge, foam, water mist and gas systems). The Company covers all of France through ten regional agencies.

CLF-SATREM markets

CLF-SATREM operates in the active fire protection market in the industrial and tertiary sectors in France.

About 60% of its revenue comes from new and extension work and the other 40% from recurring maintenance work on installed systems at over 500 client sites.

Competition

CLF-SATREM is the fifth largest company in France, behind three international groups, VINCI ÉNERGIES, COFELY AXIMA (subsidiary of SUEZ group), TYCO and a national company, ATLANTIQUE AUTOMATISME INCENDIE, and ahead of AIRES and MINIMAX. Together, these seven actors account for 80% of the French market, estimated at €360 million.

Our products and solutions are widely-recognised in the marketplace

CLF-SATREM's core business is the installation and maintenance of sprinkler systems. Innovative related solutions complement the services offering.

- Sprinkler network

A sprinkler is a device that detects excessive heat and automatically releases water (sometimes with additives) when a fire breaks out. Sprinkler systems are networked above the zone to be protected. An abnormal increase in temperature will burst the bulb or melt the fuse that keeps the sprinkler head closed. Sprinkler systems are activated without human intervention.

AI GROUP

The AI GROUP subsidiary specialises in the field of active fire protection for major industrial risks. This subsidiary designs and manufactures fixed systems, equipment and intervention vehicles for major industrial risks (fire safety and protection for major industrial and oil sites, power stations, international airports, military bases, etc.).

AI GROUP markets

AI GROUP's markets are global and growing. All business sectors are faced with major industrial risks. Whenever the property to be protected is of significant value, or highly flammable liquids, solids or gases are involved, the use of custom-designed fire protection systems is recommended. The AI GROUP's primary market is the energy industry, notably oil and gas.

Competition

This market has high barriers to entry (companies have to be on a "vendors list" to gain access to potential markets), but it is nevertheless very competitive. Among AI GROUP's competitors are medium-sized international companies such as ANGUS FIRE and major international groups such as UTC (with its SILVANI subsidiary), TYCO and MINIMAX.

Our products and solutions are widely-recognised in the marketplace

Of the products and solutions developed by AI GROUP, fixed systems (skids) are among the equipment most frequently sold:

- Fixed systems – skids

Manufacturing of all types of skids (special equipment at the heart of chassis-mounted systems) used to put out industrial and oil fires (onshore and offshore FPSOs) in line with the most demanding oil industry specifications:

- powder skids, foam skids, twin agent skids, inert gas skids and clean agent skids (CO_2, Novec, etc.);
- deluge skids, premix skids;
- pump skids.

VAN DAM

VAN DAM designs, manufactures and installs passive fire protection systems (fire and blast-rated doors, walls and windows) to protect personnel and equipment in hostile environments in the energy industry and, particularly, in the oil and gas, maritime and offshore wind farm industries.

VAN DAM's markets

VAN DAM's energy sector markets are growing for several reasons:

- energy markets, particularly oil and gas markets, are growing, driven by increasing demand;
- energy resources are located in increasingly hostile environments (*e.g.*, deepwater drilling, gas in Siberia);
- safety standards are being tightened and regulations are becoming increasingly stringent, particularly in extreme environments. One of the strictest offshore exploration standards currently in place, for example, is the Norwegian NORSOK standard used as a reference worldwide. VAN DAM is one of the few companies to have received certification for this standard.

VAN DAM is also present in renewable energy markets, where it provides protection for offshore wind farm substations, and in the defence and maritime markets, where it supplies shipyards. VAN DAM, which is renowned for its quality and expertise, is particularly well-positioned to benefit from growth in these markets.

Competition

VAN DAM operates in niche markets with high barriers to entry. It is one of the few companies able to meet the strict standards in place in these markets. VAN DAM offers two types of products for these markets:

- special doors: with a 5-10% market share in the offshore and maritime fields, VAN DAM is in second place behind RAPP BOMEK, tied with INTERDAM and followed by BOOTH INDUSTRIES and NORAC. These five companies account for 40-50% of global business;
- special walls: VAN DAM is primarily active in the market for speciality riveted walls. It competes with companies such as MTE, DSC, INTERDAM, BOOTH Industries and CHARTEC, which offer all types of speciality walls, notably, speciality welded walls.

Our products and solutions are widely-recognised in the marketplace

VAN DAM offers a range of speciality door and wall systems which meet the strictest standards. For example:

- pneumatically-operated doors.

The door drive system is equipped with a patented fire safety valve that prevents the door from opening during a fire. Air bottles (20 litres) are installed to operate the door in the event of an emergency (at least four open/close cycles).

NUCLEAR PROTECTION – BAUMERT, PORTAFEU NUCLEAIRE and SERES Technologies

The Group has developed a complete offering in the field of nuclear environment protection and safety through its BAUMERT subsidiary. This subsidiary designs and produces high-performance partition systems:

- special and technical doors: neutron, biological, blast-resistant, soundproof, firebreak, air and watertight, etc;
- special walls: anti-radiation, firebreaks, blast and aeroplane crash-resistant, etc;
- related services/maintenance.

These high-security partition systems are primarily intended for nuclear plants, but are also used in research centres, reprocessing plants, sensitive industrial sites (petrochemical and pharmaceutical), etc.

SERES Technologies provides complementary consultancy services specialised in studies and research for nuclear installation safety, as well as for petrochemical sites and energy innovation industries.

Markets

BAUMERT is the world leader in speciality and technical doors for nuclear plants operating French EPR and American WESTINGHOUSE AP1000 technologies *(internal source)*. This subsidiary works with all current technologies (AREVA, KEPCO, CNNC, WESTINGHOUSE, ROSENERGOATOM) and among others, has equipped a large proportion of French nuclear plants, a large number of the nuclear plants built in China over the past 20 years and all six of Belgium's reactors in operation.

BAUMERT is one of the rare European subcontractors to provide services to Chinese energetics specialist working with WESTINGHOUSE AP1000 technology. Hence, it benefits from the strong growth in the Chinese nuclear market, and soon in countries where Chinese technology will be exported. BAUMERT currently designs, manufactures and installs high-security doors and partitions for new projects in China. Other construction projects are also under way in Europe, as is the case in Finland, where BAUMERT is designing and installing 60% of the technical doors and valves for the Olkiluto 3 programme.

The Group is also positioned on future large-scale programmes in Europe (the Hinkley Point project in Great Britain), China, United States, Russia, India, South Africa and Saudi Arabia.

In addition to these construction projects for new plants, there will be many maintenance and upgrade projects for existing plants, particularly within the EDF *Grand Carénage* project to update French nuclear plants to EPR and post-Fukushima standards. Thanks to its leadership and international presence, BAUMERT is well-positioned to play an important role in these post-Fukushima projects in France and internationally.

Competition

BAUMERT operates in high value-added niche markets with high barriers to entry (technical barriers, patents, vendor lists, etc.). The subsidiary is now the leader in EPR and AP1000 technologies *(internal source)* and continues to invest in research and development to maintain its technological lead.

BAUMERT's main competitor in Europe is the German company SOMMER. The other competition is local and country-specific. In France, one of BAUMERT's few competitors is the PORTAFEU company. The Group opened a subsidiary in China in 2014 to compete with local companies and to ensure that it was directly included in Chinese calls for tender. This subsidiary also covers the rest of Asia.

Our products and solutions are widely-recognised in the marketplace

BAUMERT has developed a wide range of high-security partition systems recognised globally and used by nuclear programmes around the world. Among our solutions, the most frequently installed products are:

- Neutron doors

Neutron doors installed in EPR plants (3rd generation reactors) are designed to enable secure interventions by professionals in the Reactor Building without the need to shut down operations.

- Fire doors

Fire doors and fire protection systems help to contain fires by preventing their spread in buildings by creating confinement zones.

- Blast-resistant doors

A blast deflector door is an airtight door built to specifications that make it strong enough to resist the pressure created by an explosion inside or outside of a nuclear building.

Industrial Robotics business

The industrial robotics business is managed by the CIMLEC Group which operates in four fields *via* three companies:

- automation-electricity and locksmith-structural metalwork with CIMLEC Industrie;
- robotised island integration and renovation with the COMMERCY ROBOTIQUE subsidiary;
- industrial robot path programming with the TENWHIL subsidiary.

All of these businesses meet the needs of industrial and tertiary sector clients.

CIMLEC Group markets

CIMLEC Group markets are located in France. They rely on investment in industrial and tertiary sites by the subsidiaries of major groups and SMEs in France. 60% of the business consists of projects and the other 40% of services.

The electricity-automation business consists in automating tools and production lines and in electrical distribution for industrial and tertiary sites. The ironwork business combines different projects including metal framework, footbridges, wire mesh protection, superstructures for industrial sites and construction. A repositioning in historical sectors, particularly the vehicle manufacturing sector, and in more profitable niches (transport/logistics, energy/environment and smart buildings) is currently under way.

Robotised island integration and renovation mainly concerns arc welding robots in France. Industrial robot path programming is comprehensive and multi-sectoral.

Competition

CIMLEC Group's competition depends on the activity, but consistently includes the subsidiaries of major groups, small local companies and a few intermediate-sized companies comparable to CIMLEC Group's:

- the market leaders for electricity and automation include CLEMESSY (EIFFAGE) and ACTEMIUM (VINCI ÉNERGIES). Competitors of the same size as CIMLEC Industrie are differentiated geographically and/or by sector. They include OTHUA, APILOG and SOTEB;
- the competition in the locksmith business is primarily local and includes the subsidiaries of major construction groups such as BOUYGUES, VINCI and EIFFAGE. Competitors of the same size as CIMLEC Industrie include ERI and SAM+;
- the competitors in industrial robotics include robot manufacturers like YASKAWA, FANUC, ABB and KUKA, which also offer integration services.

Our products and solutions are widely-recognised in the marketplace

CIMLEC Group offers a wide range of solutions in a number of different fields, for example, welding station start-up: It is one of the most common robotic applications. Large manufacturers and SMEs can increase productivity by a factor of two to five while eliminating tasks that are dangerous and repetitive for employees.

1.2.2.3 The 3D printing division – PRODWAYS GROUP and its subsidiaries

PRODWAYS GROUP operates in the 3D printing market *via* two major divisions: the Systems division, which is in charge of the design and marketing of machines and the associated materials; the Products division, which is in charge of the design and manufacture of customer-specified parts, which are then sold directly through INITIAL or *via* specialised business units in niche markets.

The 3D Printing division generated revenue of €25.2 million in 2016, *i.e.* around 9% of GROUPE GORGÉ's overall revenue.

Systems division

PRODWAYS GROUP manufactures and sells different types of 3D printers together with the associated materials. This complementary offering establishes PRODWAYS GROUP as a major player in the 3D industry. It also generates a recurring revenue stream for the Company, which sells the materials customers need to use the machines they have purchased. PRODWAYS GROUP has identified two key areas: medical and aerospace.

- 3D printers:

  PRODWAYS GROUP is one of Europe's leading manufacturers of 3D printers. The company makes three types of 3D printing systems:

  - plastic DLP* MOVINGLight®: the L range is designed to produce detailed prototypes. This range is intended for industrial applications such as dental models and surgical guides, injection and blow moulding, thermoforming models, insoles and jewellery design;
  - ceramic DLP* MOVINGLight®: the V range uses proprietary DLP* MOVINGLight® technology to produce ceramic parts on an industrial scale. The Promaker V series is designed to produce ceramic parts for biomedical applications such as bone substitutes and R&D;
  - plastic laser sintering: the selective laser sintering P range is designed for industrial rapid prototyping and mass production. It is the result of the acquisition of NORGE SYSTEMS, the in-house R&D of PRODWAYS Technologies, and the technology partnership with FARSOON TECHNOLOGIES. The technology is designed for a wide range of sectors, including aerospace, automotive, healthcare, design and architecture, consumer products, education and research.

  Originally positioned at the high end of the market, PRODWAYS Technologies has since expanded its product offering to cover all business requirements: PRODWAYS Technologies printers are priced at between €99 thousand and €450 thousand and have a life span of up to ten years.

- Associated materials:

Following the acquisition of DELTAMED in 2014, PRODWAYS GROUP makes premium-quality resins for 3D printing using DLP technology. By acquiring EXCELTEC, PRODWAYS GROUP gained 15 years of experience in polymer powders used with laser powder sintering technology. The company therefore has the in-house expertise to become a major player in the materials used in 3D printing processes – an activity which is highly complementary to the machines sold by the Group.

PRODWAYS GROUP offers a range of hybrid and composite materials in the form of liquid resins and polymer powders with a high ceramic, metal, fibre or nanoparticle content. "PRODWAYS GROUP" materials are designed to be high-performance. They boast distinctive characteristics in terms of mechanical properties (strength and elasticity), physical and aesthetic properties (colour and transparency), and stability over time (extended ageing). These materials can be used with the Group's printers as well as with those of other manufacturers.

The 3D printing materials produced by PRODWAYS GROUP are mainly used in cosmetic and remedial dentistry, hearing aids, jewellery, prototyping and aviation.

PRODWAYS GROUP manufactures and sells proprietary materials, and to a lesser extent third-party materials.

* *Digital Light Processing*

Products division

With its Products division, PRODWAYS GROUP designs and sells 3D printed parts through its subsidiary INITIAL or through specialist firms operating in niche markets, such as CRISTAL and PODO 3D. These sales are mainly generated in the dental sector (15% of sales) and aerospace sector (16% of sales). Two-thirds of customers are key industrial accounts.

This division has several objectives:

- to use market intelligence to identify new industry trends;
- to optimise value by capturing more margin;
- to accelerate the uptake rate.

This division is a showcase for potential customers.

- INITIAL, manufacturer of 3D printed parts

Acquired by PRODWAYS GROUP in March 2015, INITIAL is the French market leader in the design and production of additive manufacturing and thermoplastic injection parts. In 2016, INITIAL generated €9.5 million in revenue, equivalent to 78% of the Group's Products division.

With 25 years of experience, INITIAL offers a wide range of solutions for industrial and professional parts that are or will be transformed by 3D printing, particularly for dentistry, medicine, aerospace, luxury goods, casting, tooling and prototyping.

Based in Annecy, INITIAL operates 30 printing systems from various suppliers, including 20 plastic printers and 10 metal printers, representing all the technology available on the market (MOVINGLight®, SLS®, SLA®, FDM, etc.). The company produces 600,000 parts a year.

INITIAL has more than 2,000 business customers across Europe, ranging from large corporations to small firms. It has a team of 76 engineers working on customers' projects, from drawing up the specifications through to the industrialisation phase.

INITIAL also has a portfolio of high-definition 3D scanners which can capture the geometry of any object and offer its customers reverse engineering or dimensional inspections.

Thanks to its broad range of products and its sales teams, INITIAL has 15,000 potential customers. The company identifies key sectors and applications where 3D printing could revolutionise conventional industrial processes. Once these key markets have been identified, PRODWAYS GROUP sets up specialist companies such as CRISTAL and PODO 3D.

- CRISTAL is an in-house dental laboratory which markets PRODWAYS GROUP applications to the dental sector

PRODWAYS GROUP set up CRISTAL in June 2016 to take over the assets of a French dental laboratory (SOCALAB), the aim being to expedite the development of 3D printing applications in dentistry. CRISTAL is a French dental laboratory based in Bordeaux, where it employs 54 people. Between June and December 2016 it generated €2.6 million in revenue, equivalent to 21% of the Group's Products division in the same year. CRISTAL has built up a portfolio of 170 dentists. The dental laboratory also works closely with health insurance companies, which generate 50% of its revenue. CRISTAL offers dentists a comprehensive range of dental devices, including models, surgical guides, splints and impression trays.

PRODWAYS GROUP is keen to transform CRISTAL into a centre of excellence, demonstrating the advantages of 3D printing in the dental sector.

CRISTAL is currently researching four to five research topics linked to 3D printing which could have a significant impact on dentistry.

The Group also wants to market its solutions developed in-house to other dental laboratories.

- PODO 3D, an in-house start-up aiming to revolutionise the orthotic insoles market

In March 2016, PRODWAYS GROUP launched PODO 3D in a bid to transform the orthotic insoles industry. The market is already being disrupted by 3D printing, with 3D insoles proving highly profitable compared with conventional designs. Lead times have also been reduced along the entire production chain.

The manufacturing process for a 3D insole consists of four separate stages: a scan of the patient's foot, virtualisation of the impression, 3D modelling, printing and delivery of the finished insole.

The insoles are 3D printed by INITIAL in Annecy using SLS® technology, before being delivered to the chiropodists who then give them to patients. Early tests have proved conclusive. Some 48 chiropodists have already tested the 3D printing solution and 15 have become regular customers. PRODWAYS GROUP currently manufactures 25 insoles a day. Around 3,000 patients are now wearing PODO 3D insoles.

PODO 3D plans to roll out its offering to French chiropodists from 2017. At the same time, it will organise training to prove how simple its process is to use, and to demonstrate the precision and quality of 3D printed orthotic insoles.

Markets

3D printing is one of 12 disruptive technologies that will transform our lives over the coming decade (McKinsey Global Institute, *2013*). 3D printing enables direct finished part and product creation from a virtual 3D file without the need for intermediate processing steps. This technique reduces inventories, limits materials waste and, especially, provides access to radically new designs and shapes. 3D printing is already playing a key role in some applications, particularly in the medical field (hearing aids, implants, etc.). Its users are drawn by the many benefits of this new manufacturing process and, in particular, by the improved quality of complex parts and products, the reduced product development time and costs and access to mass personalisation.

In 2015, the industrial 3D printing market was worth €4.7 billion. This market comprises two branches: printing the finished parts (direct approach), and printing the moulds, which are then used to design the finished parts (indirect approach).

Conventional mould design is a lengthy process (going back and forth on the technical specifications, making several attempts before arriving at the perfect mould, etc.). Indirect printing represents a considerable time saving when producing moulds to be used in industry. With 3D printing, the mould is rapidly designed to the exact technical specifications enabling the finished part to be produced. The indirect approach is also used to design metal parts, initially by producing a plastic mould that will be used to manufacture the metal part (*e.g.*, aircraft engine parts developed by PRODWAYS GROUP).

There are three main types of 3D printing:

- rapid prototyping (€1.6 billion in 2015, 33% of revenue in the B2B market).

  Rapid prototyping refers to the production of models and prototypes derived from 3D computer aided design (CAD) data;
- functional parts (€1.6 billion in 2015, 33% of revenue in the B2B market).

  In this segment, 3D printing is used to manufacture custom and spare parts and limited editions. It is also suitable for short production runs as well as mass production, particularly in the healthcare and aviation markets;
- instruments and moulds (€1.0 billion in 2015, 22% of revenue in the B2B market).

  Instruments and tools are produced directly by the 3D printer, whereas moulds involve the indirect approach. This consists of using a standard template to produce the mould, which will then be used to make the part;
- other (€500 million in 2015, 12% of revenue generated in the B2B market).

  This mainly concerns activities relating to research and education. 3D printers have been immensely popular with technical colleges and research institutes.

3D printing is currently used mainly for building prototypes, models, industrial components and production tools (for example, moulds used for some jewellery techniques) as well as for the manufacturing of finished products requiring a high degree of precision or the personalisation of finished parts (dental, medical and aeronautics fields).

Different technologies enable the use of several types of materials such as plastic, metal, ceramic, composites.

Competition

The market is divided into four segments:

- integrated players (offering all three types of 3D printing: manufacture of machines, materials and parts), and non-integrated players;
- rapid prototyping and rapid manufacturing players;
- mono-technology and multi-technology players;
- generalist players in the B2C and B2B market and specialist players in the industrial market (B2B).

PRODWAYS GROUP is an integrated, multi-technology player. It is present in rapid manufacturing and specialises in the industrial market.

3D printing is a particularly dynamic market. It has strong barriers to entry (technology, patents). However, the major players are still quite limited in number and relatively small. Globally, the five companies with the highest revenue are:

- STRATASYS (€632 million in revenue in 2015), which was formed from the merger in late 2012 between the Israeli manufacturer Objet and Stratasys. Stratasys manufactures 3D printers and offers its customers (B2B & B2C) associated services. It is present in America, Europe, Asia, Israel and Australia.
- 3D SYSTEMS (€613 million in revenue in 2015), which was established in 1986 in California. 3D Systems manufactures 3D printers, offers its customers (B2B & B2C) associated services and materials, and is present in North America, Europe and Asia.
- EOS (€263 million in revenue in 2015), which manufactures powder sintering and fusion laser machines and is based in Munich. EOS makes 3D printers and offers its customers (B2B) associated services, materials and software. EOS is present in Europe and North America.
- MATERIALISE NV (€102 million in revenue in 2015), which specialises in software solutions, industrial 3D printing services, medical applications, advanced industrial design with Materialise MGX, and 3D online printing services via I Materialise. Materialise NV is present in Europe, America, Asia and the Middle East and focuses on the B2B market.
- SLM SOLUTIONS (€86.1 million in revenue in 2015), which designs 3D printers (selective laser melting), provides associated services and supplies materials. SLM SOLUTIONS is present in Europe and America and focuses on the B2B market.

Our products and solutions are widely-recognised in the marketplace

PRODWAYS GROUP now offers a line of 15 machines, 21 materials and a Service Bureau. Its flagship products include:

- ProMaker L5000

Thanks to its excellent reliability, the ProMaker L5000 offers the lowest operating cost, without compromising on performance. Compatible with 365-nm UV resins, the ProMaker L5000 is ideal for a wide variety of applications, no matter how demanding the requirements. The result is one of the lowest per unit production costs on the market, satisfying the most stringent demands for profitability.

- ProMaker P1000

The ProMaker P1000 has a wide production platform for printing large parts and offers significant productivity benefits. It has excellent thermal stability thanks to its intelligent temperature control system, with a fine laser for producing high-resolution parts with optimised mechanical properties.

- Plastcure Model 300 resin

This material is compatible with a large range of applications, notably dental model applications. It provides high precision and excellent resolution as well as excellent properties.

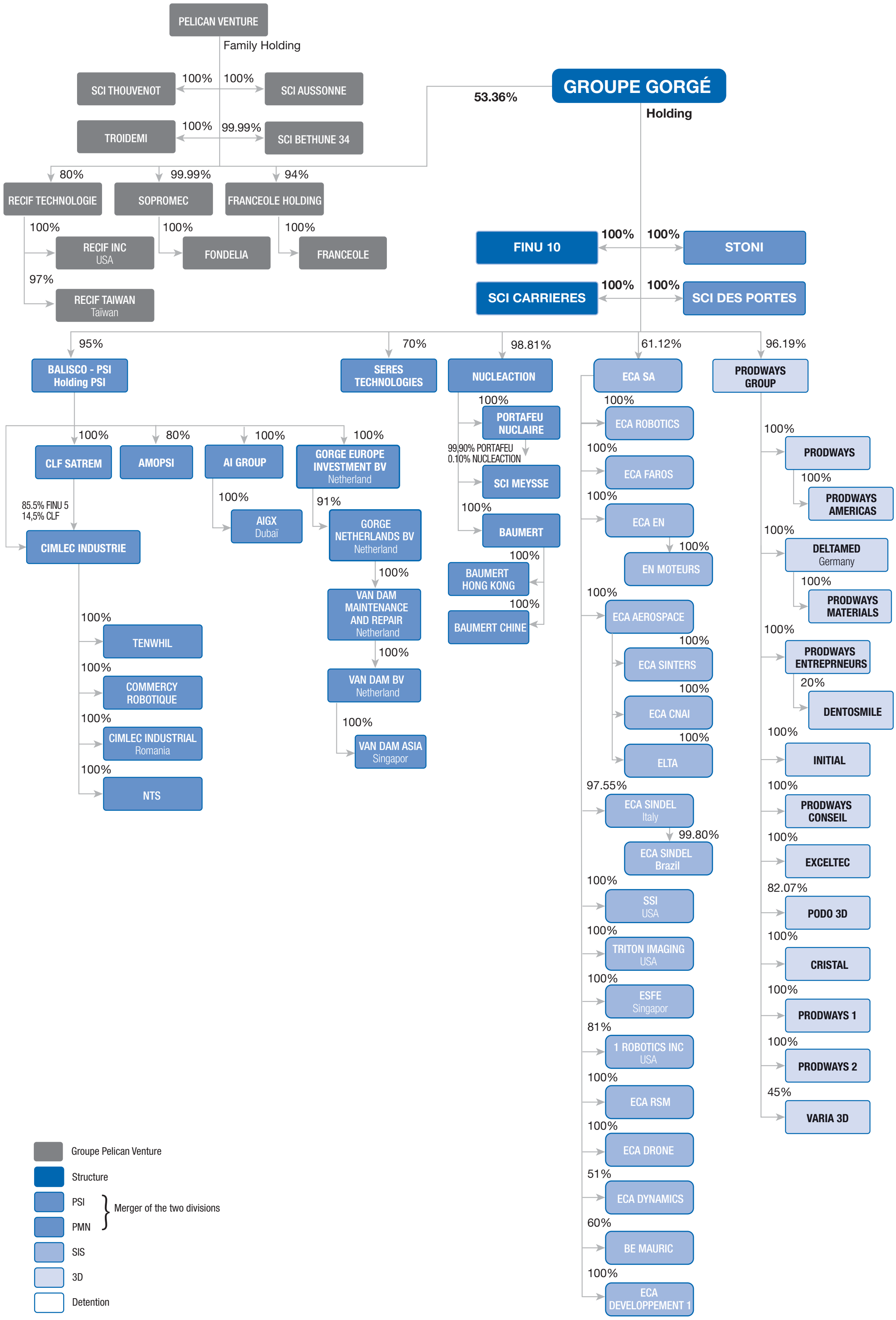
- «ScientiFeet» insoles

3D manufacture of orthotic insoles using SLS® technology.

- Series parts production

Series parts manufacturing offer in polymers and metal using additive manufacturing technology, in particular for the aeronautical sector.

1.2.3 Principal subsidiaries and organisational chart at 31 December 2016



The rates indicated correspond to the percentage share capital holding. The companies shown here are those that are included in the consolidation scope.

The major changes (acquisitions and disposals) in the organisational structure over the past three years were as follows:

	Newly consolidated	Deconsolidated
2016	Nuclear business of PORTAFEU (acquired by PORTAFEU NUCLEAIRE) Business assets of SOCALAB (acquired by CRISTAL) ELTA BE MAURIC	-
2015	NORGE INDUSTRIAL expertise (acquired by PRODWAYS) INITIAL WANDERCRAFT[1] VARIA 3D[1] EXCELTEC	-
2014	DELTAMED INFOTRON	-

(1) Non-controlling interest.

The full list of the Group's companies, grouped by division, can be found in Note 13 to the consolidated financial statements. The table showing GROUPE GORGÉ SA subsidiaries and equity interests can be found in Note 6 of the notes to the Company's separate financial statements. The consolidated financial statements can be found in Section 3.1 of this document, and the separate financial statements of GROUPE GORGÉ SA in Section 3.2.

1.2.4 Significant events

In 2016, the highlights for the various divisions were as follows.

"SMART SAFETY SYSTEMS" DIVISION

In terms of business and R&D, 2016 was a particularly dynamic year for the Smart Safety Systems division. Various technical developments enhanced ECA Group's existing comprehensive range of solutions: launch of a joint long-endurance tactical mini-UAV (DT26M) for the defence industry, as part of a technological and business partnership with Delair-Tech; filing of the STERNA® patent presentation of the Innovation Award at Euronaval 2016 for the combined use of a UAV (*e.g.*, IT180) and airborne magnetic sensor to measure the magnetism of a ship; launch (in collaboration with OCEA and DCI) of a joint minehunting solution offering an effective naval anti-mine capability to reduce the risks of engagement of the crew and assets deployed.

From a business point of view, various major contracts have been won by all divisions, both in France and abroad. These include: the announcement of major commercial achievements for UAVs; the sale of three naval simulators in Asia for more than €6 million in total; the delivery of several fully robotic systems for underwater mine disposal to two navies, including Kazakhstan's; the sale of six new A27-M type autonomous underwater vehicles (AUVs) for the joint French and UK Maritime Mine Counter Measures (MMCM) Programme (Stage 2).

Lastly, in terms of equity ownership, in January 2016 ECA Group announced the launch of ECA DRONE, a full-service company responsible for sales and maintenance of IT180 UAVs for civilian customers. In November 2016, ECA announced that it had acquired 60% of BE MAURIC, a naval architecture firm which designs different types of vessels for defence, security, oil & gas, fishing, passenger transport and sailing. This majority stake will enable ECA to fast-track its development in robot systems, expand its range of USVs and examine how best to integrate its naval and aerial drones, particularly for small naval platforms. In December 2016, the Group announced that it had finalised the takeover of ELTA from AREVA TA and AREVA SA. The acquisition will boost ECA's aeronautical expertise, given the nature of ELTA's business and its experience in onboard systems, as well as its know-how in the fields of radio frequencies and radio navigation. ECA has thus branched out into the space sector, an area where several companies in the group could leverage their expertise.

"PROTECTION OF HIGH-RISK INSTALLATIONS" DIVISION

In organisational terms, 2016 saw the merger between the Industrial Projects & Services and Protection in Nuclear Environments divisions. The reorganisation strengthens the Group's position as a major player in the safety and security market, with a comprehensive offering for all energy sectors. The merger also brings more consistency to the Group's products and services through clear geographical complementarity, enabling it to develop a common global marketing network.

In parallel, from an operational and business viewpoint, the year was punctuated with various large-scale international projects:

- VAN DAM won the second train of the flagship Yamal project (liquefied natural gas) for the supply of thermal insulation firewall systems. VAN DAM had already won the first train of this mammoth project in 2015, and had already supplied more than 35,000 m² of firewalls;

- BAUMERT finalised a major order as part of the NSC (New Safe Confinement) project for reactor No. 4 of the Chernobyl plant, led by the NOVARKA European consortium. The division has supplied all the technical doors for the Chernobyl plant-dismantling project, including over 14 large-dimension doors, 10 biological doors, 57 tornado doors and 6 special doors which now equip the buildings destined for the safe removal of the contaminated waste present within the sarcophagus.

Lastly, 2016 saw the return to profit of CIMLEC Group (and its subsidiary COMMERCY ROBOTIQUE), while AI GROUP also showed signs of recovery. ECA acquired the remaining equity in the company in 2015.

In addition, the division completed the acquisition of the nuclear business of PORTAFEU, BAUMERT's long-standing rival. During the year, the division concentrated on integrating PORTAFEU NUCLEAIRE's assets into the Group's offering for French nuclear plants, enabling it to meet the needs of customers in this segment.

"3D PRINTING" DIVISION

The 3D Printing division reached a major milestone in 2016. The division focused on consolidating the acquisitions and partnerships finalised in 2015, channelling its efforts towards optimising expenses and fixed costs while targeting significant growth in its revenue.

The division pursued its strategy of vertical development. This should enable the Group to develop specific know-how in each industrial application impacted by 3D printing.

As part of its strategy to support the transition from conventional manufacturing techniques to additive manufacturing, the 3D Printing division:

- set up its "Initial – Les Créations" division, specialising in luxury goods, design, art and architecture, to assist stakeholders with the manufacture of prototypes, moulds, unique parts and pre-series and series parts;
- finalised the takeover of the assets of a French dental laboratory (SOCALAB, since renamed CRISTAL), to cement its position in the dental sector;
- launched an in-house podiatry division under the name PODO 3D.

The ProMaker P1000, a plastic powder sintering machine based on laser technology, also came to market in 2016. This 3D printer is the first professional powder sintering machine available for under €100,000.

In parallel, the division continued its research into new materials by signing several strategic partnerships with BASF, A. SHULMAN and ARKEMA to expand its range of powder sintering materials.

Lastly, André-Luc ALLANIC, co-founder of PRODWAYS and head of its R&D department, was named Engineer of the Year by the editorial board of *Usine Nouvelle* magazine. The award was given in recognition of Mr ALLANIC'S contribution to technological advances in the field of additive manufacturing.

1.3 STRATEGY AND OUTLOOK, INVESTMENT AND R&D POLICY

1.3.1 Strategy

GROUPE GORGÉ is pressing ahead with its ambitious long-term development strategy focused around a number of key axes:

- becoming a top player in high-tech niche markets;
- stepping up its exposure to markets having high development potential and aligned with the long-term, durable, global, macro-economic trends that are shaping the future;
- balancing the Group's activities between high added-value products, complex projects and related recurring activities in the fields of safety of people and property and 3D printing.

In each of its three divisions, the Group draws on a strong entrepreneurial culture and a decentralised model that encourages rapid decision-making and a close relationship with clients.

"SMART SAFETY SYSTEMS" DIVISION

ECA's growth gathered pace in 2016, the target of €110 million having already been exceeded.

Efforts are ongoing to consolidate its positions in core markets such as mobile robotics and robot systems. To achieve this, the Group will benefit from a number of favourable factors, in particular, the growth of advanced robotic markets, requirements linked to the ramp-up of aeronautics and the reinforcement of simulation in training courses and practice sessions. The investments made in sales, marketing and communication will continue to show results in the order books and revenue and will allow ECA to consolidate its presence further in the export market.

- The **Robotics and Integrated Systems** division is continuing to develop different complementary robot systems to achieve the same mission. To fast-track the development of these increasingly autonomous, cooperating robot systems, ECA is pursuing an ambitious R&D programme (the Group was presented with the Innovation Award at Euronaval 2016 for a new application combining the use of a UAV, such as the IT180, with an airborne magnetic sensor to measure the magnetism of a ship).

At the same time, the division is continuing to target growth in sales of the IT180, both in civilian applications (surveillance of sensitive sites, fire surveillance, etc.) and in defence.

Lastly, the acquisition at the end of 2016 of 60% of BE MAURIC – a naval architecture firm designing different vessels particularly for the military, security and oil & gas sectors – should enable ECA to fast-track its development in robot systems, expand its range of USVs and examine how best to integrate its naval and aerial drones, particularly for small naval platforms.

- The **Aerospace** division is reinforcing its position as a leading supplier of assembly systems and European aeronautical factory tests, while at the same time diversifying its customer base and consolidating its positioning as a high-technology player. The acquisition of ELTA will boost the Group's aeronautical expertise, given the nature of ELTA's business and its experience in onboard aviation systems, as well as its know-how in the fields of radio frequencies and radio transmission. With ELTA, the division has branched out into the space sector, an area where several companies in the group could leverage their expertise.
- The **Simulation** division continues to focus on the area of mission training, in particular for the defence and security sectors. The Defence Simulation Training market accessible to the Group is estimated to be worth more than €50 million a year.

"PROTECTION OF HIGH-RISK INSTALLATIONS" DIVISION

The Protection of High-Risk Installations division is continuing to grow and underwent restructuring at the end of 2016. Emphasis is being placed on the sharing and implementation of best practices in recurring service and maintenance activities, and in the export sales activity.

In **fire protection**, the division has set its sights on becoming a major player in passive and active fire protection in the energy sector (particularly oil & gas) and in the industrial and service sectors in France. The recurring industrial and service activity in France makes it possible to balance the cyclical effect of these energy sectors. To achieve this objective, our three fire protection and security subsidiaries are working to:

- support our historical clients in their new projects;
- expand their product offerings, solutions and services;
- develop in the international market.

In **nuclear protection**, the division is continuing to develop with a dual focus:

- to consolidate its position as the leading global supplier of special doors for nuclear plants;
- to expand its offering in the protection and safety of nuclear power plants.

The division is also focusing on the structuring and expansion of its offering in the fields of protection and safety of nuclear power plants abroad and in France, in particular, within the EDF *Grand Carénage* programme dedicated to bringing French nuclear power plants up to EPR and post-Fukushima standards (budget of €55 billion).

After its remarkable breakthrough in China, BAUMERT is now one of the few European subcontractors to serve Chinese energy operators on the Westinghouse AP1000 technology. This situation makes it the world leader in speciality doors for EPR and AP1000 technologies and places BAUMERT in the optimum position to benefit from the sharp growth of nuclear markets in emerging countries. The target is now i) to maintain this position in the EPR and AP1000 programmes in China currently being launched, and ii/ reproduce this breakthrough in a new region, in particular as part of the UK new build programme.

Lastly, the **industrial robotics** business is consolidating in its historical markets, in particular with recurrent business, whilst continuing its work to structure its product and services offering across the entire range.

"3D PRINTING" DIVISION

Formed when GROUPE GORGÉ acquired PHIDIAS TECHNOLOGIES in 2013, PRODWAYS GROUP is one of the market leaders in Europe for 3D printing, an additive manufacturing process consisting of creating physical objects by superimposing different layers of material.

3D printing has gone through three major phases since the 1960s. During its early development phase (1960s-2010), 3D printing was mainly used to create prototypes. More recently, the market has seen a massive improvement in the printing processes and the development of new materials. These new technological trends have ushered in a displacement phase. 3D printing today allows complex products and parts to be manufactured. This technology complements and in some cases offers a credible alternative to conventional manufacturing techniques. In addition, the 3D printing market has recently enjoyed renewed interest from major multinationals. In 2016, GENERAL ELECTRIC's acquisition of ARCAM and CONCEPT LASER marked the start of a new industrialisation phase for 3D printing. Parts that were formerly subject to traditional industrial constraints can now be custom-designed using 3D printing.

Basing its strategy on this new industrial cycle, PRODWAYS GROUP has decided to focus its activities on the industrial 3D printing market. This segment has seen significant growth in recent years, generating revenue of €4.7 billion in 2015 (annual average growth rate – AAGR – of 30% in five years). PRODWAYS GROUP is keen to expand into the rapid manufacturing segment, in which 3D printing is applied to industrial mass production. The materials used in the 3D printing process are mainly plastic (51% of the market) and metal (25% of the market).

The company operates through two business segments. With 76 machines sold at the end of 2016 through its Systems division, PRODWAYS GROUP is one of the leading European manufacturers of 3D printers. The company offers ranges of 3D printing systems and the associated materials (resins and powders). PRODWAYS GROUP is multi-material and covers a large number of sectors, including the aerospace and dental sectors. Lastly, PRODWAYS GROUP manufactures and sells plastic and metal 3D printed parts through its Products division. These sales can be either direct or indirect (through firms specialising in niche markets).

By making machine, materials and parts design an integral part of its core expertise, PRODWAYS GROUP is positioned throughout the entire value chain. The company is thus developing an integrated model that offers its customers a turnkey solution. Not only is this the only one of its kind in Europe, but it looks set to do well internationally.

The 3D Printing division is the division in which the strongest growth is expected and on which the Group has focused its investments.

1.3.2 Outlook

The Group began 2017 with a firm order book of €200 million and is targeting annual revenue of close to €300 million.

"SMART SAFETY SYSTEMS" DIVISION

For 2016, the division is positioned on numerous significant calls for tender: unmanned aerial vehicles, complete robot systems, aerospace assembly systems, integrated underwater systems, etc. At the start of 2017, the firm order book totalled €121 million.

The division is targeting revenue of €120 million for 2017.

"PROTECTION OF HIGH-RISK INSTALLATIONS" DIVISION

In 2017, the division should record a similar level of activity to 2016. One or more major orders could be secured before the end of the first half. The division's order book totalled €74 million at the beginning of 2017.

"3D PRINTING" DIVISION

This division will continue to grow in 2017. The Group wants to organise a round of financing so that its 3D Printing division can embark on the second phase of its development. In 2017, the Group is therefore considering an IPO on Euronext Paris for its PRODWAYS GROUP subsidiary, subject to market conditions.

In addition, the Group is hoping for significant growth in sales of its new machine (ProMaker P1000), which will be launched in the first half of 2017.

New proprietary technologies for metal 3D printing machines are also in the pipeline.

RECENT PUBLICATIONS

In January 2016, the Smart Safety Systems division announced that it had won a contract for more than €2 million from IFREMER (the French Research Institute for Exploitation of the Sea) for the development and delivery of an innovative new autonomous underwater vehicle (AUV), capable of reaching depths of 6,000 metres.

In February, the Smart Safety Systems division reported that it had won a new contract for the delivery of military vehicle driving simulators for the same customer in the Middle East as the contract in early 2014.

In the same month, the Smart Safety Systems division announced that it had won a contract for demagnetisation systems and magnetic measurement systems based on its IT180 UAV for a defence ministry in Asia, as part of a contract worth more than €7 million.

In March, the Smart Safety Systems division announced that ELTA had received orders worth more than €3 million for its ELT type emergency beacons, which will be fitted to over 680 aircraft worldwide.

Also in March, the Group announced that it wanted to raise funds for its subsidiary PRODWAYS GROUP and was considering an IPO on Euronext Paris, subject to market conditions. The transaction would involve a capital increase, since GROUPE GORGÉ was keen to remain the long-term majority shareholder. It would also allow PRODWAYS GROUP to expedite its ambitious strategy of winning market share.

1.3.3 Investment policy and R&D

R&D policy

The Group invests significantly in research and development to maintain and further develop its competitive edge. The Group files patent applications when necessary in protecting a technical, technological or commercial breakthrough.

In 2016, Research and Development (R&D) efforts related to the three divisions. The Group's research and development was mainly focused on the following areas:

- continuation of the "Robot systems" programme to improve decision-making autonomy, perception and cooperation between all of the Group's drones;
- completion of the captive IT180-999 UAV demonstrator, which was unveiled in a dynamic demonstration at Eurosatory 2016, and development of the magnetic measurement solution for the STERNA® patent;
- continued development of the new Iguana land robot;
- continuation of the AUV (Autonomous Underwater Vehicle) programme with the completion of the A18D, which will be delivered to the first customer in 2017, and launch of the development of the A18-M;
- development of the first "Damage Control" simulators;
- continued development of a range of 3D printers, associated resins and new 3D printing solutions;
- continued development of special doors to meet the requirements of nuclear plants.

R&D expenditure amounted to some €12.8 million in 2016. The changes were as follows:

(in millions of euros)	2016	2015	2014
Capitalised research and development	7.7	6.3	4.2
Research and development recognised as an expense	5.1	5.0	6.1
TOTAL RESEARCH AND DEVELOPMENT EXPENDITURE	**12.8**	**11.3**	**10.3**
Total research and development as % of revenue	4.6%	4.3%	4.6%
Tax credits for the year	4.5	4.0	3.6
Research and development net of tax credits	8.3	7.3	6.7

The Smart Safety Systems (ECA and subsidiaries) and 3D Printing divisions accounted for most of the expenditure (€7.5 million and €2.4 million respectively, out of a total of €12.8 million; €4.3 million and €1.8 million of capitalised expenditure, out of a total of €7.7 million).

The Group consistently seeks external financing to cover these investments (French Defence Procurement, Bpifrance, FUI (French Single Inter-Ministry Fund), Europe, Regional, etc.) and uses its French tax credit for research. All of the Group's subsidiaries obtained research tax credits amounting to a total of €4.5 million, including €2.6 million recognised as income in the income statement for the year and €1.9 million recognised as deferred income, which will contribute to future results. Out of €4.5 million in tax credits for research, €2.5 million was utilised by the Smart Safety Systems business.

R&D expenditures are for the most part internal costs and it is very rare that R&D work is sub-contracted.

Major investments in 2016

In addition to research and development, the Group's ongoing investments include IT equipment, software, workshop tools and the fitting and installation of sites.

The Group's investments amounted to €16.0 million, nearly half of which comprised intangible investments (R&D, software). The 3D Printing Division accounted for nearly one-third of investments (€5.5 million), along with the Smart Safety Systems division (€7.1 million). Industrial investments are mainly funded out of own resources, and occasionally through leasing. Investments in real estate, which are infrequent, are funded through classic debt or debt in the form of a lease.

The value of investments over three years breaks down as follows:

(in millions of euros)	2016	2015	2014
Research and development(1)	7.7	6.3	4.2
Other intangible assets	0.9	1.1	0.9
Land and buildings	0.8	0.4	0.1
Technical installations, equipment	6.2	7.3	1.9
Other property, plant and equipment(2)	0.4	0.9	2.3
TOTAL	**16.0**	**16.0**	**9.4**

(1) Only capitalised R&D.
(2) Advance payments and ongoing fixed assets.

In 2016, several acquisitions were made by each of the three divisions:

- the nuclear business of PORTAFEU, part of the ASSA ABLOY group, was acquired in May 2016 by PORTAFEU NUCLEAIRE, a specially created subsidiary of BAUMERT;
- in June 2016, the 3D Printing division acquired the assets of a dental laboratory to form a new company, CRISTAL;
- in November 2016, the Smart Safety Systems division completed two transactions: the acquisition of 60% of BE MAURIC and 100% of ELTA.

There were no significant investments for which firm undertakings had already been made. No planned Group investment is conditional on receipt of anticipated significant funding.

Major property, plant and equipment/Property rentals

The Group's fixed assets comprise of certain real estate assets as described below, fittings and installations and IT equipment. The vehicle fleet is for the most part leased from specialised agencies. The Group only has a limited amount of production machinery as its business is not one of large-scale industrial production. However, it does have tooling for which it has not measured the usage rate.

With respect to real estate, the Group mainly leases its sites under standard leasing agreements. The Group owns certain sites used for its activities in La Garde (near Toulon in the French department 83, ECA's principal site), in Lannion (French department 22, ECA FAROS' site) and in Schaeffersheim (French department 67, principal site of the Protection in Nuclear Environments division). Other sites are under lease: Genoa (Italy, ECA SINDEL's site) and in Les Mureaux (French department 78, CIMLEC Industrie, TENWHIL, NTS, PRODWAYS and CLF-SATREM site). In addition to these operating sites, the Group also owns a vacant building in Les Mureaux. The sites that are currently being leased do not present any risk in terms of their extended availability or that of other similar operating sites.

1.3.4 Events after the reporting period

Major events that have occurred between the closing of the financial year and the date on which the financial statements were approved (20 March 2017) are described in Note 12.2 to the consolidated financial statements.

1.4 ANALYSIS OF CONSOLIDATED PERFORMANCE AND BUSINESS SECTORS

1.4.1 Analysis of Group results

The Board of Directors approved the 2016 consolidated financial statements on 20 March 2017, showing:

- revenue of €281,153 thousand;
- net income of €4,859 thousand;
- net income (Group share) of €172 thousand.

The consolidated financial statements were drawn up in compliance with the financial information presentation and evaluation rules of the IFRS (International Financial Reporting Standards) and interpretations adopted by the European Union and published in the Official Journal dated 13 October 2003. The figures presented below are from the financial statements for 2016 and 2015. The 2015 financial statements have been restated as detailed in the notes to the financial statements (Note 1.3). The figures commented upon are the restated figures. The data can be compared only by taking into account the changes in the scope of business reported in the Notes to the consolidated financial statements.

The most significant events during the financial year are as follows:

- continued development of the 3D Printing division;
- acquisition of the business assets of PORTAFEU (the company's nuclear arm) and SOCALAB through two newly formed companies, PORTAFEU NUCLEAIRE and CRISTAL;
- in terms of segment reporting, the merger between the Protection in Nuclear Environments division and the Industrial Projects & Services division, to form the Protection of High-Risk Installations division;
- acquisition of 60% of BE MAURIC;
- acquisition of 100% of ELTA;
- continued use of the equity financing line.

The consolidated revenue for the financial year stood at €281.15 million versus €264.53 million in 2015.

Profit (loss) from continuing operations was €9.03 million versus €11.76 million in 2015. Non-recurring items in operating income amounted to +€2.53 million, compared with -€4.45 million in 2015. These mainly concern negative goodwill relating to the ELTA acquisition, reorganisation costs (relocations in 2015), restructuring costs and the amortisation of intangible assets from acquisitions, recognised at fair value.

Financial expenses (net of financial income) amounted to -€2.25 million compared with -€2.02 million in 2015. As in 2015, financial expenses included a provision on REDHALL shares for €0.17 million (€0.11 million in 2015).

Tax came to -€4.49 million versus -€1.65 million in 2015. The earnings of equity-accounted companies were +€0.04 million compared with -€0.003 million in 2015; thus, the year ended 31 December 2016 generated a net profit for the consolidated Group of €4.86 million versus €3.64 million for the previous year.

Net income, Group share was €0.17 million (+€1.07 million in 2015), while non-controlling interests (mainly due to ECA) totalled €4.69 million (+€2.57 million in 2015).

Main aggregates from the consolidated income statement

(In thousands of euros)	2016	2015	Change
Revenue	281,153	264,525	6.3%
Profit (loss) from continuing operations	9,031	11,762	-23.2%
Operating income	11,561	7,307	+58.2%
Financial income and expenses	(2,255)	(2,018)	ns
Equity method	40	(3)	ns
Tax	(4,488)	(1,647)	ns
NET INCOME	**4,859**	**3,639**	**33.5%**
NET INCOME – GROUP SHARE	**172**	**1,071**	**-83.9%**

Changes in the income statement between the two financial years should be analysed taking into account non-recurring items with no impact on Group cash (equity consolidation of REDHALL and impairment of securities in 2014, negative goodwill in 2016), and the contribution of 3D Printing in the launch and structuring phase. The tables below show the contribution of these items:

Changes in adjusted operating income

(in millions of euros)	2016	2015	2014
Smart Safety Systems	9.14	8.31	6.58
Protection of High-Risk Installations	5.85	6.54	10.44
3D Printing	(8.54)	(4.76)	(2.49)
Structure and disposals	0.56	(0.15)	(0.47)
OPERATING INCOME, ADJUSTED[1]	**7.00**	**9.94**	**14.08**
Negative goodwill	5.57	-	-
Relocation costs	-	(1.63)	-
Amortisation of intangible assets recognised at fair value during the acquisitions	(1.01)	(1.00)	(1.08)
CONSOLIDATED OPERATING INCOME	**11.56**	**7.31**	**13.00**

(1) Operating income, adjusted: operating income before negative goodwill, cost of subsidiaries relocating in 2015, amortisation of intangible assets recognised at fair value during the acquisitions.

Adjusted for the most exceptional items and the growth in earnings of the 3D Printing division, operating income appears to have fallen for the Protection of High-Risk Installations and increased for the Smart Safety Systems division.

Financial year 2016

(In thousands of euros)	Protection of High-Risk Installations	Smart Safety Systems	3D Printing	Structure	Disposals	Consolidated
Revenue	144,857	112,488	25,210	3,418	(4,819)	281,153
EBITDA	11,637	14,641	(4,915)	293	-	21,656
As a % of revenue	*8.0%*	*13.0%*	*-19.5%*	*8.6%*	-	*7.7%*
Profit (loss) from continuing operations	7,057	9,342	(8,058)	690	-	9,031
As a % of revenue	*4.9%*	*8.3%*	*-32.0%*	*20.2%*	-	*3.2%*
Operating income	5,851	14,021	(8,867)	556	-	11,561
As a % of revenue	*4.0%*	*12.5%*	*-35.2%*	*16.3%*	-	*4.1%*
Research and development expenses capitalised over the year	1,681	4,245	1,790	-	-	7,716
Other property, plant and equipment and intangible investments	1,699	2,863	3,666	62	-	8,291

(1) A reconciliation of EBITDA with the profit (loss) from continuing operations can be found in Note 3.2.1 of the Notes to the consolidated financial statements.

Financial year 2015

(In thousands of euros)	Protection of High-Risk Installations	Smart Safety Systems	3D Printing	Structure	Disposals	Consolidated
Revenue	142,349	105,218	17,807	3,427	(4,275)	264,526
EBITDA	10,362	14,026	(2,899)	(17)	-	21,473
As a % of revenue	*7.3%*	*13.3%*	*-16.3%*	*-0.5%*	-	*8.1%*
Profit (loss) from continuing operations	7,539	8,868	(4,523)	(123)	-	11,762
As a % of revenue	*5.3%*	*8.4%*	*-25.4%*	*-3.6%*	-	*4.4%*
Operating income	6,553	6,000	(5,087)	(159)	-	7,307
As a % of revenue	*4.6%*	*5.7%*	*-28.6%*	*-4.6%*	-	*2.8%*
Research and development expenses capitalised over the year	1,342	3,318	1,646	-	-	6,306
Other property, plant and equipment and intangible investments	2,164	3,411	3,841	228	-	9,643

(1) A reconciliation of EBITDA with the profit (loss) from continuing operations can be found in Note 3.2.1 of the Notes to the consolidated financial statements.

Smart Safety Systems

Revenue from Smart Safety Systems grew by 6.9%. Around 47% of the division's revenue is generated outside France (direct exports only), compared with 44% in 2015.

The current operating margin rate for the Smart Safety Systems division stands at 8.3%, versus 8.4% in 2015, confirming the improvement in operating performance since 2013. In 2016, and in contrast to previous years, the contribution of the second half to revenue for the year is only slightly higher than the first half. The margin rate showed a clear improvement during the second half of the year, as in previous years: it amounted to 6.4% in the first half (current operating income of €3,377 thousand on revenue of €53.0 million) and 10.0% for the second half.

At the end of the financial year, the order book was up 29% at €121 million.

Protection of High-Risk Installations

The Protection of High-Risk Installations division has grown by 1.9%. The division's business is driven by fire protection, particularly internationally. By contrast, the nuclear business declined during the period. The portion of international revenue is stable by comparison with the previous financial year, when it grew by 32%.

The division achieved current operating income of €7.1 million, *i.e.* 4.9% of revenue (compared with €7.5 million and 5.3% in 2015). Orders were down at year-end, at €74 million compared with €94 million at the end of 2015. In the nuclear sector, major contracts are in the final stages of completion, although new-build projects (Britain, China) provide assurance in the medium term.

3D Printing

The 3D Printing division generated revenue of €25.2 million in 2016, versus €17.8 million in 2015 and €5.0 million in 2014. CRISTAL was consolidated for six months and contributed €2.6 million.

In all, 58% of the division's revenue is generated outside France, although this rises to 93% for machines and materials.

Continuing operations generated a loss of €8.1 million versus a loss of €4.5 million in 2015. This outcome is due to continued expenditure incurred to set up, structure and develop the division (multiple hires, particularly in R&D and sales, setting up a distribution network).

The order book is stable at €3 million. Unlike our other businesses, the order book for this division is not intended to earn a major share of revenue, as the lead times between order taking and delivery are considerably shorter.

1.4.2 Group's financial position (cash and cash equivalents, financing and capital)

Consolidated net assets stood at €101.7 million, compared with €97.0 million as at 31 December 2015.

As at 31 December 2016, the net consolidated financial debt (sum of loans and financial liabilities amounting to €81.0 million and bank borrowings amounting to €9.1 million, less cash and cash equivalents amounting to €38.7 million) was €51.4 million. As at 1 January 2016, it was €39.1 million. The treasury shares held by ECA and GROUPE GORGÉ are not included in these figures. The net debt adjusted for treasury shares was €49.5 million (compared with €37.8 million as at 1 January 2016).

The increase in net debt is mainly due to: cash outflows for the 3D Printing division following losses and significant investments, the continuing high level of investment in R&D in the Smart Safety Systems division, and the increase in working capital requirement. Working capital requirement rose by €14.4 million, mainly due to the growth in activity (€4.0 million increase in operating WCR) and increase in tax receivables (research tax credit and competitiveness and employment tax credit), which could not be set off against the amount of tax payable.

Detailed information about the Group's financial liabilities and any related covenants is provided in the Notes to the consolidated financial statements (Note 8 "Borrowings and financial liabilities").

1.5 ACTIVITIES AND RESULTS OF GROUPE GORGÉ SA

1.5.1 GROUPE GORGÉ's role in the Group

The organisation of the Group is as follows:

GROUPE GORGÉ SA is a holding company, whose assets are made up of the stakes in its subsidiaries. The Company does not carry out any industrial activities, and its purpose is to:

- implement the Group's strategy;
- supervise the management of subsidiaries (human resources, communication, operations, etc.);
- liaise with the financial community (banks, analysts, etc.);
- provide technical assistance (financial control, legal, etc.);
- develop and maintain common procedures (reporting, financial control, accounting, etc.).

Its funding is ensured by the dividends that it receives and a contract for the provision of services based on the invoicing of actual costs concluded between GROUPE GORGÉ SA and its subsidiaries.

GROUPE GORGÉ SA has also entered into a service agreement with PÉLICAN VENTURE (holding company of the GORGÉ family and majority shareholder of GROUPE GORGÉ). Under this agreement, PÉLICAN VENTURE assists and supports GROUPE GORGÉ with the development of the Group's general policy and strategy, particularly in terms of organisation, external growth, recruitment, financial reporting and finance. PÉLICAN VENTURE has earned €500 thousand in fees from GROUPE GORGÉ since 2016. The agreement is valid indefinitely, but may be terminated by either party and would automatically lapse in the event of a change of control of GROUPE GORGÉ. Jean-Pierre GORGÉ (Director and former Chairman of GROUPE GORGÉ) and Raphaël GORGÉ (Chairman and CEO) are both paid by PÉLICAN VENTURE. GROUPE GORGÉ can pay them directors' fees, while Raphaël GORGÉ can receive variable remuneration from GROUPE GORGÉ, determined by the Board of Directors on the recommendation of the Remuneration Committee.

PÉLICAN VENTURE is an SAS (simplified joint-stock company) with a capital of €3,309,778.08. Its consolidated shareholders' equity (2015) was €142 million, with its main asset being its stake in GROUPE GORGÉ. Its other assets are:

- SOPROMEC PARTICIPATIONS SA, a private equity firm with around €13 million under management;
- RECIF Technologies SAS (a company designing and assembling robots for the semiconductor industry);
- FRANCEOLE HOLDING SAS (owner of FRANCEOLE, a wind turbine mast manufacturer); and
- real estate and financial assets.

1.5.2 Activities and results

At a meeting held on 20 March 2017, the Board of Directors approved the separate financial statements of GROUPE GORGÉ SA which showed:

- revenue of €3,458 thousand;
- net income of €5,181 thousand.

The financial statements were prepared using the same principles and rules as for previous years.

Revenue came to €3.46 million versus €3.73 million in 2015. The operating loss for the financial year was €0.25 million versus an operating loss of €0.09 million in 2015.

Income from continuing operations before tax was €2.74 million versus €4.67 million in 2015. Financial income of GROUPE GORGÉ in 2016 was €3.0 million (€4.8 million in 2015), including €4.1 million in dividends (€4.5 million in 2015).

After taking into account non-recurring income of €0.9 million (compared with €3.2 million in 2015) and tax income of €1.5 million arising from the tax consolidation grouping of which GROUPE GORGÉ SA is the lead company (€1.6 million the previous year), the financial year ended 31 December 2016 generated a profit of €5.18 million, compared with €9.39 million in 2015. The high level of non-recurring income was due to the capital gain arising from the transfer of securities to the newly created company heading the Industrial Projects & Services division.

We are also asking the shareholders to approve the non tax-deductible expenses and charges that we incurred during the past financial year, amounting to a total of €18,667, as well as the corresponding theoretical tax amount of €6,222.

1.5.3 Proposed appropriation of income

The Company's income for the financial year ended 31 December 2016 showed a profit of €5,181,090.28. At its meeting on 20 March 2017, the Board of Directors decided to propose the allocation of the sum of €12,900 to the legal reserve, so as to bring it to 10% of the share capital, not to pay any dividend this year, and to allocate the balance of available income (*i.e.* €5,168,190.28) to Retained Earnings.

We would like to remind you that the dividend distributions made for the last three financial years were as follows:

	Dividend per share *(in euros)*	Number of shares comprising the share capital[1]	Total dividend[2] *(in euros)*
2013	0.32	12,981,843	4,154,189.76
2014	0.32	13,181,843	4,218,189.76
2015	none	13,439,843	none

(1) At the date of the Shareholders' Meeting held to approve the financial statements.
(2) These sums include the unpaid amount of the dividend corresponding to treasury shares, which is allocated to the retained earnings account.

1.5.4 Standard payment terms

In compliance with Article D. 441-4 of the French Commercial Code, we would like to specify that as at 31 December 2016, the balance of GROUPE GORGÉ SA's trade accounts payable was €584 thousand (€379 thousand as at 31 December 2015). These trade payables are not due and in general are payable at 30 days (in 2016 as in 2015).

1.5.5 Other financial and accounting information

SECURITIES PORTFOLIO AS AT 31 DECEMBER 2016

Company	Net asset values *(in euros)*
I – EQUITY SECURITIES	
1. French companies	
a/ Listed equity securities	
ECA	33,564,269
b/ Unlisted equity securities	
CNAI (in liquidation)	0
BALISCO (formerly FINU 5)	5,000
FINU 10	5,000
LASER TECHNOLOGIES (in liquidation)	0
MARINE INTÉRIM	34,000
NUCLÉACTION	7,463
PRODWAYS GROUP	30,072,982
SCI DES CARRIÈRES	610,000
SCI DES PORTES	999
SERES TECHNOLOGIES	990,000
STONI	5,690,000
2. Foreign companies	
None	
TOTAL I	**70,979,713**
II – OTHER LONG-TERM INVESTMENTS	
1. French companies	
a/ Listed securities	
None	
b/ Unlisted securities	
None	
2. Foreign companies	
a/ Listed securities	
None	
b/ Unlisted securities	
None	
TOTAL II	**-**
III – MARKETABLE SECURITIES	
a/ Money market funds (SICAVs) and term deposits	3,014,975
b/ Listed French shares	
None	
c/ Listed foreign shares	
d/ Treasury shares	89,706
TOTAL III	**3,104,681**
GRAND TOTAL (I + II + III)	**74,084,394**

FINANCIAL TABLE – ARTICLE R. 225-102 OF THE FRENCH COMMERCIAL CODE

Nature of information	2016	2015	2014	2013	2012
Share capital	13,495,843	13,366,843	€13,081,843	€12,731,843	€12,731,843
Number of shares	13,495,843	13,366,843	13,081,843	12,731,843	12,731,843
Par value per share	€1	€1	€1	€1	€1
Revenue excluding taxes	3,458,396	3,731,165	3,107,420	2,545,612	2,229,634
Earnings before taxes, depreciation and amortisation	3,242,814	5,274,298	23,942,297	2,569,664	(3,443,972)
Income tax	(1,517,036)	(1,558,748)	(1,652,758)	(1,678,134)	(1,429,024)
Earnings after taxes but before depreciation and amortisation	4,759,850	6,833,046	25,595,055	4,247,797	(2,014,948)
Earnings after taxes, depreciation and amortisation	5,181,090	9,388,143	24,299,934	5,479,594	(1,428,003)
Distributed earnings	-	4,217,227	4,154,190	4,074,190	3,813,617
Earnings per share after taxes but before depreciation and amortisation	0.35	0.51	1.96	0.33	(0.16)
Earnings per share after taxes, depreciation and amortisation	0.38	0.70	1.86	0.43	(0.11)
Net dividend per share[1]	-	0.32	0.32	0.32	0.30
Average number of employees	7	7	7	7	8
Total payroll	823,824	868,187	861,175	639,202	1,162,173
Social security contributions and employee benefits	389,131	393,804	353,924	297,616	450,762

(1) Dividend paid during the year, in respect of the previous financial year.

1.6 RISK FACTORS

The Company has reviewed the risks that could materially adversely affect its business, financial position or results and is not aware of any other significant risk not presented herein. For a proper understanding of the risks to which the Group is exposed, this chapter should be read in conjunction with the full consolidated financial statements and the Registration Document.

1.6.1 Legal risks

Regulatory compliance

Generally speaking, the Group's businesses can be adversely affected by legal risks arising from non-compliance with laws and regulations in France and in all other jurisdictions where the Group has interests.

In order to mitigate the legal risks inherent in their businesses, Group companies typically have recourse to the Group's legal department and to external advisers (lawyers, labour law experts and intellectual property experts).

Regulatory or administrative authorisations

The Group's businesses are not dependent on regulatory or administrative authorisations but may require accreditations or professional recognitions.

CLF-SATREM is APSAD certified for the installation and inspection of sprinkler systems. This certification is issued by CNPP, a certifying body recognised by the insurance industry. The Company needs it for the purposes of its routine maintenance activities and some new installations, at the request of customers and their insurers. The certification would only be lost were the Company to fail to satisfy the technical recommendations in the APSAD reference framework.

The Group's business activities in the nuclear sector require professional certification by CEFRI (*Comité français de certification des Entreprises pour la Formation et le suivi du personnel travaillant sous Rayonnements Ionisants* – Companies' French certification committee for training and follow-up of employees working in ionising radiation) or EDF (EDF-UTO certification). In order to obtain such certification, suitable structures, special procedures and staff training must be put in place. This certification would only be lost were the Company to fail to respect the required standards and procedures, which can be subject to periodic changes.

Several ECA Group Companies have security clearances allowing them to manage confidential defence contracts. The loss of these clearances would threaten the level of business, especially in R&D, conducted with the French military. Each of these companies has put in place the structure required by the accreditation bodies to ensure compliance with all the security clearance requirements.

Still on the subject of ECA and its subsidiaries, export permits, managed by various ministries and the Prime Minister's office, are required for the sale outside France of defence systems and equipment. Similarly, the sale and export of certain of the ECA Group's dual purpose technologies also requires authorisation by the Ministry for Industry. The Companies concerned must keep a list of these dual purpose technologies up to date and obtain these authorisations prior to making any sales.

Research and development

Given the size of its R&D budget, the Group uses the research tax credit system. Any scaling back of this system in the future would adversely affect the amount of R&D expenditure that the Group could reasonably fund. Furthermore, it is well known that tax audits involving the research tax credit often end up in the courts. The Group pays particular attention to compliance with the regulations and the quality of its supporting documentation, and had never been subject to a significant reassessment until 2013, when its BAUMERT subsidiary saw €340 thousand of its research tax credit claim challenged (out of €766 thousand audited). The Group used all available legal channels to challenge this reassessment, and was partly successful in its action at the Paris Administrative Tribunal in December 2015. The Group now awaits the decision to be taken by the Strasbourg Administrative Tribunal for the same case and the end of the time limit for appeals.

Industrial property

The Group has an active policy of patenting in order to protect its inventions. To this end, it has recourse to intellectual property experts.

Patent applications are reviewed by the competent local or international bodies. It takes a number of years before a patent application is approved. The review process may also result in a patent being granted with narrower claims than initially sought or in a patent being refused in certain jurisdictions. Furthermore, intellectual property rights registered in certain jurisdictions do not afford complete protection.

There is a risk of a third party initiating proceedings against the Group for infringement of industrial property, as has already occurred in the past (BAé dispute, see Registration Document 2012). The subsidiaries, drawing on their in-house capabilities or the services of outside experts, notably assess the risk of infringing patents held by third parties when conducting their R&D programmes.

Litigation

The Group may be involved in litigation and disputes with third parties. Ongoing litigation is reviewed and provisions funded in the financial statements or disclosures made in the Notes to the consolidated financial statements (Note 12.1 "Exceptional events and disputes").

No other state or legal proceeding or arbitration of which the Company is aware to date, either pending or threatened, has had a material impact on the financial position or profitability of the Company and/or Group in the past twelve months, or is likely to do so.

1.6.2 Operating risks

Risks associated with technological developments

In some of its markets, the Group is required to continually monitor leading edge technical and technological developments. The subsidiaries in question have substantial R&D budgets for the purpose of developing new products or solutions that best meet the needs of customers or prospects.

Risks associated with competition

Many Group buyers are increasingly looking to reduce their number of suppliers and build strong, enduring partnerships, with suppliers assisting them with their plans, and are exerting a great deal of pressure on product and service pricing. This difficulty is compounded by the economic climate, with competitors generally being inclined to accept price cuts that might be considered unreasonable in order to win orders.

In this regard, the Group's expertise, and the quality of its products and services are key success factors. The Group thus endeavours to keep quality levels extremely high across all its businesses and to obtain certification for them. The stock market listing of GROUPE GORGÉ and ECA, the Group's financial strength and low debt, the diversity of its businesses and markets, and its international footprint raise the Group's profile compared with its competitors.

Risks associated with market changes

The Group as a whole is positioned in a range of different markets, which can develop in opposing directions. A sharp slowdown in investment plans in one market may adversely affect the business of the subsidiary or subsidiaries in question whilst having limited consequences at Group level.

There has been substantial growth in the Protection in Nuclear Environments division over the past number of years. The potential hazards of nuclear energy are often a matter of public debate, and this may influence the approval and timing of plans to build new nuclear power stations. For this division and the 3D Printing division, difficulties in managing growth could also arise, whether commercial, technical or administrative. This growth means that it is necessary to regularly strengthen management structures, to successfully bring on board the necessary qualified staff and to exploit all possible synergies within the Group.

Key person risks

The Group's success and development are dependent on the work and experience of key employees and of the management team. The departure or loss of a key person could adversely affect the business, financial position and results of a subsidiary or of the Group.

Group employees are naturally motivated by the commercial or technical appeal of the projects on which they work. The introduction of profit-sharing and shareholding plans may also serve as additional motivation.

The GROUPE GORGÉ management team also endeavours to ensure that a company's success is not built around an overly small group of people and that managers at subsidiaries consider drawing up succession plans for key people.

Risks associated with confidentiality

Some of our skills, knowledge and technologies are not protected by patents. Despite the implementation of confidentiality procedures, there is nevertheless a risk that confidential information may be disclosed.

Furthermore, competitors may attempt to develop identical or similar technologies, which could have an adverse effect on the business of the subsidiaries in question.

Insuring operating risks

In the course of conducting its business, the Group may be confronted by disputes, proceedings and claims concerning its activities and products. The Group has taken out insurance to cover the cost of these potential risks. However, these insurance policies contain exclusions and exceptions that make it impossible to cover the totality of the potential harm suffered. Furthermore, the amount of expenses could exceed the limits of our insurance coverage.

The insurance taken out by the Group to insure against possible risks encompasses:

- civil liability;
- property, plant and equipment;
- leased premises.

All policies are entered into with reputable insurance companies.

Specific insurance policies have been taken out for post-delivery maritime and aviation risks.

Customers are asking more frequently for substantial guarantees for post-delivery risks. For the most material contracts, we conduct a risk analysis with our insurance carrier to ensure that these risks have been appropriately covered under our civil liability policies. When necessary, additional insurance is taken out for the performance of a contract.

Performance obligation – product liability

The Group cannot totally discount the risk that it might have problems meeting a performance obligation it has contractually promised a customer. The Group has long experience managing this risk and applies controls when approving contracts. Such a risk may, nevertheless, occur and adversely impact the margin on the contract in question.

The products sold by the Group are complex and may contain design or production defects. These defects may also be caused by parts bought from suppliers. The Group may receive complaints concerning the quality of its products and these could lead to costs.

Verification and control procedures have been put in place by the Group to detect any such faults, but these may not be sufficient to detect hidden defects.

Risks associated with acquisitions

The Group has regularly acquired businesses or third party companies in the course of its development and intends to continue with this strategy as opportunities are identified.

Any acquisition involves risks related to the integration into the Group of the business or company acquired, the existence of unforeseen expenditure and the departure of key personnel from these Companies.

The Group systematically conducts financial, legal and technical audits in anticipation of these risks and negotiates asset and liability guarantees. The Group also takes the measures necessary to retain the individuals identified as being key personnel, thus ensuring the long term future of these companies.

In most cases, goodwill is recognised in the consolidated financial statements at the time of acquisition. Impairment tests are carried out each year. If an impairment loss for goodwill is recognised, this could have an impact on the Group's financial situation (revenue and equity), and would indicate that the business outlook is not at the level hoped-for at the time of the acquisition.

1.6.3 Financial risks

Credit and/or counterparty risk

Changes to the economic situation around the world may affect our partners, customers and suppliers due to economic slowdowns and financial, geopolitical or social difficulties, or any other factors. However, given the diversity of the Group's business activities and markets, the profile of its customers (primarily institutional and major buyers) and its ability to obtain a growing number of new contracts, the Group is not exposed to a specific customer risk.

The Group as a whole is not over-reliant on any one customer, as can be seen from the percentage of consolidated revenue earned from each of the top five customers (for each of the top five customers in 2016, the percentage of 2015 revenue earned from it is also indicated):

	2016	2015
• Customer A:	7.0%	6.9%
• Customer B:	5.5%	4.0%
• Customer C:	3.5%	4.0%
• Customer D:	2.9%	2.5%
• Customer E:	2.6%	2.2%

In 2016, the top five customers accounted for 21.4% of the Group's revenue (compared with 19.5% in 2015). The top 20 Group customers accounted for 43% of revenue (38% in 2015). However, a Group subsidiary may have a significant volume of business with one particular customer: for example, ECA CNAI with AIRBUS, and BAUMERT with EDF. The contacts and number of transactions done with these customers make it possible to avoid concentrating the risk on too few deals.

The quality of the Group's customers and the credit management and collection procedures mean that customer credit risk can be controlled. Provisions for impaired trade receivables represented 1.5% of trade receivables, as in 2015. Past-due trade receivables are disclosed in the Notes to the consolidated financial statements, (Note 4.4 "Trade receivables").

The Group's business activities are primarily concentrated in Western Europe and in this region the Group is not heavily dependent on the public sector. Internationally, the Group only deals with major buyers or public buyers. Aside from AI GROUP, there is no exposure to significant country risk. AI GROUP, which became part of the Group at end 2011, had business ties with Iran. The Group made sure that AI GROUP's exports complied with European Union rules whilst also ensuring the proper filing of the requests for approval by the French Treasury (*Direction Générale du Trésor* – DGT) required for every order. Changes to European sanctions against Iran may nevertheless have a marginal impact on the level of business conducted by the Group (less than 1%).

Geopolitical developments in a country can complicate or suspend trade relations with that country. The diversity of countries to which the Group exports its products and services means that the impact of this risk can be limited. In 2013-2014, the Group won a number of contracts in Russia. Because of the European embargo on that country, particular attention was paid to the guarantees and contractual clauses detailed in these contracts. We regularly monitor changes in the sanctions against Russia and its nationals to limit the risks associated with this situation.

The Group employs a range of sources to procure components or sub-assemblies. Given this high level of fragmentation, there is no dependence on any subcontractor or supplier.

Liquidity risk

The liquidity risk is described in the Notes to the consolidated financial statements (Note 8.3.1 "Liquidity risk"). The Group's low net debt and its financial position give it access to substantial financing, notably enabling it to fund acquisitions.

The Company specifically reviewed its liquidity risk and believes it is in a position to meet all future maturities.

Market risk

The risks associated with interest rates, foreign exchange rates, equities and other financial instruments are discussed in the Notes to the consolidated financial statements (Note 8.3 "Financial Risk Management Policy"). Most international deals are denominated in euros. Foreign exchange risk is thus relatively easy to control. The risk associated with equities and other financial instruments is marginal in light of the Group's prudent policy, and is only significant with respect to treasury shares. Interest rate risk is discussed in detail in the Notes to the consolidated financial statements.

The Group is not exposed to any particular commodity risk. When a customer order is likely to expose the subsidiary in question to a commodity risk (steel, lead), an escalator clause is typically included in the contract at the subsidiary's request.

1.6.4 Industrial and environmental risks

Group Companies with sites that fall under the French "Installations Classified for the Protection of the Environment" (ICPE) regulations have made the required declarations or possess the necessary authorisations.

As for any industrial activity, our activities may involve the handling and storage of hazardous substances. The Companies concerned implement the safety procedures recommended for the handling and storage of such products.

The Group is not exposed to any other specific risk.


2

CORPORATE GOVERNANCE

2

2.1 COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Directors of GROUPE GORGÉ consisted of six Directors at 31 December 2016: Raphaël GORGÉ (Chairman and Chief Executive Officer), Jean-Pierre GORGÉ, Sylvie LUCOT, Martine GRIFFON-FOUCO, Catherine GORGÉ, and Hugues SOUPARIS.

Amélie FINAZ de VILLAINE (representing Bpifrance), observer, resigned from her position in 2016 following the disposal of her GROUPE GORGÉ shares by Bpifrance.

Martine GRIFFON-FOUCO was appointed as a director in 2013 on the proposal of Bpifrance, which then held an equity interest of more than 8%. That Director agreed to remain a member of the Board of Directors despite the disposal of her GROUPE GORGÉ shares by Bpifrance. She is now considered an additional Independent Director.

Sylvie LUCOT and Hugues SOUPARIS are independent Directors (*i.e.* Directors who do not have any links to the Company, its group or management, such as might compromise the exercise of their freedom of judgement).

Jean-Pierre GORGÉ is Raphaël GORGÉ's father and Catherine GORGÉ is Raphaël GORGÉ's spouse.

Two specialised Board Committees (audit, remuneration) were established. The roles and composition of these Committees are presented in the Chairman's report (see Section 2.6 below).

As far as the Company is aware, no member of the Board of Directors or corporate officer has, over the past five years, been convicted of fraud, been involved in his/her capacity as a member of the Board of Directors or manager in a bankruptcy, receivership or liquidation, been charged and/or officially sanctioned by a legal or regulatory authority, or been barred by Court order from serving on an administrative, Management or Supervisory Board of an issuer or from being involved in the management or running of an issuer.

As far as GROUPE GORGÉ is aware, there are no conflicts of interest between the personal interests of members of the administrative bodies and their duties to the Company.

As far as GROUPE GORGÉ is aware, the Directors and executive corporate officers have not agreed to any restriction on the free transferability of any interests they may have save as mentioned in Section 4.3.2.

2.2 PRESENTATION OF THE MEMBERS OF THE BOARD

Management experience and expertise of the directors and observer

Raphaël GORGÉ	Raphaël GORGÉ joined GROUPE GORGÉ (named FINUCHEM at the time) in 2004 after a ten-year career in finance and technology. He initiated and implemented the Group's withdrawal from the automotive sector (70% of its revenue in 2004), then steered its development toward new areas of business. Raphaël GORGÉ has been the Chief Executive Officer of the Group since 2008. Raphaël GORGÉ has an engineering degree from the École Centrale de Marseille and holds an advanced degree in molecular modelling.
Jean-Pierre GORGÉ	Before founding GROUPE GORGÉ (previously named FINUCHEM) in 1988, Jean-Pierre GORGÉ held various positions in public administration, including deputy Director of the chemical industries department of the French Ministry of Industry as well as SMI delegate and head of the regional affairs department at the Ministry of Industry. Jean-Pierre GORGÉ is currently the Chairman of FRANCEOLE, a wind turbine manufacturing company controlled by the holding company of the GORGÉ family. Jean-Pierre GORGÉ has an armaments engineering degree from the École Polytechnique (1962) and a degree from the Institut d'Études Politiques in Paris (1967).
Catherine GORGÉ	Catherine GORGÉ began her career as a process engineer at ATLANTIC RICHFIELD, then joined the TECHNIP Group as a project engineer. After working at the Industrial Projects & Services business at GROUPE GORGÉ, she joined the luxury sector. There, she held the position of Director of Development and Operations at the PUIG group, first for the PACO RABANNE brand, then for the MAJE brand. She currently runs the company CBG CONSEIL, specialising in business consulting. Since 2014, she has carried out a consulting assignment at the 3D Printing Division of GROUPE GORGÉ. Catherine GORGÉ is also a director of ECA. Catherine GORGÉ has an engineering degree from the École Centrale de Marseille and holds an advanced degree in project management.
Sylvie LUCOT	Sylvie LUCOT was Vice-Chairman of International Corporate Affairs at the THALES group from 2008 until her retirement in February 2014. From 1986 to 1997, *she was the Director of Investor Relations at the Thomson Group and THOMSON-CSF*, and then from 1998 to 2008, at the THOMSON-CSF Group, which became the THALES Group in 2000. From 1974 until joining the THOMSON Group in 1984, she was a financial analyst at DAFSA and the French Ministry of Industry. Since 2011, Sylvie LUCOT has been an employee shareholders' representative on the Board of the AMF.
Martine GRIFFON-FOUCO	Martine GRIFFON-FOUCO has been a Director of SETEC NUCLÉAIRE within the SETEC ENGINEERING Group since 2016. Previously she was a member of the Executive Board, Executive Vice President and Head of Corporate & Business Development at ASSYSTEM SA from 2007 to 2014. Before that she held various positions at CEGELEC, EDF and the French CEA (Atomic Energy Commission). At EDF, Martine GRIFFON-FOUCO was a member of the Executive Committee as the Director of Communications and the Director of the Blayais Nuclear Power Plant from June 1994 to November 1998. During the 1980s, she created the first "human factor" teams in the nuclear industry while at EDF and the CEA. Martine GRIFFON-FOUCO has a degree in engineering (ENSMA in Poitiers) along with, among others, a degree in psychology.
Hugues SOUPARIS	Hugues SOUPARIS is the founder and Chairman of SURYS (formerly HOLOGRAM INDUSTRIES), a French company specialising in document authentication and traceability and products based on the optical sciences, such as holograms, nano-structures, and digital solutions. SURYS is the designer and supplier of holograms of high-denomination euro banknotes and optical films for authenticating French biometric passports. Hugues SOUPARIS is a graduate of the École Centrale Marseille, and specialises in the design and creation of industrial products.
Amélie FINAZ de VILLAINE (observer, representing Bpifrance Participations, resigned)	Amélie FINAZ de VILLAINE is the Investment Manager at Bpifrance Investissement ETI/GE, which she joined in 2009. She began her career working in Mergers & Acquisitions at ROTHSCHILD & CIE in Paris before moving to SOCIÉTÉ GÉNÉRALE where she worked in structured financing in New York for nearly five years. Amélie FINAZ de VILLAINE is a graduate of the ESSEC business school.

List of offices and positions held by the directors

Surname and given name	Date of first appointment	Date term expires	Main position held in the Company	Main position held outside the Company	Other terms of office and positions held in any company
GORGÉ Catherine	Shareholders' Meeting of 8 June 2012	Shareholders' Meeting approving the financial statements for the financial year ending 31/12/2017	Director	Chairperson of CBG CONSEIL SAS	Director of ECA SA
GORGÉ Jean-Pierre	Meeting of the Board of Directors dated 11 March 1991	Shareholders' Meeting approving the financial statements for the financial year ending 31/12/2020	Director	Chairman of PÉLICAN VENTURE SAS Permanent representative of PÉLICAN VENTURE as Chairman of FRANCEOLE HOLDING SAS Permanent representative of PÉLICAN VENTURE as Chairman of FRANCEOLE HOLDING SAS	Director of ECA SA Vice-Chairman of the Supervisory Board of SOPROMEC Manager of SOCIÉTÉ CIVILE G21 Manager of SARL TROIDEMI
GORGÉ Raphaël	Shareholders' Meeting of 17 June 2004	Shareholders' Meeting approving the financial statements for the financial year ending 31/12/2021	Chairman of the Board of Directors and CEO	Deputy CEO of PÉLICAN VENTURE SAS	Office held outside the Group: Member of the Executive Committee of LA VÉLIÈRE CAPITAL (formerly PROMELYS PARTICIPATIONS SA until 18 October 2016) Chairman of the Supervisory Board of SOPROMEC SA Manager of SOCIÉTÉ CIVILE COMPAGNIE INDUSTRIELLE DU VERDELET Manager of SCI THOUVENOT Manager of SCI AUSSONNE Office held within the Group: Director of ECA SA Chairman of the Board of Directors of ECA SA Chairman of NUCLÉACTION SAS Manager of SCI DES CARRIÈRES Chairman of STONI SAS General Manager of GORGÉ EUROPE INVESTMENT BV Permanent representative of PRODWAYS GROUP as Chairman of CRISTAL (ex FINU 9), PRODWAYS, PRODWAYS 1, PRODWAYS 2, PODO 3D, PRODWAYS ENTREPRENEURS, PRODWAYS Conseil Chairman of FINU 10 Permanent Representative of GROUPE GORGÉ SA in the office of Chairman of BALISCO Chairman and Chief Executive Officer and Director of PRODWAYS GROUP SA Manager of SCI MEYSSE
GRIFFON-FOUCO Martine	Shareholders' Meeting of 8 June 2012	Shareholders' Meeting approving the financial statements for the financial year ending 31/12/2017	Independent Director	Chairperson of GALI	Director of ISAE-ENSMA Director of KEDGE Manager of SCI LAUFRED Manager of SCI GALA
LUCOT Sylvie	Shareholders' Meeting of 18 December 2006	Shareholders' Meeting approving the financial statements for the financial year ending 31/12/2016 The renewal of her term of office is on the agenda for the Shareholders' Meeting of 16 June 2017	Independent Director		Member of the Board of the AMF
SOUPARIS Hugues	Shareholders' Meeting of 18 June 2014	Shareholders' Meeting approving the financial statements for the financial year ending 31/12/2019	Independent Director	Chairman of SURYS	Manager of ENOWOOD Chairman of ENOWE Chairman of ENOGRAM Chairman of HOLOGRAM FOUNDATION Director of USINE IO

Professional addresses of the directors

Raphaël GORGÉ	C/o GROUPE GORGÉ, 19, rue du Quatre-Septembre – 75002 Paris
Jean-Pierre GORGÉ	C/o GROUPE GORGÉ, 19, rue du Quatre-Septembre – 75002 Paris
Catherine GORGÉ	C/o GROUPE GORGÉ, 19, rue du Quatre-Septembre – 75002 Paris
Sylvie LUCOT	C/o GROUPE GORGÉ, 19, rue du Quatre-Septembre – 75002 Paris
Hugues SOUPARIS	Chez SURYS, 22, avenue de l'Europe Parc d'Activités Gustave Eiffel – 77600 Bussy-Saint-Georges
Martine GRIFFON-FOUCO	Chez GALI, 10, rue Daru – 75008 Paris

During the last five years, the corporate officers have served terms of office in the following companies:

	2012	2013	2014	2015	2016
Jean-Pierre GORGÉ					
ECA	X	X	X	X	X
GROUPE GORGÉ	X	X	X	X	X
PÉLICAN VENTURE	X	X	X	X	X
SOPROMEC PARTICIPATIONS	X	X	X	X	X
AUPLATA	X				
LA VÉLIÉRE CAPITAL SAS (formerly PROMELYS PARTICIPATIONS)	X	X			
AF MATHURINS COMMANDITE SARL	X	X			
SOCIÉTÉ CIVILE G21	X	X	X	X	X
FRANCEOLE HOLDING SAS	X	X	X	X	X
FRANCEOLE SAS	X	X	X	X	X
SARL TROIDEMI				X	X
Raphaël GORGÉ					
GROUPE GORGÉ	X	X	X	X	X
SCI THOUVENOT	X	X	X	X	X
PÉLICAN VENTURE	X	X	X	X	X
AUPLATA	X				
ECA	X	X	X	X	X
SOPROMEC PARTICIPATIONS	X	X	X	X	X
SCI DES CARRIÈRES	X	X	X	X	X
STONI	X	X	X	X	X
NUCLÉACTION	X	X	X	X	X
SCI AUSSONNE	X	X	X	X	X
COMMERCY ROBOTIQUE	X	X			
LA VÉLIÈRE CAPITAL SAS (formerly PROMELYS PARTICIPATIONS until 18 October 2016)	X	X	X	X	X
GORGÉ EUROPE INVESTMENT BV		X	X	X	X
SC COMPAGNIE INDUSTRIELLE DU VERDELET		X	X	X	X
BALISCO		X	X	X	X
PRODWAYS		X	X	X	X
PRODWAYS GROUP			X	X	X
PRODWAYS ENTREPRENEURS			X	X	X
FINU 7			X		
PRODWAYS DISTRIBUTION (formerly FINU 8)			X		
CRISTAL (formerly FINU 9)			X	X	X

	2012	2013	2014	2015	2016
FINU 10				X	X
PODO 3D					X
PRODWAYS 1					X
PRODWAYS 2					X
SCI MEYSSE					X
Sylvie LUCOT					
GROUPE GORGÉ	X	X	X	X	X
THALES CANADA	X				
Martine GRIFFON-FOUCO					
GROUPE GORGÉ	X	X	X	X	X
ASSYSTEM SA (until March 2014)	X	X	X		
ALPHATEST SA (until March 2014)	X	X	X		
GIAT INDUSTRIES (until December 2015)	X	X	X	X	
ISAE-ENSMA		X	X	X	X
KEDGE		X	X	X	X
ASG SA	X				
INSIEMA	X				
ANAFI SAS	X				
SCI LAUFRED		X	X	X	X
SAS GALI		X	X	X	X
SCI GALA				X	X
Catherine GORGÉ					
GROUPE GORGÉ	X	X	X	X	X
ECA SA	X	X	X	X	X
IMMOBILIÈRE BENON SCI (radiation on February 2014)	X	X	X		
CBG CONSEIL SAS		X	X	X	X
Hugues SOUPARIS					
SURYS	X	X	X	X	X
ENOWE	X	X	X	X	X
ENOGRAM		X	X	X	X
ENOWOOD				X	X
HOLOGRAM FOUNDATION				X	X
USINE IO				X	X

2.3 INFORMATION ON THE SECURITIES TRANSACTIONS BY CORPORATE OFFICERS

To the knowledge of the Company, the corporate officers and Group managers and persons referred to in Article L. 621-18-2 of the French Monetary and Financial Code subject to voluntary reporting of their securities transactions completed the following in 2016:

(in number of shares)	Acquisitions	Disposals
Bpifrance Participations[1]	-	1,095,559

(1) Amélie FINAZ de VILLAINE, observer, representing Bpifrance Participations.

2.4 REMUNERATION OF CORPORATE OFFICERS

The tables below present the remuneration and benefits paid to each of the corporate officers by the Company, companies controlled by GROUPE GORGÉ or the controlling company of GROUPE GORGÉ, during the past year.

Raphaël GORGÉ (Chairman and Chief Executive Officer) is primarily remunerated by PÉLICAN VENTURE (the company controlling GROUPE GORGÉ). PÉLICAN VENTURE charges the main part of this remuneration to GROUPE GORGÉ for the services that it provides. Raphaël GORGÉ is paid director's fees by GROUPE GORGÉ as well as variable remuneration based on targets set annually by the Board of Directors on a proposal by the Remuneration Committee.

The Company has not made any other remuneration commitment for 2016 in favour of its executive corporate officer, for any reason whatsoever. Raphaël GORGÉ does not have any stock subscription or purchase options, nor does he have a bonus share grant plan.

Jean-Pierre GORGÉ (Director) also receives remuneration from PÉLICAN VENTURE. This remuneration is not in connection with his term of office as Director at GROUPE GORGÉ.

Catherine GORGÉ (Director) acted as a consultant (*via* her consulting firm CBG CONSEIL) with the subsidiary PRODWAYS between 2014 and the beginning of 2016. Since the beginning of 2016, CBG CONSEIL has provided services to the subsidiary PRODWAYS GROUP and invoiced fees accordingly (see Table 3 and Section 2.7.1 below).

The total amount of directors' fees to be allocated to the Board of Directors from 1 January 2016 was fixed at €60,000.

TABLE 1 – SUMMARY TABLE OF THE REMUNERATION AND THE OPTIONS AND SHARES GRANTED TO EACH EXECUTIVE CORPORATE OFFICER

Raphaël GORGÉ, Chairman and Chief Executive Officer	2016	2015
Remuneration due for the financial year (details in Table 2)	€66,750	€69,350
Remuneration due by a controlling company for the financial year (details in Table 2)	€189,701	€182,719
Value of multiannual variable remuneration granted during the financial year	None	None
Value of the options granted during the financial year (details in Table 4)	None	None
Valuation of bonus shares (details in Table 6)	None	None
TOTAL FOR RAPHAËL GORGÉ	**€256,451**	**€252,069**

TABLE 2 – SUMMARY TABLE OF THE REMUNERATION OF EACH EXECUTIVE CORPORATE OFFICER

	Amounts for 2016		Amounts for 2015	
Raphaël GORGÉ, Chairman and Chief Executive Officer	Due(3)	Paid(4)	Due(3)	Paid(4)
• fixed remuneration	none	none	none	none
• fixed remuneration paid by a controlling company(1)	€180,000	€187,000	€172,000	€161,000
• annual variable remuneration(2)	€56,750	€59,350	€59,350	€74,000
• multiannual variable remuneration	none	none	none	none
• non-recurring remuneration	none	none	none	none
• directors' fees	€10,000	€10,000	€10,000	€10,000
• benefits in kind(1)	€9,701	€9,701	€10,719	€10,719
TOTAL	**€256,451**	**€266,051**	**€252,069**	**€255,719**

(1) This remuneration was paid by PÉLICAN VENTURE, the company that controls GROUPE GORGÉ.
(2) The Board of Directors decided to allocate variable compensation of up to €90 thousand gross to Raphaël GORGÉ for 2016 (€86 thousand for 2015), depending on the achievement of quantitative and qualitative criteria linked to the Group's performance and projects. The criteria were precisely defined the beginning of the year by the Board of Directors on a proposal by the Remuneration Committee. These criteria remain confidential.
(3) Remuneration due to the corporate officer during the financial year, the amount of which cannot be changed regardless of the payment date.
(4) Remuneration due to the corporate officer during the financial year.

TABLE 3 – TABLE OF DIRECTORS' FEES AND OTHER REMUNERATION RECEIVED BY NON-EXECUTIVE CORPORATE OFFICERS

Members of the Board of Directors	Paid in 2016	Paid in 2015
Jean-Pierre GORGÉ		
Director's fees	€10,000	€10,000
Other remuneration(1)	€136,910	€132,000
Sylvie LUCOT		
Director's fees	€10,000	€10,000
Other remuneration	-	-
Amélie FINAZ de VILLAINE (observer until 13 October 2016)		
Director's fees	-	-
Other remuneration	-	-
Martine GRIFFON-FOUCO		
Director's fees	€10,000	€10,000
Other remuneration	-	-
Catherine GORGÉ(2)		
Director's fees	€10,000	€10,000
Other remuneration	€130,875	€77,000
Hugues SOUPARIS		
Director's fees	€10,000	€5,000
Other remuneration	-	-

(1) The remuneration paid to Jean-Pierre GORGÉ was paid by PELICAN VENTURE, the company that controls GROUPE GORGÉ SA.
(2) Catherine GORGÉ's "other remuneration" corresponds to fees, exclusive of tax, billed to PRODWAYS or PRODWAYS GROUP by its Company CBG CONSEIL.

TABLE 4 – STOCK SUBSCRIPTION OR PURCHASE OPTIONS GRANTED DURING THE FINANCIAL YEAR TO EACH EXECUTIVE CORPORATE OFFICER BY THE ISSUER OR BY ANY GROUP COMPANY

Name of the executive corporate officer	None
Plan No. and date	
Type of options (purchase or subscription)	
Value of the options as per the method used for the consolidated financial statements	
Number of options granted during the financial year	
Strike price	
Strike period	

TABLE 5 – STOCK SUBSCRIPTION OR PURCHASE OPTIONS EXERCISED DURING THE YEAR BY EACH EXECUTIVE CORPORATE OFFICER

Name of the executive corporate officer	None
Plan No. and date	
Number of options exercised during the year	
Strike price	

TABLE 6 – BONUS SHARES GRANTED FREE TO EACH CORPORATE OFFICER

	Grants in the 2016 financial year
Bonus shares granted by the Shareholders' Meeting during the financial year to each corporate officer by the issuer or by any Group Company (bearer list)	None
Plan No and date	
Number of shares granted during the financial year	
Value of shares according to the method used for consolidated financial statements	
Acquisition date	
Availability date	
Performance conditions	

TABLE 7 – BONUS SHARES THAT BECOME AVAILABLE TO EACH CORPORATE OFFICER

Bonus shares that become available to each corporate officer	None
Plan No. and date	
Number of shares that became available during the financial year	
Acquisition conditions	

TABLE 8 – HISTORY OF ALLOCATION OF STOCK SUBSCRIPTION OR PURCHASE OPTIONS

Information on stock subscription or purchase options	None

TABLE 9 – STOCK SUBSCRIPTION OR PURCHASE OPTIONS GRANTED TO THE FIRST TEN EMPLOYEES WHO ARE NOT CORPORATE OFFICERS AND OPTIONS EXERCISED BY THEM

	Total number of options allocated for shares subscribed or purchased	Weighted average price	Plan No. 1	Plan No. 2
Options granted, during the financial year, by the issuer and any company included within the scope of granting options, to the last ten employees of the issuer and any company included within this scope, of which the number of options granted is the highest (global information)		None		
Options held in the issuer company and the companies mentioned above, exercised, during the financial year, by the ten employees of the issuer and these companies, of which the number of options thus purchased or subscribed to is the highest (global information)		None		

TABLE 10 – HISTORY OF BONUS SHARE AWARDS

Date of meeting	18/12/2006	08/06/2010	08/06/2014
Date of Board of Directors' meeting	22/02/2008	06/06/2011	12/05/2014
Total number of bonus shares distributed[1]	62,000	49,000	30,000
including corporate officers	31,000	-	-
Raphaël GORGÉ	31,000	-	-
Acquisition date of the shares	22/04/2010	06/06/2013	12/05/2016 and 31/12/2016
Date of end of the lock-up period	22/04/2012	06/06/2015	12/05/2018 and 31/12/2018
Number of shares acquired	20,668	42,000	15,000
including corporate officers	10,334	-	-
Raphaël GORGÉ	10,334	-	-
Number of cancelled shares	41,332	7,000	15,000
Bonus shares distributed during the acquisition period	-	-	-

(1) Distribution subject to performance conditions associated with the profits of the Group and/or of the subsidiaries.

TABLE 11 – INFORMATION RELATING TO EMPLOYMENT CONTRACTS, SUPPLEMENTARY PENSION SCHEME AND INDEMNITIES FOR EACH EXECUTIVE CORPORATE OFFICER

Executive corporate officers	Raphaël GORGÉ, Chairman and Chief Executive Officer
Employment contract	no
Supplementary pension scheme	yes[1]
Compensation or benefits due or likely to be due on account of the end or change of office	no
Compensation relating to a non-compete clause	no

(1) Supplementary pension plan with defined contributions of 2.5% of the gross salary, paid by PÉLICAN VENTURE, the company controlling GROUPE GORGÉ.

2.5 REPORT OF THE BOARD OF DIRECTORS ON THE REMUNERATION POLICY FOR EXECUTIVE CORPORATE OFFICERS

Report of the Board of Directors on the remuneration policy for executive corporate officers for 2017

This report was prepared pursuant to Article L. 225-37-2 of the French Commercial Code (Code de commerce) and is attached to the report mentioned in Articles L. 225-100 and L. 225-102 of that Code.

This report sets out the principles and criteria for determining, distributing, and assigning the fixed, variable, and exceptional components making up the total remuneration (1) and benefits of all kinds for the executive corporate officers of GROUPE GORGÉ for financial year 2017 (2).

1. General principles of the remuneration policy for the executive corporate officers of GROUPE GORGÉ

Each year, the Remuneration Committee draws up the principles and criteria for determining, distributing, and assigning the total remuneration and benefits of all kinds for the executive corporate officers before they are proposed, discussed and approved by the Board of Directors.

The work of the Remuneration Committee is structured on several themes, including: the remuneration of executive corporate officers for the current year, calculation of their bonuses for the past year based on performance achieved, bonus criteria for the current year and directors' fees.

Since 2016, the Remuneration Committee has been composed solely of independent directors.

During its work, the Remuneration Committee evaluates the individual performance of the Group's executive corporate officers, which it compares to the performance of the company. It also takes into account the alignment of objectives with medium-term strategy, shareholder interests and changes to the MIDDLENEXT Corporate Governance Code. It also relies on external studies that indicate market practices for comparable companies.

1.1 Principles relating to the setting of fixed remuneration

Note that to date, GROUPE GORGÉ has had only one executive corporate officer, Raphaël GORGÉ, Chairman and Chief Executive Officer.

GROUPE GORGÉ is controlled by the GORGÉ family through Pélican Venture, which pays Raphaël GORGÉ a fixed remuneration and invoices its services to GROUPE GORGÉ. As a result, it was decided that Raphaël GORGÉ would not receive fixed remuneration from GROUPE GORGÉ.

In the event that the company appoints other executive corporate officers, the company may determine the fixed remuneration of the new executive corporate officers and take into account the level of difficulty of their responsibilities, experience in the position and seniority in the group, as well as practices of other similar and comparable companies.

1.2 Principles relating to the setting of variable remuneration

Currently, Raphaël GORGÉ is the only executive corporate officer. He only receives annual variable remuneration from GROUPE GORGÉ in his capacity as Chairman and Chief Executive Officer.

The annual variable remuneration is defined according to various performance criteria, both quantitative and qualitative. No multiannual variable remuneration is established.

Each year, the Board of Directors determines the quantitative and qualitative criteria to be applied on the proposal of the Remuneration Committee according to the priorities defined by the Group and the weighting given to each of these criteria.

1.3 Other remuneration and benefits of any kind

Under exceptional circumstances, the Board of Directors may decide to allocate non-recurring remuneration to executive corporate officers. The reasons for this decision would be explained.

In the event of the appointment of executive corporate officers, the Board of Directors may also decide to grant benefits in kind, supplementary pensions, etc., depending on market practices and the manager's experience.

The Board of Directors may also grant options or bonus shares to executive corporate officers under the conditions provided by law. To do this, it receives delegations of the necessary powers as voted by the Shareholders' Meeting.

2 Remuneration of Raphaël GORGÉ for the 2017 financial year

2.1 Amount of fixed remuneration

In accordance with the policy set out above, no fixed remuneration is paid by GROUP GORGÉ to Raphaël GORGÉ.

2.2 Amount of annual variable remuneration for 2017

Based on external studies, the Remuneration Committee estimates that the remuneration of Raphaël GORGÉ for 2016 is clearly below the median of the companies in Compartment B of Euronext Paris.

In view of this peer-to-peer benchmark, on 20 March 2017, the Board of Directors decided to set the annual variable remuneration of Raphaël GORGÉ for 2017 at €9,200, which represents an increase of 2.22% compared to 2016.

2.3 Performance criteria

The annual variable remuneration of €9,200 (100% achievement of objectives) is based on quantitative and qualitative criteria, weighted as a percentage of the target bonus.

The Company wishes to keep the level of the objectives used confidential. The quantitative criteria relate to the Group's performance objectives, revenue and share price performance. The qualitative criteria are defined according to projects and the Group's strategy.

2.4 Other remuneration

The Board did not allocate any other remuneration to Raphaël GORGÉ because of his term as Chairman and Chief Executive Officer for the 2017 financial year.

If necessary, the Board may grant options or bonus shares in the event of the implementation of such plans in the Group.

2.5 Payment of variable remuneration

The payment of variable remuneration is subject to the approval of these components of remuneration by an Ordinary Shareholders' Meeting to be held in 2018 under the conditions set out in Article L. 225-100.

The Board of Directors

20 March 2017

2.6 CHAIRMAN'S REPORT

2.6.1 Chairman's report on the work of the Board and internal control

Dear Shareholders,

Pursuant to the provisions of Article L. 225-37, paragraphs 6 to 10 of the French Commercial Code, I am hereby reporting on:

- Board membership and the application of the principle of gender balance;
- the preparation and organisation of the proceedings of the Board of Directors during the financial year ended 31 December 2016;
- the internal control and risk management procedures established by the Company;
- the scope of the CEO's powers;
- the Company's reference to a Corporate Governance Code and its application by the Company;
- any special arrangements regarding shareholders participation in Shareholders' Meetings;
- the principles and rules established by the Board of Directors to determine the remuneration and benefits-in-kind of corporate officers.

The information required pursuant to Article L. 225-100-3 of the French Commercial Code (factors likely to have an impact in the event of a public offer) is given in Section 4.3.4 of the Registration Document.

1. Members of the Board, preparation and organisation of the Board's proceedings

1.1 Board members

The Board of Directors has six Directors. The current list of members is as follows:

Raphaël GORGÉ, Chairman and CEO;

Jean-Pierre GORGÉ, Director;

Sylvie LUCOT, Independent Director;

Martine GRIFFON-FOUCO, Independent Director;

Catherine GORGÉ, Director;

Hugues SOUPARIS, Independent Director;

One observer seat representing Bpifrance was occupied by Amélie FINAZ de VILLAINE until 28 September 2016. Ms FINAZ de VILLAINE presented her resignation because of the sale by Bpifrance of her equity interest in GROUPE GORGÉ in September 2016. Ms GRIFFON-FOUCO, who was appointed as Director in 2013 on a proposal from Bpifrance, agreed to remain a member of the Board of Directors at the request of the Board. She no longer represents Bpifrance and is now therefore an Independent Director.

The rules governing the operation of the Board of Directors can be found in the bylaws and are set out in detail in the Board's Internal Regulations.

With respect to the application of the principle of gender balance on the Board, it should be noted that women are one half of the Board.

1.2 Frequency of meetings – Attendance record of Directors

Over the past year, the Board of Directors met eight times. Directors have a very strong attendance record.

1.3 Calling Board meetings

In accordance with Article 15 of the bylaws, Board meetings may be called by any means, including verbally.

In 2016, Board meetings were called by email.

Pursuant to Article L. 225-238 of the French Commercial Code, the Statutory Auditors were invited to attend the Board meetings held to review and approve the interim and annual financial statements.

1.4 Provision of information to Directors

Directors were provided with all the papers, technical dossiers and information required to carry out their duties either when meetings were called or prior to Board meetings.

1.5 Holding of meetings

Meetings of the Board of Directors are held at the registered office. The Internal Regulations approved by the Company's Board of Directors, allow the use of video-conferencing or other telecommunications technologies subject to the regulatory requirements for holding the meetings of the Board of Directors.

1.6 Board Committees

Following the departure of Bpifrance, the Board of Directors decided to dissolve the Strategy Committee and address strategic issues directly at Board meetings.

Two Board Committees (audit and remuneration) have existed since 2012:

- the Appointments and Remuneration Committee consists of Martine GRIFFON-FOUCO (Chairman) and Sylvie LUCOT;
- the Audit Committee consists of Sylvie LUCOT (Chairman) and Jean-Pierre GORGÉ.

The Audit Committee is responsible for monitoring the following:

- the financial reporting process;
- the effectiveness of the internal-control and risk-management systems;
- the statutory audit of the separate and consolidated financial statements by the Statutory Auditors;
- the independence of the Statutory Auditors.

It issues a recommendation regarding the Statutory Auditors proposed to the Shareholders' Meeting.

In the course of preparing the interim and annual financial statements, the Audit Committee met with the Company's Statutory Auditors to prepare the closing of accounts and to get updates from the Statutory Auditors on their work.

1.7 Decisions taken

In the course of the past year, the Board of Directors took routine decisions that were in the Company's best interests.

1.8 Meeting minutes

Minutes of Board of Directors meetings are drawn up following each meeting and sent to all Directors at the latest before the next Board meeting.

2. Internal control and risk management procedures

The Company has developed internal control procedures with a view to achieving, to the extent possible, strict financial management and risks control, and preparing the information provided to shareholders on the financial position and financial statements.

The main risks facing the Group are discussed in the Registration Document published by the Company and filed with the AMF ("Risk Factors").

The internal control system is built around the following organisation and methodologies:

2.1 General organisation of internal control

The Chairman & CEO, assisted by the Chief Financial Officer, established the Company's internal control system with a view to ensuring:

- the safeguarding and integrity of assets; and
- the reliability of information flows.

This internal control system primarily encompasses:

- oversight of the Group's business by the introduction of a procedure for monthly reporting and analysis of sales, profit (loss) and cash flow;
- a procedure for organising accounts closing and the production of consolidated financial statements every half-year;
- a special reporting procedure for the quarterly preparation of consolidated revenue figures.

2.2 Group organisation

GROUPE GORGÉ SA does not carry out any industrial activities and its purpose is to:

- define and implement the Group's strategy;
- supervise the management of subsidiaries (human resources, communication, procurement, etc.);
- liaise with the financial community (banks, stock market, etc.);
- develop and maintain common procedures (reporting, management control, accounting, etc.).

The Group is organised around three business divisions: Smart Safety Systems, Protection in Nuclear Environments, which was merged in the third quarter of 2016 with Industrial Projects & Services (the new name of the division is Protection of High-Risk Installations) and 3D Printing. Each business is independent and has its own operational structures (senior management, finance department, management control, etc.).

Management at the Group's main operating subsidiaries reports directly to the Group's senior management.

2.3 Implementing internal control

2.3.1 Business reporting

All direct and indirect subsidiaries of GROUPE GORGÉ complete the Group's reporting scorecards which include the following business indicators:

- monthly and year-to-date sales;
- monthly order intakes;
- total order book;
- highlights.

These scorecards, once approved by the finance chiefs and senior management in the operating entities, are sent to HQ on the fifth of each month together with any notes or commentaries required to analyse and understand them.

2.3.2 Performance reporting

All direct and indirect subsidiaries of GROUPE GORGÉ prepare a monthly income statement in the Group's format with a comparison against the budget. The cash flow position and a three-month cash flow forecast are also included. These reports also include a section on Working Capital Requirements (WCR), human resources, and significant events.

This information, together with any commentary required for understanding it and following approval by management, is sent to HQ on the 20th of each month.

Monthly meetings are held between Group management and management of subsidiaries to discuss the information sent and to consider any corrective measures taken or to be taken and to update forecasts.

These monthly reports are accompanied by an end-of-year income statement, which is updated several times during the year.

2.3.3 Accounting closes

All of the Group's subsidiaries, except, for the time being, for BE MAURIC, which was acquired in November 2016, close their separate financial statements on 31 December and their interim financial statements on 30 June.

The interim and annual financial statements as well as the consolidation reporting are audited or partially reviewed by the Statutory Auditors.

A review meeting between Group management and management at subsidiaries is held at each accounting close in order to agree the relevant options for said accounting closes.

The data required for preparing the consolidated financial statements are entered in a decentralised input system. The software used is SAP BFC, with an automatic module that immediately reconciles reported intra-group transactions. An internal manual details the principles and policies applied by the Group for the purposes of preparing the consolidation reporting.

The Group's consolidated financial statements are prepared internally in accordance with applicable principles and are audited by the Statutory Auditors.

Following these accounting closes, all legal disclosure requirements are satisfied.

Since 2015, SAP BFC software has been used for the consolidation of financial statements as well as all budgets, reports and projections.

2.3.4 Quarterly business reports

The Group publishes its quarterly consolidated revenue. These numbers are prepared in the same way as for the preparation of the consolidated financial statements. The press releases disclosing quarterly revenue numbers are prepared on the basis of the business and profit (loss) reports as well as discussions with management at the subsidiaries.

2.3.5 Assessment of internal control

In 2016, the Group launched a project for a comprehensive review of risk mapping and the internal control accounting system. The objective was to stabilise a robust and sustainable internal control system, taking into account the specificities of the Group, and to provide a reasonable level of assurance for control of the main risks. The work carried out by the group was reviewed by one of our statutory auditors, PwC.

The project began with risk identification, which took place through a set of maintenance actions. The identified risks were sorted, categorised and evaluated in terms of impact and likelihood of occurrence. The risks were regrouped on a map.

On the basis of the risk mapping, actions to improve risk control were defined. The most important of these actions is the strengthening and dissemination of internal control measures.

A Group internal control framework was developed to facilitate the dissemination and monitoring of good internal control practices. Critical processes were identified (accounting closure, cash, purchases, sales, inventories, HR/payroll, project management, legal and tax, R&D, control environment and general computer controls). An internal control framework was built for each process and then adapted and validated in cross-functional workshops. The sum of the frameworks for each process constitutes the internal control framework. For each process and sub-process, this framework defines the risks to which the Group is exposed, the objectives of the controls to be carried out, the control activities, their frequency, responsible persons and proof of achievement.

The dissemination of the internal control framework within the Group was accompanied by self-assessment questionnaires that focused on the controls deemed to be priorities.

The use of the internal control framework within the Group is the responsibility of the entire management chain, starting with the managers (division managers or CEOs of subsidiaries) who rely for this on the administrative and financial managers or directors.

Errors in the 2015 financial statements of the PRODWAYS subsidiary were identified in 2016. These errors occurred at the end of 2015, when the company started its new ERP. They are not significant at Group level but are significant at the division level. They concern the omission of a credit note (€292 thousand), the unwarranted recognition of a property, plant and equipment in progress (€82 thousand) and an inventory error (€195 thousand). The operation of the new ERP was stabilised in 2016.

2.4 Preparation and control of accounting and financial information for shareholders

The Chairman and CEO, assisted by the Chief Financial Officer, establish the financial communications policy.

Since September 2014, it has been decided to replace the traditional information meetings with the French Society of Financial Analysts (SFAF) with the publication on the Group's website of the presentation of highlights, outlook and interim and annual financial statements.

2.5 Legal and regulatory compliance

In order to ensure that their businesses are in compliance with applicable regulations, Group companies have recourse to the Group's legal department and to external advisers (lawyers, labour law experts and intellectual property experts).

3. Powers of the CEO

At its 14 September 2011 meeting, the Board of Directors resolved that the positions of Chairman of the Board of Directors and of CEO would be held by a single person.

It should be noted that when he was appointed, no restrictions were placed on the powers of the CEO. Subsequently, the investment agreement entered into with Bpifrance did restrict some of the CEO's powers. The main provisions of this investment protocol were published on the AMF's website ("Publication of the clauses of a shareholder's agreement" dated 3 January 2012). Since Bpifrance sold its equity interest in GROUPE GORGÉ (September 2016), this protocol and therefore the associated limitations of power have lapsed.

4. Company reference to a Corporate Governance Code and its application by the Company

At the Board of Directors' meeting on 7 April 2010, the Company decided to adhere to the Corporate Governance Code for MIDDLENEXT VAMPS. MIDDLENEXT updated its code in 2016. It was decided to adhere to the new code. Accordingly, the Company refers to the MIDDLENEXT Governance Code for the purpose of drawing up this report. This code can be consulted on the MIDDLENEXT website (www.middlenext.com).

The Board of Directors took note of the items in the "Items requiring careful attention" section. Most of the recommendations are respected:

Code recommendation	Compliant	Non-compliant
Recommendation 1 (Code of Ethics for Board members)	X	
Recommendation 2 (Conflicts of interest)	X	
Recommendation 3 (Board members – attendance of independent members)	X	
Recommendation 4 (information for Board members)	X	
Recommendation 5 (organisation of Board and Committee meetings)	X	
Recommendation 6 (establishment of Committees)	X	
Recommendation 7 (implementation of Internal Regulations for the Board)	X	
Recommendation 8 (selection of directors)	X	
Recommendation 9 (term of office of Board members)	X(1)	
Recommendation 10 (remuneration of Board members)	X(2)	
Recommendation 11 (assessment of the work of the Board)	X	
Recommendation 12 (relationships with shareholders)	X	
Recommendation 13: (setting and transparency of the remuneration of executive corporate officers)	X	
Recommendation 14 (preparation of succession of senior managers)		X(3)
Recommendation 15 (accumulation of employment contracts and corporate offices)	X	
Recommendation 16 (severance pay)	X	
Recommendation 17 (supplementary pension scheme)	X	
Recommendation 18 (stock options and allocation of bonus shares)	X	
Recommendation 19 (review of vigilance points)	X	

(1) Recommendation 9: the term of office is mentioned in the Registration Document and not in the Chairman's report on governance.

(2) Recommendation 10 (remuneration of Board members): since the Directors have an excellent attendance record at Board meetings and the total amount of directors' fees remains relatively modest, the distribution of directors' fees in accordance with the attendance record was not adopted.

(3) Recommendation 14 (preparation of succession of senior managers): There is no formal succession plan. The Remuneration Committee or the Board of Directors will have to reflect on this issue.

5. Special arrangements, if any, regarding shareholder participation in Shareholders' Meetings

The bylaws do not contain any provision waiving the ordinary legal provisions governing the arrangements for shareholders participation in Shareholders' Meetings (see Article 22 of the bylaws partially inserted in the "Corporate Charter and bylaws" section of the Company's Registration Document).

6. Principles and rules established by the Board of Directors to determine the remuneration and benefits-in-kind of corporate officers

The remuneration and benefits-in-kind received by corporate officers are detailed in the Registration Document prepared by the Company and incorporating the management report by reference.

This report was prepared by the Chairman on 16 March 2017 and approved by the Board of Directors on 20 March 2017.

The Chairman of the Board of Directors

2.6.2 Statutory auditors' report prepared in accordance with Article L. 225-235 of the French Commercial Code and dealing with the report of the Chairman of the Board of Directors of GROUPE GORGÉ

Year ended 31 December 2016

To the Shareholders

In our capacity as Statutory Auditors of GROUPE GORGÉ and in accordance with article L. 225-235 of the French Commercial Code, we hereby present our report dealing with the report prepared by the Chairman of your company in accordance with article L. 225-37 of the French Commercial Code for the financial year ending 31 December 2016.

The Chairman is responsible for preparing and submitting, for the approval of the Board of Directors, a report describing the internal control and risk management procedures implemented by the Company and disclosing other information, as required by Article L. 225-37 of the French Commercial Code dealing in particular with corporate governance.

Our own responsibility is to:

- communicate to you any observations we may have as to the information contained in the Chairman's report and relating to the Company's internal control and risk management procedures in the area of the preparation and processing of financial and accounting information; and
- certify that the report includes the other disclosures required by Article L. 225-37 of the French Commercial Code. It should be noted that we are not responsible for verifying the fair presentation of these other disclosures.

We have performed our work in compliance with the professional standards applicable in France.

Information concerning the Company's internal control and risk management procedures for the preparation and processing of financial and accounting information

Our professional standards require the application of procedures designed to assess the fair presentation of the information contained in the Chairman's report and relating to the Company's internal control and risk management procedures for the preparation and processing of financial and accounting information.

Those procedures involve in particular:

- obtaining an understanding of the underlying internal control and risk management procedures for the preparation and processing of financial and accounting information presented in the Chairman's report, and of existing related documentation;
- obtaining an understanding of the work performed as a basis for preparing the said information and existing documentation;
- determining if any major internal control shortcomings in the preparation and processing of financial and accounting information identified by us during the course of our engagement have been appropriately disclosed in the Chairman's report.

On the basis of the procedures performed, we have nothing to report on the information relating to the Company's internal control and risk management procedures for the preparation and processing of financial and accounting information contained in the report of the Chairman of the Board of Directors, prepared pursuant to Article L. 225-37 of the French Commercial Code.

Other information

We hereby attest that the report of the Chairman of the Board of Directors includes the other disclosures required by Article L. 225-37 of the French Commercial Code.

Neuilly-sur-Seine and Courbevoie, 31 March 2017

The Statutory Auditors

PricewaterhouseCoopers Audit	**Mazars**
David CLAIROTTE	Daniel ESCUDEIRO

2.7 AGREEMENTS WITH RELATED PARTIES AND AGREEMENTS COVERED IN ARTICLE L. 225-102-1 OF THE FRENCH COMMERCIAL CODE

2.7.1 Presentation of agreements

During the 2016 financial year, the Company did not enter into any new regulated agreements.

The regulated agreements entered into in previous years and still in force in 2016 are set out in the Statutory Auditors' report on regulated agreements and commitments.

The Board of Directors' meeting, at which the 2016 financial statements were approved, reviewed the regulated agreements entered into in prior years that are still current. It believed that there was no need to review the conditions of these agreements.

In accordance with Article L. 225-102-1 of the French Commercial Code, it is stated that Catherine GORGÉ (*via* her company CBG CONSEIL) entered into a service agreement with PRODWAYS in 2014. The agreement was in force until February 2016. Under this contract, Catherine GORGÉ performs duties as Corporate Secretary of PRODWAYS. The services invoiced to PRODWAYS in 2016 amounted to €11,000 excluding taxes. At the beginning of 2016, CBG CONSEIL's services changes: CBG CONSEIL launched and developed the "Luxury, Art, Design & Architecture" division (otherwise known as "Les Créations") on behalf of PRODWAYS GROUP and its subsidiaries. As a result, CBG CONSEIL entered into a new services agreement with PRODWAYS GROUP. Under this agreement, the services invoiced by CBG CONSEIL to PRODWAYS GROUP in 2016 amounted to €119,875 net of tax.

2.7.2 Special Report of the Statutory Auditors on regulated agreements and commitments

Shareholders meeting for the approval of the financial statements for the year ended 31 December 2016

To the Shareholders,

In our capacity as your company's statutory auditors, we hereby report to you on regulated agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of Article R. 225-31 of the French Commercial Code, it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R. 225-31 of the French Commercial Code in relation to the implementation, during the year, of agreements and commitments already approved by the Shareholders' Meeting.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

Agreements and commitments submitted to the approval of the shareholders' meeting

Agreements and commitments authorised during the past year

We hereby inform you that we have not been notified of any agreement or commitment authorised during the past financial year to be submitted for the approval of the Shareholders' Meeting pursuant to the provisions of Article L. 225-38 of the French Commercial Code.

Agreements and commitments already submitted to the approval of the shareholders' meeting

Agreements and commitments authorised during the previous year

a) which have been pursued during the last year

In accordance with article R 225-30 of the French Commercial Code, we have been informed of the following agreements and commitments approved in prior years and which remained current during the last year.

- **Issuance to FIMALAC DÉVELOPPEMENT of bonds convertible into shares of PRODWAYS GROUP or GROUPE GORGÉ.**

Persons concerned: Raphaël GORGÉ, GROUPE GORGÉ, PRODWAYS GROUP.

Nature and purpose

On 20 May, 2015, the Board of Directors of GROUPE GORGÉ authorised its subsidiary PRODWAYS GROUP to issue to FIMALAC DÉVELOPPEMENT bonds convertible into shares IN PRODWAYS GROUP or GROUPE GORGÉ.

Conditions

On 17 June 2015, €10 million were contributed by FIMALAC DÉVELOPPEMENT in the form of bonds convertible into shares in PRODWAYS GROUP or GROUPE GORGÉ.

- In PRODWAYS GROUP shares:
  - at any time at the holder's request;
  - automatically in the event of an IPO of PRODWAYS GROUP;
  - automatically for the bonds still outstanding as at 1 January 2021;
- In GROUPE GORGÉ shares between 1 January 2019 and 31 December 2020, at the holder's request (in the absence of an IPO of PRODWAYS GROUP).

Relevance of the agreement for GROUPE GORGÉ

"The board has considered that this bond issuance would allow PRODWAYS GROUP to finance its development. It considers that the valuations of the companies used are favourable."

The execution of this agreement has no financial impact on the GROUPE GORGÉ financial accounts for the 2016 financial year.

- **Conclusion of an investment agreement between Bpifrance (formerly FONDS D'INVESTISSEMENT STRATÉGIQUE), GROUPE GORGÉ, PÉLICAN VENTURE, Mr Jean Pierre GORGÉ and Mr Raphaël GORGÉ.**

Persons concerned: Messieurs Jean Pierre GORGÉ and Raphaël GORGÉ

Nature and purpose

An investment agreement was signed on 12 December 2011 for a period of ten years between Bpifrance (formerly FONDS STRATÉGIQUE D'INVESTISSEMENT), GROUPE GORGÉ, PÉLICAN VENTURE, Mr Jean Pierre GORGÉ and Mr Raphaël GORGÉ. This agreement aims to define the terms and conditions of the participation of Bpifrance in the governance of GROUPE GORGÉ. This agreement defines in particular the changes to the management of GROUPE GORGÉ, the strengthening of the GROUPE GORGÉ Board of Directors' right to information, the terms of exercise of a joint exit right and a right of first offer, anti-dilution measures in favour of Bpifrance, and finally the terms and conditions of stability of shareholder interests.

This protocol ended in October with the sale of its securities by Bpifrance.

The execution of this agreement has no financial impact on the GROUPE GORGÉ financial accounts for the 2016 financial year.

Neuilly-sur-Seine and Courbevoie, 31 March 2017

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars
David CLAIROTTE	Daniel ESCUDEIRO

3

FINANCIAL AND ACCOUNTING INFORMATION

3

3.1 2016 CONSOLIDATED FINANCIAL STATEMENTS

The Group's consolidated financial statements are prepared in accordance with IFRS published by the International Accounting Standards Board (IASB) as approved by the European Union. The accounting policies are detailed in the notes to the consolidated financial statements, Section 3.1.6.

3.1.1 Consolidated income statement

(In thousands of euros)	Notes	2016	2015*	2015 published
REVENUE	4.1	**281,153**	**264,526**	**264,818**
Capitalised production		8,653	6,577	6,659
Inventories and work in progress		(426)	2,061	2,061
Other income from the business	4.2	11,677	6,364	6,364
Purchases and external charges		(173,692)	(164,479)	(164,284)
Personnel expenses	5.2	(103,051)	(91,072)	(91,072)
Tax and duties		(2,388)	(2,477)	(2,477)
Depreciation, amortisation and provisions (net of reversals)	4.3	(12,625)	(9,711)	(9,711)
Other operating income and expenses		(270)	(27)	(27)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		**9,031**	**11,762**	**12,331**
Non-recurring items in operating income	4.6	2,530	(4,454)	(4,454)
OPERATING INCOME		**11,561**	**7,307**	**7,877**
Interest on gross debt		(2,264)	(2,290)	(2,290)
Interest on cash and cash equivalents		29	54	54
COST OF NET DEBT (A)	8.2	**(2,235)**	**(2,236)**	**(2,236)**
Other financial income (B)		618	1,173	1,173
Other financial expense (C)		(638)	(955)	(955)
FINANCIAL INCOME AND EXPENSES (D = A+B+C)	8.2	**(2,255)**	**(2,018)**	**(2,018)**
Income tax	9.1	(4,488)	(1,647)	(1,647)
Group share of the earnings of affiliated companies		40	(3)	(3)
NET INCOME FROM CONTINUING ACTIVITIES AFTER TAX		**4,859**	**3,639**	**4,209**
Net income from discontinued activities		-	-	-
NET INCOME		**4,859**	**3,639**	**4,209**
Net income attributable to non-controlling interests[1]		4,687	2,568	2,590
NET INCOME – GROUP SHARE		**172**	**1,071**	**1,619**
Average no. of shares	10.2	13,420,184	13,217,562	13,217,562
Net income from continuing operations per share (in euros)	10.2	0.013	0.081	0.193
Net income per share (in euros)	10.2	0.013	0.081	0.193

** 2015 column restated to reflect the items described in Note 1.3.*
(1) Essentially concerns the minority interests of the ECA Group.

3.1.2 Comprehensive income statement

(In thousands of euros)	2016	2015*	2015 published
NET INCOME	**4,859**	**3,639**	**4,209**
Currency translation adjustment	(51)	138	138
Tax relating to currency translation adjustments	-	-	-
Revaluation of hedging derivatives	-	8	8
Tax relating to revaluation of hedging derivatives	-	(3)	(3)
Revaluation of hedging derivatives - liabilities	(643)	119	119
Tax relating to revaluation of hedging derivatives – liabilities	-	-	-
Actuarial gains and losses on defined benefit plans	(719)	578	578
Tax relating to actuarial gains and losses on defined benefit plans	240	(193)	(193)
Group share of gains and losses recognised directly in equity of equity-accounted companies	-	-	-
TOTAL OTHER ITEMS OF COMPREHENSIVE NET INCOME	**(1,172)**	**648**	**648**
of which can be reclassified subsequently to profit and loss	(1,172)	643	643
of which cannot be subsequently reclassified to profit and loss[1]		5	5
COMPREHENSIVE INCOME	**3,686**	**4,286**	**4,857**
of which Group share	(892)	1,607	2,156
of which non-controlling interests	4,578	2,680	2,701

** 2015 column restated to reflect the items described in Note 1.3.*
(1) Concerns only hedging instruments.

3.1.3 Report of the consolidated financial position

ASSETS

(In thousands of euros)	Notes	31/12/2016	31/12/2015*	31/12/2015 published
NON-CURRENT ASSETS		**121,538**	**109,095**	**109,177**
Goodwill	6.1	45,798	44,219	44,219
Other intangible assets	6.2	38,245	31,294	31,294
Property, plant and equipment	6.3	25,674	22,886	22,969
Investment property	6.3	298	298	298
Investments in affiliated companies	8.1.4	1,421	1,395	1,355
Other financial assets	8.1.4	4,379	4,418	4,458
Deferred tax assets	9.2	5,719	4,580	4,580
Other non-current assets	4.7	5	5	5
CURRENT ASSETS		**258,230**	**253,210**	**253,697**
Net inventories	4.5	29,020	26,112	26,307
Net trade receivables	4.4	152,038	159,561	159,853
Other current assets	4.7	16,842	16,850	16,850
Tax receivables payable	9.1.1	21,538	16,258	16,258
Other current financial assets		40	-	-
Cash and cash equivalents	8.1.2	38,752	34,429	34,429
Assets held for sale		-	-	-
TOTAL ASSETS		**379,768**	**362,305**	**362,874**

** 2015 column restated to reflect the items described in Note 1.3.*

TOTAL EQUITY AND LIABILITIES

(In thousands of euros)	Notes	31/12/2016	31/12/2015*	31/12/2015 published
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**68,943**	**67,432**	**67,980**
Share capital[1]	10.1	13,496	13,367	13,367
Share premiums[1]		26,769	24,540	24,540
Retained earnings and other reserves[2]		28,678	29,525	30,073
NON-CONTROLLING INTERESTS[3]		**32,802**	**29,543**	**29,565**
NON-CURRENT LIABILITIES		**77,516**	**69,045**	**69,045**
Long-term provisions	5.3	9,664	6,987	6,987
Long-term liabilities – portion due in more than one year	8.1.1	64,627	59,549	59,549
Financial instruments and derivatives	8.1.3	1,295	652	652
Deferred tax liabilities	9.2	621	206	206
Other non-current liabilities	4.8	1,309	1,652	1,652
CURRENT LIABILITIES		**200,505**	**196,284**	**196,284**
Short-term provisions	11	8,425	5,099	5,099
Long-term liabilities – portion due in less than one year	8.1.1	25,545	14,011	14,011
Financial instruments and derivatives	8.1.3	-	1	1
Operating payables	4.8	49,442	58,718	58,718
Other current liabilities	4.8	116,967	118,381	118,381
Tax liabilities payable	9.1.1	127	74	74
Liabilities held for sale		-	-	-
TOTAL LIABILITIES		**379,768**	**362,305**	**362,874**

* *2015 column restated to reflect the items described in Note 1.3.*
(1) Of the consolidating parent company.
(2) Including net income (loss) for the year.
(3) Essentially concerns the minority interests of the ECA Group.

3.1.4 Consolidated cash flow statement

(In thousands of euros)	Notes	2016	2015*	2015 published
NET INCOME FROM CONTINUING OPERATIONS		**4,859**	**4,209**	**4,209**
Accruals		8,088	10,341	10,341
Capital gains and losses on disposals		58	147	147
Group share of income of equity-accounted companies		(40)	3	3
CASH FLOW FROM OPERATING ACTIVITIES (BEFORE ELIMINATION OF NET BORROWING COSTS AND TAXES)	7.1	**12,965**	**14,699**	**14,699**
Cost of net debt	8.2	1,849	2,236	2,236
Tax expense	9.1	4,488	1,647	1,647
CASH FLOW FROM OPERATING ACTIVITIES (AFTER ELIMINATION OF NET BORROWING COSTS AND TAXES)		**19,301**	**18,583**	**18,583**
Tax paid		(3,544)	(2,913)	(2,913)
Change in working capital requirements	7.2	(14,423)	(11,504)	(11,504)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)		**1,334**	**4,166**	**4,166**
Investing activities				
Payments/acquisition of intangible assets		(8,586)	(7,464)	(7,464)
Payments/acquisition of property, plant and equipment		(5,291)	(8,317)	(8,317)
Proceeds/disposal of property, plant and equipment and intangible assets		93	564	564
Payments/acquisition of long-term investments		(283)	(1,494)	(1,494)
Proceeds/disposal of long-term investments		409	1,478	1,478
Net cash inflow/outflow on the acquisition/disposal of subsidiaries	7.3	3,821	(9,013)	(9,013)
NET CASH (USED IN)/GENERATED BY INVESTING ACTIVITIES (B)		**(9,836)**	**(24,246)**	**(24,246)**
Financing activities				
Capital increase or contributions	10.1.1	1,628	16,341	16,341
Dividends paid to parent company shareholders	10.1.2	-	(4,217)	(4,217)
Dividends paid to non-controlling interests		(1,103)	(1,058)	(1,058)
Proceeds from borrowings	7.3	38,707	21,271	21,271
Repayment of borrowings	8.1.1	(26,439)	(10,762)	(10,762)
Cost of net debt	8.2	(1,849)	(2,236)	(2,236)
NET CASH (USED IN)/GENERATED BY FINANCING ACTIVITIES (C)		**10,944**	**19,337**	**19,337**
CASH GENERATED BY CONTINUING OPERATIONS (D = A+B+C)		**2,442**	**(743)**	**(743)**
CASH GENERATED BY DISCONTINUED OPERATIONS		-	-	-
CHANGE IN CASH AND CASH EQUIVALENTS		**2,442**	**(743)**	**(743)**
Effects of exchange rate changes		34	52	52
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	8.1.2	**27,175**	**27,841**	**27,841**
Restatement of cash and cash equivalents(1)		14	24	24
CASH AND CASH EQUIVALENTS AT THE YEAR-END	8.1.2	**29,665**	**27,175**	**27,175**

(1) Flows due to treasury shares.
** 2015 column restated to reflect the items described in Note 1.3.*

3.1.5 Statement of changes in consolidated shareholders' equity

	Group share or owners of the parent company						
(In thousands of euros)	Capital	Share capital reserves	Treasury shares	Retained earnings and consolidated net income	Equity attributable to owners of the parent or owners of the parent company	Equity - Minority interests or non-controlling interests	Total equity
2014 CLOSING EQUITY	**13,082**	**18,363**	**(670)**	**26,068**	**56,843**	**27,781**	**84,624**
Corrections	-	-	-	(781)	(781)	(512)	(1,293)
2014 CLOSING EQUITY RESTATED	**13,082**	**18,363**	**(670)**	**25,287**	**56,062**	**27,269**	**83,331**
Share capital transactions	285	5,974	-	-	6,259	-	6,259
Bonus share and stock option plan	-	203	-	17	220	2	222
Treasury share transactions	-	-	55	-	55	(15)	40
Equity instruments				9,409	9,409	373	9,782
Dividends	-	-	-	(4,200)	(4,200)	(1,079)	(5,279)
Net income (loss) for the period[1]	-	-	*(278)*	*1,348*	*1,071*	*2,568*	*3,639*
Gains and losses recognised directly in equity	-	-	-	*536*	*536*	*111*	*648*
COMPREHENSIVE INCOME	**-**	**-**	**(278)**	**1,885**	**1,607**	**2,680**	**4,286**
Changes in scope	-	-	104	(2,085)	(1,981)	315	(1,667)
2015 CLOSING EQUITY	**13,367**	**24,540**	**(788)**	**30,313**	**67,432**	**29,543**	**96,975**
Share capital transactions	114	2,163	(15)	-	2,262	-	2,262
Bonus share and stock option plan	15	67	-	51	133	4	137
Treasury share transactions	-	-	(30)	-	(30)	1	(29)
Equity instruments	-	-	-	(643)	(643)	-	(643)
Dividends	-	-	-	-	-	(1,103)	(1,103)
Net income (loss) for the period	-	-	*15*	*157*	*172*	*4,687*	*4,858*
Gains and losses recognised directly in equity	-	-	-	*(421)*	*(421)*	*(109)*	*(529)*
COMPREHENSIVE INCOME	**-**	**-**	**15**	**(263)**	**(249)**	**4,578**	**4,329**
Changes in scope	-	-	15	24	39	(221)	(182)
2016 CLOSING EQUITY	**13,496**	**26,769**	**(804)**	**29,482**	**68,943**	**32,803**	**101,745**

(1) 2015 Net income restated to reflect the items described in Note 1.3.

3.1.6 Notes to the consolidated financial statements

Detailed table of contents of the notes

Note 1 Accounting principles

The consolidated financial statements of GROUPE GORGÉ for the year ended 31 December 2016 include:

- the financial statements of the company GROUPE GORGÉ;
- the financial statements of its subsidiaries;
- the proportion of the net assets and the net income of the companies accounted for using the equity method (joint ventures and partnership businesses).

The consolidated financial statements of GROUPE GORGÉ for the 2016 financial year were approved by the Board of Directors on 20 March 2017. They will be subject to approval by the next Ordinary Shareholders' Meeting.

1.1 Standards applied

The accounting standards used to prepare the consolidated financial statements comply with the regulations and interpretations of the International Financial Reporting Standards (IFRS) as adopted by the European Union as of 31 December 2016. These accounting standards are consistent with those used to prepare the annual consolidated financial statements for the year ended 31 December 2015, with the exception of the new standards, revised standards and interpretations applicable from 1 January 2016.

The new standards and the following interpretations applicable within the Group over the period did not have any significant effect on the consolidated financial statements at 31 December 2016:

- amendment to IAS 1: Initiative concerning the information to be supplied;
- amendments to IAS 19: Defined Benefit Plans: Employee Contributions;
- amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations;
- amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation;
- annual improvements to IFRS 2012-2014 Cycle (September 2014).

The Group has not applied the following standards and interpretations, which had not been adopted by the European Union at 31 December 2016 or for which application is not mandatory as of 1 January 2016:

- Standards adopted by the European Union:
  - amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses;
  - IFRS 9 – Financial Instruments;
  - IFRS 15 – Revenue from Contracts with Customers;
  - amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception.
- Standards not adopted by the European Union:
  - IFRS 16 – Rentals;
  - amendments to IAS 7: Statement of Cash Flows: Initiative Concerning the Information to be Supplied;
  - amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses;
  - amendments to IFRS 2: Share-based Payment: Vesting Conditions and Cancellations.

The determination process by GROUPE GORGÉ of the potential impacts on the consolidated financial statements of the Group of non-applicable standards is in progress. At this stage of the analysis, the Group does not anticipate any significant impact on its consolidated financial statements, with the exception of IFRS 16, whose main impact in 2019 would be the reinstatement in the balance sheet of rent operating leases.

1.2 Basis for preparation

The financial statements are presented in Euros and are rounded to the nearest thousand.

The financial statements have been prepared under the historical cost convention, except in the case of derivatives and available-for-sale financial assets, which are measured at fair value. Financial liabilities are measured at amortised cost. The carrying amount of hedged assets and liabilities and the related hedging instruments corresponds to their fair value.

The preparation of the financial statements requires that Group management or the subsidiaries' management make estimates and assumptions that affect the reported amounts of assets and liabilities on the consolidated balance sheet, the reported amounts of income and expense items on the income statement and the commitments relating to the period under review. The actual results may differ.

The above-mentioned assumptions mainly concern:

- the calculation of the recoverable amounts of assets;
- the calculation of provisions for risks and charges;
- the calculation of income upon completion of work in progress;
- the calculation of pension and other post-employment benefit obligations (assumptions set out in Note 5.3).

As the Group's consolidated companies operate in different sectors, the valuation and impairment methods used for certain items may vary according to the sector.

1.3 Restatement of the financial information for prior years

The financial statements as at 31 December 2015 have been restated to correct accounting errors.

The error corrections concern the financial statements of PRODWAYS and the end of the year 2015, a period during which the company implemented its new ERP. They concern the omission of a credit note (€292 thousand), the unwarranted recognition of a property, plant and equipment in progress (€82 thousand) and an inventory error (€195 thousand). In addition, a reclassification of presentation of financial assets of €40 thousand was made following an error in the financial statements.

The modifications to the 2015 financial statements are set out in the tables below:

(In thousands of euros)	31/12/2015 published	PRODWAYS adjustments	31/12/2015 restated
REVENUE	**264,818**	**(292)**	**264,526**
Capitalised production	6,659	(82)	6,577
Inventories and work in progress	2,061	-	2,061
Other income from the business	6,364	-	6,364
Purchases and external charges	(164,284)	(195)	(164,479)
Personnel expenses	(91,072)	-	(91,072)
Tax and duties	(2,477)	-	(2,477)
Depreciation, amortisation and provisions (net of reversals)	(9,711)	-	(9,711)
Other operating income and expenses	(27)	-	(27)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	**12,331**	**(569)**	**11,762**
Non-recurring items in operating income	(4,454)	-	(4,454)
OPERATING INCOME	**7,877**	**(569)**	**7,307**
Financial income and expenses	(2,018)	-	(2,018)
Income tax	(1,647)	-	(1,647)
Group share of the earnings of affiliated companies	(3)	-	(3)
NET INCOME	**4,209**	**(569)**	**3,639**
Net income attributable to non-controlling interests	(2,590)	22	(2,568)
NET INCOME – GROUP SHARE	**1,619**	**(548)**	**1,071**

(In thousands of euros)	31/12/2015 published	PRODWAYS adjustments	31/12/2015 restated
NON-CURRENT ASSETS	**109,177**	**(82)**	**109,095**
Goodwill	44,219	-	44,219
Other intangible assets	31,294	-	31,294
Property, plant and equipment	22,969	(82)	22,886
Investment property	298	-	298
Investments in affiliated companies	1,395	(40)	1,355
Other financial assets	4,418	40	4,458
Deferred tax assets	4,580	-	4,580
Other non-current assets	5	-	5
CURRENT ASSETS	**253,697**	**(487)**	**253,210**
Net inventories	26,307	(195)	26,112
Net trade receivables	159,853	(292)	159,561
Other current assets	16,850	-	16,850
Tax receivables payable	16,258	-	16,258
Cash and cash equivalents	34,429	-	34,429
Assets held for sale	-	-	-
TOTAL ASSETS	**362,874**	**(569)**	**362,305**

(In thousands of euros)	31/12/2015 published	PRODWAYS adjustments	31/12/2015 restated
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	**67,980**	**(548)**	**67,432**
Capital	13,367	-	13,367
Share premiums	24,540	-	24,540
Retained earnings and other reserves	30,073	-	29,525
NON-CONTROLLING INTERESTS	**29,565**	**(22)**	**29,543**
NON-CURRENT LIABILITIES	**69,045**	**-**	**69,045**
Long-term provisions	6,987	-	6,987
Long-term liabilities – portion due in more than one year	59,549	-	59,549
Financial instruments and derivatives	652	-	652
Deferred tax liabilities	206	-	206
Conditional advances	1,652	-	1,652
CURRENT LIABILITIES	**196,284**	**-**	**196,284**
Short-term provisions	5,099	-	5,099
Long-term liabilities – portion due in less than one year	14,011	-	14,011
Financial instruments and derivatives	1	-	1
Operating payables	58,718	-	58,718
Other current liabilities	118,381	-	118,381
Tax liabilities payable	74	-	74
Liabilities held for sale	-	-	-
TOTAL LIABILITIES	**362,874**	**(569)**	**362,305**

Note 2 Scope of consolidation

2.1 Accounting principles related to the consolidation scope

Consolidation method

The companies that are either directly or indirectly controlled by the Group are fully consolidated. Companies over which the Group exercises significant influence are accounted for using the equity method. Significant influence is assumed to exist when the Group holds more than 20% of the voting rights.

Acquisitions (or disposals) of companies during the year are recognised in the consolidated financial statements from the date on which the Group took direct or indirect control or gained significant influence (or until the date on which control or significant influence was lost).

All significant transactions between consolidated subsidiaries are eliminated, as is income that is internal to the Group (capital gains, profits on stocks and dividends).

Consolidation is carried out with reference to the financial statements or positions as of 31 December.

The list of consolidated subsidiaries and equity interests is shown in Note 13. Certain subsidiaries, which are not significant in terms of the Group, may not be consolidated.

Translation of the financial statements of foreign companies

The currency in which the consolidated financial statements are prepared is the euro.

The financial statements of subsidiaries that have a different functional currency are translated into euros using:

- the official exchange rate on the reporting date, in the case of assets and liabilities;
- the average exchange rate for the year, in the case of income statement and cash flow statement items.

The average exchange rates for the year may be calculated using monthly exchange rates prorated in relation to revenue.

Translation differences arising from the application of these exchange rates are recognised under the item “Cumulative translation reserves” in consolidated equity.

Transactions in foreign currencies

Transactions in foreign currencies are recognised using the exchange rate applicable on the date the transactions are recognised or the hedging rate. At closing, payables or receivables denominated in foreign currencies are converted into euros at the closing exchange rate or at the hedging rate. Currency exchange rate differences on foreign currency transactions are recognised in financial income.

Business combinations

The Group is applying, on an advance basis, the revised IFRS 3 standard – *Business combinations*.

Business combinations are recognised in accordance with the acquisition method:

- the cost of an acquisition is evaluated at the fair value of the consideration transferred, including any price adjustment, at the date of taking control. Any subsequent variation in the fair value of a price adjustment is recognised in the income statement or in other items of the overall net income, in accordance with the standards applicable;
- the difference between the consideration transferred and the fair value of the identifiable assets acquired and liabilities taken over as at the date of taking control represents the goodwill, recognised in the assets in the report on the financial position.

Adjustments to the fair value of identifiable assets acquired and liabilities taken over recognised on a provisional basis (as a result of expert assessment work in progress or additional analyses) are recognised as retrospective adjustments to the goodwill if they occur within a period of one year with effect from the date of acquisition and if they result from facts or circumstances existing at the date of acquisition. Beyond this deadline, the effects are recognised directly in the income statement, as are any changes in estimates or error corrections.

For each takeover of control which involves the taking of an equity stake of less than 100%, the interest fraction which is not required (equity stakes which do not give control) is valued:

- either at its fair value: in this case, goodwill is recognised for the proportion relating to equity stakes which do not give control (complete goodwill method);
- or at its proportion of the net identifiable assets of the acquired entity: in this case, only goodwill in respect of the proportion acquired is recognised (partial goodwill method).

The costs directly attributable to the acquisition are recognised in expenses over the period during which they are incurred.

Any price adjustments or additions concerning the business combination are valued at the fair value at the date of acquisition, even if their realisation is not considered certain.

After the date of acquisition, changes to the estimate of the fair value of price adjustments involving an adjustment to the goodwill only if they occur within the application deadline (one year maximum with effect from the date of acquisition) and if they result from facts and circumstances which existed at the date of acquisition. In all other cases, the changes recognised in the income statement or in the other items of overall net income in accordance with the appropriate IFRS standard.

2.2 Changes in the consolidation scope

2.2.1 Transaction conducted in 2016

Changes in scope over the year are as follows:

- FINU 7, which had no operations, was renamed PORTAFEU NUCLEAIRE and took over the business of PORTAFEU (Protection in Nuclear Environments division), a subsidiary of ASSA BLOY, in May 2016;
- creation of SCI MEYSSE in May 2016, as part of the takeover of the business of PORTAFEU;
- reversal of goodwill of SOCALAB in June 2016 within the new subsidiary CRISTAL (formerly FINU 9);

- acquisition of control *via* share capital increase of PODO 3D, which is 82.07% owned by PRODWAYS GROUP;
- ECA DÉVELOPPEMENT, which had no operations and was renamed ECA AEROSPACE, and which received a contribution by ECA in the form of shares in ECA CNAI and ECA SINTERS;
- creation of VAN DAM ASIA in March 2016, subsidiary of VAN DAM;
- creation of VAN DAM MAINTENANCE and REPAIR, a subsidiary of GORGÉ NETHERLANDS;
- acquisition of ELTA at the end of November 2016 by ECA AEROSPACE;
- acquisition of BUREAU MAURIC at the end of November 2016 by ECA SA;
- creation of ECA DÉVELOPPEMENT 1, PRODWAYS 1 and PRODWAYS 2, companies with no operating activities.

The fair value measurements of the assets, liabilities and contingent liabilities acquired from PORTAFEU NUCLEAIRE, CRISTAL, ELTA and BUREAU MAURIC are not final; they may be adjusted over the 12 months following the acquisition date. They resulted in a recognition of goodwill that is therefore provisional, negative goodwill for ELTA (€5,569 thousand) on account of particularly favourable acquisition conditions, and positive goodwill for a total of €1,579 thousand (see Note 6.1).

2.2.2 Contribution of business combinations

First consolidation of PORTAFEU NUCLEAIRE

The assets and liabilities acquired break down as follows:

(In thousands of euros)	Carrying amount	Revaluation at fair value	First consolidation
Property, plant and equipment	200	-	200
Employee-related receivables	200	-	200
Other receivables	500	-	500
Cash and cash equivalents	4,941	-	4,941
Conditional advances	(5,441)	-	(5,441)
Retirement indemnities	-	(146)	(146)
Social Security liabilities	(200)	-	(200)
Deferred tax/revaluations at fair value	-	49	49
TOTAL	**200**	**(97)**	**103**

First consolidation of CRISTAL

The assets and liabilities acquired break down as follows:

(In thousands of euros)	Carrying amount	Revaluation at fair value	First consolidation
Intangible assets	493	-	493
Property, plant and equipment	30	-	30
Inventories	70	-	70
Retirement indemnities	-	(192)	(192)
Tax and operating debt	(293)	-	(293)
Deferred tax/revaluations at fair value	-	64	64
TOTAL	**300**	**(128)**	**172**

First consolidation of ELTA

The assets and liabilities acquired break down as follows:

(In thousands of euros)	Carrying amount	Revaluation at fair value	First consolidation
Intangible assets	7,019	(2,740)	4,280
Property, plant and equipment and financial assets	656	-	656
Inventories	2,437	-	2,437
Trade receivables	3,510	-	3,510
Tax and operating receivables	2,420	-	2,420
Prepaid expenses	311	-	311
Cash and cash equivalents	409	-	409
Provisions for risks and charges	(3,085)	1,437	(1,647)
Retirement indemnities	(908)	-	(908)
Trade and other payables	(2,782)	-	(2,782)
Tax and social security liabilities	(1,827)	-	(1,827)
Price additions	-	(1,000)	(1,000)
Deferred income	(1,195)	(322)	(1,517)
Deferred tax liabilities/loss carry-forward	-	370	370
Deferred tax/revaluations at fair value	-	860	860
TOTAL	**6,964**	**(1,395)**	**5,569**

First consolidation of BUREAU MAURIC

The assets and liabilities acquired break down as follows:

(In thousands of euros)	Carrying amount	Revaluation at fair value	First consolidation
Intangible assets	107	-	107
Property, plant and equipment	80	-	80
Financial assets	8	-	8
Inventories	432	-	432
Trade receivables	975	-	975
Tax and operating receivables	68	-	68
Prepaid expenses	38	-	38
Cash and cash equivalents	362	-	362
Trade payables	(240)	-	(240)
Borrowings	(126)		(126)
Retirement indemnities	-	(218)	(218)
Tax and operating debt	(455)	-	(455)
Provisions for risks	(27)	-	(27)
Deferred income	(246)	-	(246)
Deferred tax/revaluations at fair value	-	73	73
TOTAL	**976**	**(146)**	**830**

2.3 Off-balance sheet commitments related to the consolidation scope

On 16 April 2014, GROUPE GORGÉ acquired all shares comprising the share capital of INFOTRON, before contributing these INFOTRON shares to ECA on 3 June 2014. The assets and liabilities guarantee granted by REMOTE REWARD, the vendor of INFOTRON, was transferred to ECA. The term of this guarantee is equal to the statute of limitations for tax and personnel matters in respect of tax and personnel claims and expires on 14 April 2017 for other claims. It was capped at €1,500 thousand in the first year, then the cap was reduced to €1 million with effect from 15 April 2015 and further reduced to €500 thousand with effect from 15 April 2016.

On 23 April 2014, PRODWAYS GROUP acquired all shares comprising the share capital of German company DELTAMED GmbH from various individual German shareholders and an American company, COSMEDENT. The vendors granted an assets and liabilities guarantee with a term of 18 months or 3 years depending on the nature of any claim. This guarantee is capped at €2,119 thousand in the first year, after which it was reduced to €1,059 thousand.

In the first quarter of 2015, PRODWAYS acquired the assets of NORGE SYSTEMS. The transaction was carried out with the payment of a fixed part of the price and three price additions conditional on the achievement of milestones in the further development of the 3D printer created by NORGE. The first two milestones were set in the first half of 2015 and were not met. The measurement of the achievement of the third milestone that is conditional on a price addition of €500 thousand was set at 31 January 2017. This price addition is included in the Group's debt. Subsequent to the reporting date, an arrangement was agreed (see Note 12.3 "Subsequent events").

On 24 March 2015, PRODWAYS GROUP acquired all the shares making up the share capital of the INITIAL SAS company. The vendor granted an assets and liabilities guarantee with a term of 2 to 3 years depending on the nature of any claim. This guarantee is capped at €2,500 thousand in the first year, after which it will be reduced to €1,250 thousand.

On 12 May, 2016, the nuclear business of PORTAFEU (a subsidiary of ASSA ABLOY) was acquired by a subsidiary of the Group called PORTAFEU NUCLEAIRE. As part of the acquisition, PORTAFEU NUCLEAIRE took 18 months of commitments, in particular social commitments, to preserve and redeploy the transferred business. The Group is authorised to use the PORTAFEU trademark for three years.

On 18 September 2015, PRODWAYS GROUP acquired a 45% equity stake in the Texan company VARIA 3D Inc. As part of this transaction, PRODWAYS GROUP was obliged to take over certain commitments from the vendors vis-à-vis VARIA 3D and its two main founders: PRODWAYS GROUP undertook to transfer to the two main founders of the company 10% of the capital of VARIA 3D over two years (or 5% per year), subject to the fulfilment of certain conditions of performance and presence. The targets for 2016 were not met. PRODWAYS GROUP also took over for its own account the commitment by the vendors vis-à-vis VARIA 3D to pay to the company USD 300 thousand in respect of payment of the balance of the capital, once certain conditions are fulfilled, as was the case in 2016.

On 13 November 2015, PRODWAYS GROUP acquired all of the shares in the share capital of EXCELTEC SARL. In the deed of sale, the vendors confirmed that the information provided during the course of the audit is correct to the best of their knowledge.

In PODO 3D and CRISTAL, PRODWAYS GROUP is associated with minority shareholders who are managers of those companies. Shareholders' agreements provide for the possible liquidity of their holdings.

In connection with the acquisition of a 60% stake in BE MAURIC, ECA SA undertook, under certain conditions, to repurchase the shares of minority shareholders. The commitment is valid for a period of ten years from the date of signature of the shareholders' agreement concluded on 21 November 2016. ECA also secured a guarantee of assets and liabilities of up to €500 thousand. In support of this guarantee, ECA benefits from a first-demand bank guarantee in the amount of €250 thousand. This commitment will expire on 31 December 2019.

As part of the acquisition of ELTA by ECA AEROSPACE, ECA AEROSPACE agreed to pay a price addition for each of the two years 2017 and 2018, provided that a certain level of revenue is exceeded in ELTA's space activities. The price addition is capped at €1 million for each of the two years. The amount of the probable estimated price addition is recognised in liabilities and its amount may be revised within 12 months, and the estimate is to be refined according to the information being collected (see Note 2.2.2). ECA AEROSPACE has also made a commitment not to transfer control of ELTA within 24 months of the acquisition, as well as social commitments. ECA AEROSPACE obtained a guarantee of assets and liabilities of up to €500 thousand that is valid until the time limit plus one month for tax and social claims and for a period of 18 months for other claims (*i.e.* until 31 May 2018).

Note 3 Segment information

In accordance with the provisions of IFRS 8 – *Operating segments*, the segment information presented below is based on the internal reporting used by the General Management to assess the performances and allocate resources to the various segments. The General Management is the principal operational decision maker within the meaning of IFRS 8.

In October 2016, the Group announced a change in its organisational structure with the "Industrial Projects & Services" and "Protection in Nuclear Environments" divisions being merged to form a new division named "Protection of High-Risk Installations".

The sectors thus selected correspond to the Group's current organisation by division.

The three divisions defined as operational segments are the following:

- Protection of High-Risk Installations division: BALISCO and its subsidiaries (AI GROUP, CLF-SATREM, AMOPSI, VAN DAM, CIMLEC and their subsidiaries), NUCLEACTION and its subsidiaries (BAUMERT and PORTAFEU NUCLEAIRE), SERES TECHNOLOGIES, STONI;
- Smart Safety Systems division: ECA and its subsidiaries;
- 3D Printing division: PRODWAYS GROUP and its subsidiaries.

The key indicators by division presented in the tables below are the following:

- the revenue includes revenue made with other divisions;
- the EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortisation) which corresponds to the ordinary operating net income before depreciation, losses of value and other income and non-recurring items;
- current operating income;
- operating income;
- the Research and Development expenses recognised in the assets during the financial year;
- the other property, plant and equipment and intangible investments;
- the segment assets which describe the current assets used within the operational businesses (stocks, receivables, advances from suppliers, other operating debtors), the property, plant and equipment and intangible assets (including the goodwill);
- segment liabilities refer to supplier and other operating liabilities, accrued liabilities, customer advances, warranty provisions and costs related to goods and services sold.

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3.1 Key indicators by division

FINANCIAL YEAR 2016

(In thousands of euros)	Protection of High-Risk Installations	Smart Safety Systems	3D Printing	Structure	Disposals	Consolidated
Revenue	144,857	112,488	25,210	3,418	(4,819)	281,153
EBITDA	11,637	14,641	(4,915)	293	-	21,656
As a % of revenue	*8.0%*	*13.0%*	*-19.5%*	*8.6%*	-	*7.7%*
Profit (loss) from continuing operations	7,057	9,342	(8,058)	690	-	9,031
As a % of revenue	*4.9%*	*8.3%*	*-32.0%*	*20.2%*	-	*3.2%*
Operating income	5,851	14,021	(8,867)	556	-	11,561
As a % of revenue	*4.0%*	*12.5%*	*-35.2%*	*16.3%*	-	*4.1%*
Research and development expenses capitalised over the year	1,681	4,245	1,790	-	-	7,716
Other property, plant and equipment and intangible investments	1,699	2,863	3,666	62	-	8,291
Segment assets	88,369	177,196	41,698	36,639	(34,648)	309,254
Segment liabilities	50,675	87,866	8,146	1,730	(4,479)	143,806

FINANCIAL YEAR 2015

(In thousands of euros)	Protection of High-Risk Installations	Smart Safety Systems	3D Printing*	Structure	Disposals	Consolidated
Revenue	142,349	105,218	17,807	3,427	(4,275)	264,526
EBITDA	10,362	14,026	(2,899)	(17)	-	21,473
As a % of revenue	*7.3%*	*13.3%*	*-16.3%*	*-0.5%*	-	*8.1%*
Profit (loss) from continuing operations	7,539	8,868	(4,523)	(123)	-	11,762
As a % of revenue	*5.3%*	*8.4%*	*-25.4%*	*-3.6%*	-	*4.4%*
Operating income	6,553	6,000	(5,087)	(159)	-	7,307
As a % of revenue	*4.6%*	*5.7%*	*-28.6%*	*-4.6%*	-	*2.8%*
Research and development expenses capitalised over the year	1,342	3,318	1,646	-	-	6,306
Other property, plant and equipment and intangible investments	2,164	3,411	3,841	228	-	9,643
Segment assets	101,785	159,368	38,289	36,091	(33,624)	301,909
Segment liabilities	60,236	87,666	8,971	2,200	(3,459)	155,614

* *"3D Printing" column restated to reflect the items described in Note 1.3.*

3.2 Reconciliations with the Group data

3.2.1 Reconciliation of EBITDA with operating income

FINANCIAL YEAR 2016

(In thousands of euros)	Protection of High-Risk Installations	Smart Safety Systems	3D Printing	Structure	Consolidated
EBITDA	**11,637**	**14,641**	**(4,915)**	**293**	**21,656**
Depreciation, amortisations and provisions	(4,580)	(5,299)	(3,142)	397	(12,625)
Non-recurring items in operating income	(1,206)	4,678	(809)	(134)	2,530
OPERATING INCOME	**5,851**	**14,021**	**(8,867)**	**556**	**11,561**

FINANCIAL YEAR 2015

(In thousands of euros)	Protection of High-Risk Installations	Smart Safety Systems	3D Printing*	Structure	Consolidated
EBITDA	**10,362**	**14,026**	**(2,899)**	**(17)**	**21,473**
Depreciation, amortisations and provisions	(2,823)	(5,158)	(1,624)	(106)	(9,711)
Non-recurring items in operating income	(986)	(2,868)	(565)	(36)	(4,454)
OPERATING INCOME	**6,553**	**6,000**	**(5,087)**	**(159)**	**7,307**

* *"3D Printing" column restated to reflect the items described in Note 1.3.*

3.2.2 Reconciliation of the segment assets and liabilities

The total segment assets and liabilities are reconciled as follows with the total assets and liabilities of the Group:

FINANCIAL YEAR 2016

(In thousands of euros)	Protection of High-Risk Installations	Smart Safety Systems	3D Printing	Structure	Disposals	Consolidated
Segment assets	88,369	177,196	41,698	36,639	(34,648)	309,254
Other current financial assets	-	-	31	9	-	40
Deferred tax assets	189	1,366	1,152	3,012	-	5,719
Tax receivables payable	640	14,714	12	6,173	-	21,538
Other current and non-current assets	3,918	2,130	1,580	9,676	(12,839)	4,465
Cash and cash equivalents	14,199	10,362	8,680	5,512	-	38,752
TOTAL CONSOLIDATED ASSETS	**107,315**	**177,196**	**53,152**	**61,021**	**(47,487)**	**379,768**
Segment liabilities	50,544	87,866	8,146	1,730	(4,479)	143,806
Long-term provisions	3,735	5,315	547	68		9,664
Long-term financial debts	43,543	15,645	16,319	44,836	(30,171)	90,172
Financial instruments and derivatives	-	-	-	652	-	652
Other current and non-current liabilities	22,555	14,564	4,277	4,421	(12,837)	32,980
Deferred tax liabilities	-	431	190	-	-	621
Tax liabilities payable	56	-	71	-	-	127
TOTAL CONSOLIDATED LIABILITIES(1)	**120,433**	**123,820**	**29,548**	**51,707**	**(47,487)**	**278,022**

(1) Total liabilities less shareholders' equity and non-controlling interests.

FINANCIAL YEAR 2015

(In thousands of euros)	Protection of High-Risk Installations	Smart Safety Systems	3D Printing(1)	Structure	Disposals	Consolidated
Segment assets	101,785	159,368	38,289	36,091	(33,624)	301,909
Deferred tax assets	1,157	116	150	3,158	-	4,580
Tax receivables payable	1,385	10,253	604	4,016	-	16,258
Other current and non-current assets	6,814	2,516	1,463	8,992	(14,656)	5,129
Cash and cash equivalents	7,057	12,795	7,825	6,752	-	34,429
TOTAL CONSOLIDATED ASSETS	**118,198**	**185,049**	**48,330**	**59,008**	**(48,280)**	**362,305**
Segment liabilities	60,236	87,666	8,971	2,200	(3,459)	155,614
Long-term provisions	2,880	3,716	350	40	-	6,987
Long-term financial debts	42,807	9,584	3,315	48,019	(30,165)	73,559
Financial instruments and derivatives	-	-	-	653	-	653
Other current and non-current liabilities	21,343	11,576	3,657	6,317	(14,657)	28,236
Deferred tax liabilities	-	-	206	-	-	206
Tax liabilities payable	61	-	13	-	-	74
TOTAL CONSOLIDATED LIABILITIES(2)	**127,326**	**112,542**	**16,513**	**57,229**	**(48,280)**	**265,329**

(1) "3D Printing" column restated to reflect the items described in Note 1.3.
(2) Total liabilities less shareholders' equity and non-controlling interests.

3.3 Information by geographic region

FINANCIAL YEAR 2016

(In thousands of euros)	France	%	Europe	%	Other	%	Total
Protection of High-Risk Installations	98,493	68%	13,041	9%	33,707	23%	145,241
Smart Safety Systems	59,455	53%	6,702	6%	46,331	41%	112,488
3D Printing	10,608	42%	8,256	33%	6,345	25%	25,210
Structure and disposals	(1,346)	-99%	(15)	-1%	-	-	(1,360)
TOTAL	**167,210**	**59%**	**27,985**	**10%**	**86,383**	**31%**	**281,578**

FINANCIAL YEAR 2015

(In thousands of euros)	France	%	Europe	%	Other	%	Total
Protection of High-Risk Installations	97,102	68%	11,205	8%	34,042	24%	142,349
Smart Safety Systems	58,493	56%	5,881	6%	40,844	39%	105,218
3D Printing[1]	6,515	37%	8,038	45%	3,255	18%	17,807
Structure and disposals	(844)	-100%	(5)	0%	-	-	(848)
TOTAL	**161,267**	**61%**	**25,119**	**9%**	**78,141**	**30%**	**264,526**

(1) Restated to reflect the items described in Note 1.3.

Note 4 Operational data

4.1 Recognition of income and revenue

The Group's income mainly comprises sales of goods, the provision of services and revenue from the completion of projects (supply of turnkey systems):

- sales of goods: the revenue is recognised at the time of the transfer of the risks and benefits, normally on delivery;
- provisions of services: the revenue is recognised over the term, and in accordance with the terms of, the contract. The revenues related to the provisions of services are recognised when the results of the transaction can be reliably determined, based on the state of progress of the service provided by the Group;
- projects (long-term contracts): where companies are able to assess overall results with sufficient certainty, the method used is the recognition of revenue and income as projects progress, by reference to the estimated total cost of the project. This method correctly translates the Company's level of activity and income.

  When a termination loss is predictable, a provision is made.

In 2016, the Group's revenue increased by 6.3%.

4.2 Other income from the business

The other income from the business mainly comprises public subsidies, research tax credits (RTC) and tax credits for competitiveness and employment (TCCE).

These subsidies and research tax credits (RTC), which partially or totally cover the cost of an asset, are recognised in the income statement at the same rate as the asset's depreciation. The income thereby deferred which appears in liabilities includes €5.9 million in research tax credits and €1.5 million in grants funding non-current assets not yet amortised. PORTAFEU NUCLEAIRE received a grant of €5.4 million in connection with the takeover of the assets of PORTAFEU.

(In thousands of euros)	2016	2015
Subsidies	6,320	1,770
Research tax credit	3,415	2,885
Employment and competitiveness tax credit	1,942	1,709
TOTAL OF OTHER INCOME FROM THE BUSINESS	**11,677**	**6,364**

The tax credits recognised in the income statement and which were not able to be deducted from the tax charge payable appear in the assets on the consolidated balance sheet under the heading "Tax receivables payable". They amount to €21.5 million, including €16.7 million of research tax credit and €4.7 million of tax credit for competitiveness and employment.

4.3 Net charges to amortisation and provisions

(In thousands of euros)	2016	2015
DEPRECIATION, AMORTISATION AND PROVISIONS		
Intangible assets	(5,445)	(4,881)
Property, plant and equipment	(3,745)	(3,916)
Capital leases	(905)	(499)
SUBTOTAL	**(10,095)**	**(9,296)**
CHARGES TO PROVISIONS, NET OF REVERSALS		
Inventory and work in process	(35)	289
Current assets	(120)	343
Liabilities and expenses	(2,376)	(1,046)
SUBTOTAL	**(2,530)**	**(415)**
TOTAL NET CHARGES TO AMORTISATION AND PROVISIONS	**(12,625)**	**(9,711)**

4.4 Trade receivables

The receivables are recognised at their fair value at the time of initial recording, and then reduced for any losses of value.

Provisions for impairment of bad debts are recognised when it becomes probable that the receivable will not be collected and it is possible to make a reasonable estimate of the amount of the loss.

Identification of bad debts and the amount of the corresponding provisions is based on historical experience of final losses on receivables, analysis by age of accounts receivable and a detailed estimate of specific accounts receivable and the related credit risks.

(In thousands of euros)	2016	2015*
Trade receivables	65,560	63,576
Invoices to be drawn up	88,854	98,361
TRADE RECEIVABLES, GROSS VALUES	**154,414**	**161,937**
Impairment losses	(2,376)	(2,375)
TOTAL TRADE RECEIVABLES	**152,038**	**159,561**

* *2015 column restated to reflect the items described in Note 1.3.*

The risk of customer default is the main credit risk to which the Group is exposed. The Group has implemented a policy of monitoring its credit risk at all of its subsidiaries.

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Overdue trade receivables for which there is no provision were €19.1 million, including €8.8 million for the Smart Safety Systems business, and are broken down as follows:

Overdue	0 to 30 days	30 to 60 days	Over 60 days	Total
Overdue receivables for which there is no provision	7,029	3,742	8,363	19,134

Of the total receivables, almost €7.2 million has been paid as at 1 March 2017. The Group is not aware of additional difficulties which might justify a provision.

4.5 Inventories and work in progress

Inventories of raw materials, semi-finished and finished goods are valued at the lower of their acquisition cost or their estimated net realisable value. The cost price is calculated using the FIFO or weighted average cost method.

The methods for valuing and impairing work in progress are tailored to the context of each consolidated company. However, the valuation principles generally accepted in the field are followed, including:

- work in progress is valued at direct and indirect production costs, excluding all sales and financial costs;
- hourly production rates are based on normal activity excluding any sub-activity cost;
- when, based on the forecast revenue and cost estimates, a termination loss is probable, said loss is covered by an impairment provision for the portion included in work in progress and a provision for liabilities and expenses for the part of the costs yet to be committed.

Movements in inventories in the consolidated balance sheet are as follows:

	2016			2015		
(In thousands of euros)	Gross values	Impairment losses	Net values	Gross values	Impairment losses	Net values
Raw materials	21,414	(5,186)	16,228	18,383	(5,085)	13,298
Work in progress	5,897	(398)	5,499	3,800	-	3,800
Semi-finished and finished goods	5,174	(1,178)	3,995	6,137	(814)	5,323
Goods	3,614	(316)	3,298	3,715	(24)	3,692
TOTAL INVENTORY AND-WORK IN PROGRESS	**36,099**	**(7,079)**	**29,020**	**32,035**	**(5,923)**	**26,112**

Over the period, impairment net of reversals recognised in the income statement was €35 thousand.

4.6 Non-recurring items in operating income

Operating income includes all income and expenses other than:

- interest income and expense;
- other financial income and expense;
- Group share of net income of equity-accounted companies;
- corporate income tax.

To improve comparability among financial years, the Group has decided to isolate the non-recurring items in operating income and show a "current operating income".

Non-current items include restructuring costs, recognised or fully provisioned if they are liabilities arising from a Group obligation to third parties, which stem from a decision taken by a competent body, and which materialise before the reporting date through the announcement of said decision to third parties and provided the Group no longer expects consideration for these costs. These costs consist primarily of compensation for termination of employment contracts, severance pay, as well as miscellaneous expenses. In 2015, the restructuring costs include the costs of moving Group companies for €1.6 million.

Other non-recurring items of operating income concern the acquisition costs of companies, amortisation of intangible assets recognised under acquisitions, impairment of goodwill and all unusual items by their occurrence or amount.

(In thousands of euros)	2016	2015
PROFIT (LOSS) FROM CONTINUING OPERATIONS (A)	**9,031**	**11,762**
Restructuring costs[(1)]	(969)	(2,947)
ELTA negative goodwill	5,569	-
Acquisition costs	(162)	(45)
Amortisation of intangible assets recognised at fair value during the acquisitions	(1,013)	(1,003)
Provisions for impairment of asset values	(368)	(460)
Other	(526)	-
TOTAL NON-RECURRING ITEMS (B)	**2,530**	**(4,454)**
OPERATING INCOME (C) = (A)-(B)	**11,561**	**7,307**

(1) Of which, in 2015, moving costs for subsidiaries for €1,628 thousand.

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4.7 Other current and non-current assets

	2016			2015
(In thousands of euros)	Gross values	Write-downs	Net values	Net values
Current accounts receivable	10,418	(10,413)	5	5
Total other non-current receivables	**10,418**	**(10,413)**	**5**	**5**
Advances and down-payments made	2,214	-	2,214	2,602
Other receivables[(1)]	3,275	(416)	2,860	3,321
Social and tax receivables	10,167	-	10,167	9,124
Current accounts receivable	1	-	1	94
Prepaid expenses	1,600	-	1,600	1,708
TOTAL OTHER CURRENT RECEIVABLES	**17,258**	**(416)**	**16,842**	**16,850**

(1) Including outstanding subsidies for €640 thousand.

4.8 Other current and non-current liabilities

(In thousands of euros)	2016	2015
Suppliers	48,073	57,250
Fixed asset suppliers	1,369	1,468
TOTAL TRADE PAYABLES	**49,442**	**58,718**
Advances and down-payments received	48,323	55,830
Social Security liabilities	22,641	19,881
Tax liabilities	16,344	17,454
Current accounts payable	23	264
Miscellaneous debts	4,011	3,605
Deferred income	25,625	21,247
TOTAL OTHER CURRENT LIABILITIES	**116,967**	**118,381**
Conditional advances	1,309	1,652
TOTAL OTHER NON-CURRENT LIABILITIES	**1,309**	**1,652**
TAX PAYABLE	**127**	**74**

Trade payables are paid on their normal due dates, provided the services from the suppliers are fully completed and in the absence of litigation.

Advances and payments on account received correspond to payments made by customers in respect of projects in progress. These advances are in part counterbalanced by the amount of the invoices to be issued (see Note 4.4).

Deferred income corresponds either to subsidies and research tax credits which will be recognised in the income statement in line with the amortisation of the corresponding assets (€7.4 million, see Note 4.2), or to the surplus identified on projects in progress of the revenue invoiced by reference to the revenue calculated in terms of progress (€19.1 million, see Note 4.1).

4.9 Off balance sheet commitments related to operations

(in millions of euros)	2016	2015
Endorsements, security deposits and guarantees given	49.9	48.3
Other commitments given	-	-
TOTAL	**49.9**	**48.3**

There are no other significant commitments related to operating activities that are not included in the financial statements.

Note 5 Employee expenses and benefits

5.1 Workforce

	31/12/2016	31/12/2015
Total workforce	1,836	1,549
Average workforce	1,661	1,460

The large difference between the average workforce and the total workforce is explained in 2016 by the acquisition at the end of November of ELTA and BE MAURIC.

As at 31 December 2016, 331 people are based abroad.

5.2 Employee expenses and benefits

The employee benefits are estimated in accordance with the revised IAS 19. They are broken down between short term and long term benefits.

The employees of the Group receive short term benefits such as holiday pay, sickness pay, bonuses and other benefits (other than contract termination payments) payable within the 12 months following the end of the period during which the employees provided the corresponding services.

These benefits are recognised in current liabilities and recorded in the expenses in the year in which the service is provided by the employee.

The long term benefits cover two categories of employee benefit:

- the benefits subsequent to employment, which include the allowance paid on retirement;
- the other long term benefits (during employment), which mainly concern long service awards.

The various benefits offered to each employee depend on the local legislation and the conventions and agreements in effect in each Group company.

Employee expenses include the following items:

(In thousands of euros)	2016	2015
Salaries and benefits	(70,987)	(62,092)
Social security contributions	(28,787)	(25,511)
Payments in shares	(122)	(222)
Profit sharing and incentive schemes	(386)	(771)
Other[1]	(2,770)	(2,476)
TOTAL	**(103,051)**	**(91,072)**

(1) Mainly includes contributions to Works Council, occupational medicine, restaurant tickets, etc.

5.3 Provisions for pensions and similar commitments

The Group makes provisions for post-employment benefits (retirement pay) and long term employee benefit plans (awards). The cost of retirement and related benefits (awards) is provisioned for the remaining obligations. It is estimated for the entire workforce on the basis of accrued rights and a projection of current salaries, taking into account the risk of mortality, staff turnover and a discounting assumption.

The discount rates are determined by reference to the yields on bonds issued by first class corporations over terms equivalent to those of the commitments on the date of valuation.

Actuarial gains and losses are generated where differences are recorded between the actual data and the forecasts made previously, or following changes in actuarial assumptions. The actuarial gains and losses generated are recognised in the overall income statement, net of deferred taxes.

The expense recognised in the income statement includes:

- the costs of services provided during the financial year, the cost of past services, as well as any effects of any reduction or liquidation of the scheme;
- the net interest expense on bonds and hedging assets.

The provision for claims is updated annually on the basis of the prevailing fee schedules, changes to the assessment base, staff turnover and mortality assumptions and discount rates.

The main parameters used for the year are as follows:

- departure at the employee's initiative (voluntary departure);
- calculation of compensation under the collective agreement in force in each of the companies (metallurgy, SYNTEC, etc.);
- assumed retirement age 67 (65 in 2015);
- IBOXX discount rate in the euro zone 1.31% (2.03% in 2015);
- loading rate 50%;
- turnover: 10% up to 34 years, 7% from 35 to 45 years, 2% from 46 to 55 years, 0% beyond that;
- revaluation rate for the calculation bases 2.22%, inflation included;
- INSEE mortality table 2009-2011.

Change in the obligation *(in thousands of euros)*	2016	2015
OPENING PROVISION	**9,533**	**6,911**
Cost of services provided for the period	512	642
Interest on discounting	132	134
Cost of services provided	-	-
First consolidation/(deconsolidation)	1,465	267
Profit/(Loss) relating to liquidation or curtailment	(152)	(238)
Actuarial losses/(gains) generated on the obligation	719	(577)
Benefits paid	(129)	(153)
CLOSING PROVISION	**9,534**	**6,987**

With respect to retirement and other post-employment benefits, a 0.5 point increase in the discount rate would reduce the amount of the obligation by approximately €677 thousand. An equivalent reduction would increase the obligation by €749 thousand.

5.4 Payments in shares (stock options, share subscription warrants, allocation of bonus shares)

Certain employees of the Group receive a remuneration in equity instruments, for which the payment is based on shares. The costs of the bonus share award schemes, share subscription warrants or options are recognised in employee costs. This expense, which corresponds to the fair value of the instrument issued, is spread over the vesting period for the rights, counterbalanced by a corresponding adjustment to the shareholders' equity. The Group periodically re-examines the number of potential shares. Where applicable, it recognises the consequences of the revision of its estimates in the income statement.

There have not been share subscription or purchase option plans in effect for ECA since March 2015.

GROUPE GORGÉ has set up bonus share allocation schemes. A scheme came to an end in 2015 (end of the retention commitment). A scheme from 2014 is in its vesting period. Under the terms of these plans, the vesting period is at least two years and the obligation to retain any acquired shares is also at least two years. The final allocation is always subject to presence and performance conditions; 15,000 shares were acquired in the first half of 2016; since the latest performance conditions were not met, this plan will no longer lead to acquisitions.

PRODWAYS GROUP has set up bonus share allocation schemes. Under the terms of these plans, the vesting period is at least two years. The final allocation is always subject to presence and performance conditions, and the value of the potential shares of the February 2016 plan is nil as the performance conditions should not be reached.

The fair value of bonus shares is calculated using valuation models. Changes in values subsequent to the grant dates have no impact on the initial valuation of the shares, and the number of potential shares taken into account to value the plans is adjusted at each closing date to take account of the probability of achieving the objectives of beneficiaries' performance and attendance. The valued benefit equates to a remuneration of the beneficiaries which is therefore recognised in payroll expenses, on a straight line basis over the vesting period in exchange for a corresponding adjustment in equity.

bonus share allocation plans	GROUPE GORGÉ 2014 Annual Shareholders' Meeting	02/2016 PRODWAYS Annual Shareholders' Meeting	12/2016 PRODWAYS Annual Shareholders' Meeting
Number of recipients	2	200	239
Support share	GROUPE GORGÉ	PRODWAYS GROUP	PRODWAYS GROUP
Potential number of shares	30,000	316,100	244,250
Final allocations in the year/cancellations	15,000/15,000	0/153,920	0/0
Cumulative final allocations/cancellations	15,000/15,000	0/153,920	0/0
Potential share balance	-	162,180	244,250
Date of establishment	May 2014	February 2016	December 2016
Start of the acquisition period	May 2014	February 2016	December 2016
End of the acquisition period	May 2016 and December 2016	15 April 2019 to 31 March 2021	15 April 2019 to 31 March 2021
End of lock-up period	May 2018 and December 2018	15 April 2019 to 31 March 2021	15 April 2019 to 31 March 2021
Potential value of the shares *(in thousands of euros)*	-	0	1,317

CRISTAL also set up a stock option plan for the benefit of an executive. At the end of that plan, the capital of the company may be increased by 27,777 shares and the holding rate of PRODWAYS GROUP may be reduced by up to 90%.

Stock option plan	CRISTAL options
Initial number of recipients	1
Support share	CRISTAL
Potential number of shares	27,777
Options exercised for the year/cancellations	0/0
Cumulative options exercised/cancellations	0/0
Potential share balance	27,777
Date of establishment	December 2016
Subscription price per share	€1
Start of the subscription period	July 2020
End of the subscription period	June 2021
Potential value of the shares *(in thousands of euros)*	28

5.5 Remuneration of the Directors and related parties

5.5.1 Directors remuneration

The members of the Board of Directors of GROUPE GORGÉ received Directors' fees for a total amount of €60,000.

The Chairman and Chief Executive Officer and a Director are paid by the company PÉLICAN VENTURE which is linked to GROUPE GORGÉ by a services provision agreement. PÉLICAN VENTURE paid them total gross remuneration of €319,000 and €14,611 in benefits in kind. The Chairman and Chief Executive Officer also receives variable remuneration from GROUPE GORGÉ, which paid him €59,350 in 2016 (for 2015) and will pay him €56,750 in 2017 for 2016.

5.5.2 Related parties

Related parties are persons (Directors, managers of GROUPE GORGÉ or of its principal subsidiaries) or companies owned or managed by such persons (except for subsidiaries of GROUPE GORGÉ). The following transactions with related parties conducted during the year have been identified in the GROUPE GORGÉ financial statements:

(In thousands of euros)	PÉLICAN VENTURE	SOPROMEC	MAIN DIRECTORS	CBG CONSEIL
2016 INCOME STATEMENT				
Revenue	219	34	-	-
Other income	-	-	-	-
Purchases and external charges	(500)	-	-	(133)
Financial income	-	-	-	-
2016 BALANCE SHEET				
Trade accounts receivable	48	-	-	-
Debtors	-	-	507	-
Suppliers	150	-	-	-
Creditors	-	-	-	-
Deposits and guarantees received	14	8	-	-

PÉLICAN VENTURE is a holding company, and the main shareholder of GROUPE GORGÉ. It is chaired by Jean-Pierre GORGÉ, a Director of GROUPE GORGÉ. SOPROMEC is a subsidiary of PÉLICAN VENTURE. FONDELIA is a subsidiary of SOPROMEC. CBG CONSEIL is owned and chaired by Catherine GORGÉ, a Director of GROUPE GORGÉ.

Note 6 Property, plant and equipment and intangible assets

6.1 Goodwill

Goodwill is initially recognised at the time of a combination of businesses as described in Note 2.1.

Goodwill corresponds to the difference between the cost of an acquisition and the fair value of the Group's share in the identifiable net assets acquired. Positive differences are recognised under "Goodwill" on the assets side of the balance sheet, while negative differences are recognised directly in the income statement. In 2016, negative goodwill was recognised for ELTA. Income from the disposal of an entity includes the carrying amount of goodwill relating to the entity sold. The essential elements of the business are treated in the same way as goodwill.

Goodwill may be adjusted in the 12 months following the acquisition date to reflect the final calculation of the fair value of the assets and liabilities acquired.

Subsequent to their initial recognition, they are not amortised but are the subject of an impairment test on the appearance of indications of loss of value, and at least once a year. The processes for the impairment tests carried out in 2015 and 2016 are described in Note 6.4.

Net value *(In thousands of euros)*	
At 1 January 2016	**44,219**
Acquisitions	1,579
Disposals	-
Other changes	-
Impact of changes in exchange rates	-
At 31 December 2016	**45,798**
Of which depreciation at 31 December 2016	-

Goodwill is distributed as follows:

• Smart Safety Systems	43%
• Protection of High-Risk Installations	12%
• 3D Printing	35%

6.2 Other intangible assets

Intangible assets acquired separately are recognised in the balance sheet at their acquisition cost. They are subsequently measured at amortised cost, as recommended by IAS 38 - Intangible Assets. Intangible assets acquired in a business combination are recognised in the balance sheet at their fair value, determined on the basis of external valuations. These valuations are performed using generally accepted methods, based on future inflows. The value of intangible assets is tested on a regular basis for impairment.

With the exception of brands, intangible assets are amortised on a straight-line basis over their useful life, taking into account the period of legal protection, if applicable.

The value of amortised intangible assets is tested when there is any indication that their recoverable amount may be less than their carrying amount. Any impairment identified as a result of these tests is recognised under "Other operating income and expense".

Intangible assets acquired in a business combination are not amortised when their useful life cannot be determined. The criteria for ascertaining whether or not the useful life of an intangible asset can be determined, and the length of useful life, if applicable, are as follows:

- the reputation of the asset;
- the period over which the asset is expected to be used in the Group's operations.

The value of intangible assets with an indefinite useful life is tested for impairment at least once a year and whenever there is an indication of impairment. An impairment loss is recognised whenever the recoverable amount of an asset is found to be below its carrying amount.

Fixed assets generated internally, concerning mainly expenses for development of new projects. They are capitalised where the following criteria are strictly fulfilled:

- the technical feasibility necessary for the completion of the intangible assets with a view to its commissioning or its sale;
- the intention to complete the intangible assets and to commission it or to sell it;
- the capacity to use or sell the intangible assets;
- the way in which the intangible assets will generate probable future economic benefits. The entity must demonstrate, among other things, the existence of a market for the production from the intangible assets or for the intangible assets itself or, if the latter has to be used internally, its utility;
- the availability of technical, financial and other resources necessary to complete the development and to commission or sell the intangible assets;
- the capacity to reliably estimate the expenses attributable to the intangible assets during its development.

Development costs that do not meet these criteria are expensed in the period in which they are incurred. This is notably the case for research and development work that may be carried out in connection with customer orders where the costs cannot be separated from the costs involved in fulfilling the order.

Capitalised development projects are amortised over the lifespan of the underlying technology, which generally ranges from 3 to 15 years from their date of completion, or in accordance with the number of products delivered as part of the project, with, in this case, an amortisation schedule beginning at the time the first product is sold.

Development costs are subject to impairment tests whenever there is an indication of impairment.

(In thousands of euros)	Development projects	Other intangible assets	Fixed assets in progress leases	Total
Gross value				
At 1 January 2016	**53,644**	**14,872**	**151**	**68,667**
Acquisitions	7,716	855	55	8,626
Changes in scope	5,311	1,373	-	6,684
Departures	-	(958)	-	(958)
Other changes	31	190	(153)	67
Impact of changes in exchange rates	12	5	-	17
At 31 December 2016	**66,713**	**16,338**	**53**	**83,104**
Depreciation and amortisation, and impairment				
At 1 January 2016	**27,455**	**9,918**	**-**	**37,373**
Depreciation and amortisation	5,108	1,345	-	6,453
Changes in scope	1,135	1,189	-	2,324
Impairment losses	-	-	-	-
Departures	-	(936)	-	(936)
Other changes	(381)	8	-	(373)
Impact of changes in exchange rates	12	6	-	18
At 31 December 2016	**33,329**	**11,530**	**-**	**44,860**
Net value				
At 1 January 2016	**26,188**	**4,954**	**151**	**31,294**
At 31 December 2016	**33,384**	**4,808**	**53**	**38,245**

Development projects and other intangible asset line items are as follows:

Net values *(in thousands of euros)*	Structure	Protection of High-Risk Installations	Smart Safety Systems	3D Printing	Total
Special doors for EPR	-	2,527	-	-	2,527
AUV programme	-	-	7,595	-	7,595
Mine Killer programme	-	-	1,792	-	1,792
USV programme	-	-	642	-	642
Land robots	-	-	423	-	423
IT 180 Aerial drone	-	-	829	-	829
Beacons	-	-	4,099	-	4,099
Flight simulation(1)	-	-	2,871	-	2,871
Naval systems(2)	-	-	867	-	867
Naval simulation	-	-	371	-	371
Imaging(3)	-	-	600	-	600
3D printers(4)	-	-	-	5,434	5,434
Other	-	3,548	1,785		5,333
DEVELOPMENT PROJECTS SUBTOTAL	**-**	**6,075**	**21,875**	**5,434**	**33,384**
ECA SINTERS and DELTAMED customer relations(5)	-	-	333	943	1,276
INFOTRON patents(6)	-	-	390	-	390
Other(7)	262	384	2,253	295	3,194
TOTAL INTANGIBLE ASSETS	**262**	**6,460**	**24,852**	**6,671**	**38,245**

(1) Including revaluation of assets at fair value through acquisitions, €167 thousand.
(2) Including revaluation of assets at fair value through acquisitions, €375 thousand.
(3) Including revaluation of assets at fair value through acquisitions, €600 thousand.
(4) Including revaluation of assets at fair value through acquisitions, €1,874 thousand.
(5) Including revaluation of assets at fair value through acquisitions, €1,276 thousand.
(6) Including revaluation of assets at fair value through acquisitions, €390 thousand.
(7) Including costs and purchases of licences for ECA's new ERP for €1,101 thousand (direct costs).
(8) Including revaluation of assets at fair value through acquisitions, €943 thousand.

6.3 Property, plant and equipment

Property, plant and equipment primarily comprises land, buildings and production equipment, and is recognised at purchase cost, less accumulated depreciation and any impairment losses, as recommended by IAS 16 – *Property, Plant and Equipment*.

Each component of an item of property, plant and equipment with a useful life that differs from that of the item as a whole, is depreciated separately on a straight-line basis, without taking into account the residual values. The useful lives of items of property, plant and equipment are generally considered to be the following:

- buildings: 10 to 35 years;
- technical facilities, equipment and tools: 3 to 10 years;
- other: 3 to 12 years.

The useful life of items of property, plant and equipment used in operating activities reflect the estimated life cycles of the products. The useful life of items of property, plant and equipment are reviewed periodically, and may be adjusted prospectively, if appropriate.

Depreciation is expensed in the year incurred.

Items of property, plant and equipment are tested for impairment when there is an indication that they may be impaired. If applicable, a provision will be made on the income statement in current operating income under "Depreciation, amortisation and provisions (net of reversals)".

Finance leases

Properties used in the framework of a lease are capitalised, in consideration of a debt, when the effect of the lease is to transfer almost all the risks and benefits of the ownership of the properties to the Group.

Leases where the risks and benefits are not transferred to the Group are classified as operating leases. Lease payments under operating leases are recognised as an expense on a straight-line basis over the term of the lease.

(In thousands of euros)	Land and buildings	Fixtures and equipment	Land and buildings held under finance leases	Equipment held under finance leases	Non-current assets work in progress*	Advances and down-payments	Investment property	Total
Gross value								
At 1 January 2016	**13,243**	**32,410**	**6,929**	**2,204**	**951**	**266**	**298**	**56,301**
Acquisitions	836	4,204	-	1,967	372	1	-	7,380
Changes in scope	200	3,957	-	-	(82)	-	-	4,075
Departures	(835)	(2,431)	-	-	-	(266)	-	(3,533)
Other changes	31	265	-	-	(804)	-	-	(509)
Impact of changes in exchange rates	2	4	-	-	-	-	-	6
At 31 December 2016	**13,476**	**38,408**	**6,929**	**4,171**	**437**	**1**	**298**	**63,719**
Depreciation and amortisation, and impairment								
At 1 January 2016	**5,794**	**22,830**	**3,304**	**1,107**	**-**	**-**	**-**	**33,035**
Depreciation and amortisation	640	3,103	203	702	-	-	-	4,649
Changes in scope	-	3,298	-	-	-	-	-	3,298
Impairment losses	-	(212)	-	-	-	-	-	(212)
Departures	(835)	(2,123)	-	-	-	-	-	(2,959)
Other changes	8	(69)	(8)	-	-	-	-	(69)
Impact of changes in exchange rates	2	5	-	-	-	-	-	7
At 31 December 2016	**5,608**	**26,831**	**3,499**	**1,809**	**-**	**-**	**-**	**37,747**
Net value								
At 1 January 2016	**7,450**	**9,580**	**3,625**	**1,097**	**951**	**266**	**298**	**23,266**
At 31 December 2016	**7,868**	**11,577**	**3,430**	**2,362**	**437**	**1**	**298**	**25,972**

* *Start of period restated to reflect the items described in Note 1.3.*

6.4 Value impairments on fixed assets

Open-ended non-current assets are not amortised and are tested for impairment at each reporting date. These assets consist primarily of goodwill and open-ended intangible assets.

Amortised assets are tested for impairment when, due to special events or circumstances, the probability of recovering their carrying amount comes into question.

For the purposes of measuring impairment, assets are grouped into cash-generating units (CGUs), which represent the lowest level of unit generating separate cash flow.

Impairment is accounted for to match the surplus of the carrying amount over the recoverable amount of a CGU. In the absence of market value, the recoverable amount of a CGU is its value after tax, calculated using discounted future cash flows.

The main CGUs selected in the Group's current configuration and organisation are now, within the Smart Safety Systems, Aerospace, Robotics and Integrated Systems and Simulation division; within the Protection of High-Risk Installations division, CIMLEC, NUCLEACTION, SERES and Fire Protection: within the 3D Printing, Systems and Products division.

Moreover, in some cases, the appearance of loss factors specific to certain assets other than goodwill may be grounds for testing and justify an impairment of these assets regardless of an impairment test on the CGU to which they were previously attached. These impairment factors may be related either to internal factors (*e.g.*, changes in the assessment of management's ability to bring an R&D project to a conclusion) or external events (*e.g.*, changing commercial outlook).

For non-current assets other than goodwill that are impaired, the possible recovery of the impairment is reviewed on each reporting date. Goodwill impairment losses are irreversible.

Process for the impairment tests

At 31 December 2016, impairment tests on all property, plant and equipment and intangible assets did not result in any impairment losses. Impairment losses on development projects for a total amount of €81 thousand and a prototype for €215 thousand were recognised in the non-recurring items of operating income in 2015. No impairment of goodwill was observed.

The recoverable value of a CGU is determined using the discounted future cash flows. The discount rate used is the weighted average cost of capital (WACC), calculated using the ten-year OAT (risk-free rate 0.57%) rate, a market risk premium and Beta calculated based on the share price of the company and the performance of the CAC 40 index. Flows after taxes are projected conservatively over the forecast period of the relevant activity (five years) and may include a terminal value with a growth assumption of 1.5%.

The discount rates used in 2016 are 6.42% for the SIS division, 12% for the 3D division and 6.01% for GROUPE GORGÉ excluding risk premiums.

The rate was also increased by a specific risk premium set at 2% for the 3 CGUs of the SIS division (Aerospace, Robotics and Integrated Systems, Simulation). Within the PIR division, the specific risk premiums are 5% for the Cimlec and NUCLEACTION CGUs, 3% for the Fire Protection CGU and 2% for the SERES CGU.

The tests made include a measurement of the sensitivity of assumptions (discount rate of +/-0.5 points (-0.5/+1 point for the SIS division) and growth rate to infinity of +/-0.5%)

Management does not believe that any reasonably possible change in the key assumptions used to calculate the recoverable value might lead to the carrying amount of a CGU being considerably higher than its recoverable value.

The CGUs and the discount rates used are therefore the following:

CGU	Goodwill	Discount rates used, including risk premiums
Aerospace	1,332	8.42%
Robotics and Integrated Systems	18,078	8.42%
Simulation	498	8.42%
Smart Safety Systems	**19,908**	
Systems	8,188	12%
Products	7,965	12%
3D Printing	**16,152**	
CIMLEC and subsidiaries	274	11.0%
NUCLEACTION and subsidiaries	3,766	11.0%
Fire Protection	4,891	9.0%
Seres	806	8.0%
Protection of High-Risk Installations	**9,738**	
TOTAL GROUPE GORGÉ	**45,798**	

Note 7 Details of cash flows

7.1 Calculation of cash flow

(In thousands of euros)	2016	2015*
NET INCOME FROM CONTINUING OPERATIONS	**4,859**	**3,639**
Allowances for/reversals of depreciation, amortisation and provisions	7,637	10,493
Cancellation of capital gains and losses on treasury shares	(22)	24
Calculated expense related to stock options and similar items	122	222
Earnings of equity-accounted companies	(40)	3
Capital gains and losses on disposals	58	147
Other	352	(398)
CASH FLOW FROM OPERATING ACTIVITIES (BEFORE ELIMINATION OF NET BORROWING COSTS AND TAXES)	**12,965**	**14,130**

* *2015 column restated to reflect the items described in Note 1.3.*

EBITDA is reconciled with the operating cash flow as follows:

(In thousands of euros)	2016	2015*
EBITDA	**21,656**	**21,473**
Cancellation of capital gains and losses on treasury shares	(22)	24
Capital gains and losses on disposals	58	147
Calculated expense related to stock options and similar items	122	222
Appropriations and reversals concerning current assets	(524)	467
Offsetting of reversals of provisions with an expense	(529)	(1,425)
Non-recurring items excluding charges and reversals	(1,578)	(2,809)
Financial income excluding financial charges and reversals	(2,082)	(1,923)
Corporation tax	(4,488)	(1,647)
Other calculated expenses	352	(398)
CASH FLOW FROM OPERATING ACTIVITIES (BEFORE ELIMINATION OF NET BORROWING COSTS AND TAXES)	**12,965**	**14,130**

* *2015 column restated to reflect the items described in Note 1.3.*

7.2 Change in working capital requirements

(In thousands of euros)	Notes	Start of period[1]	Changes in scope	Change over the year	Other changes[2]	Currency translation adjustment	Closing
Net inventories[1]		26,112	2,939	(61)	-	29	29,020
Net receivables[1]		159,561	4,485	(12,036)	-	27	152,038
Advances and down-payments		2,602	42	(427)	-	(2)	2,214
Prepaid expenses		1,708	349	(459)	-	1	1,600
SUBTOTAL	A	**189,984**	**7,815**	**(12,983)**	**-**	**56**	**184,871**
Trade payables		57,250	2,647	(11,828)	-	5	48,073
Advances and down-payments		55,830	222	(7,730)	-	-	48,323
Deferred income		21,247	1,763	2,612	-	3	25,625
SUBTOTAL	B	**134,327**	**4,631**	**(16,946)**	**-**	**8**	**122,020**
WORKING CAPITAL REQUIREMENT	C = A-B	**55,657**	**3,184**	**3,963**	**-**	**48**	**62,851**
Social and tax receivables		25,382	2,576	3,754	(6)	(0)	31,706
Current accounts receivable		11	-	(4)	-	-	6
Other receivables		3,408	568	(1,121)	6	(1)	2,860
SUBTOTAL	D	**28,800**	**3,144**	**2,629**	**-**	**(1)**	**34,571**
Tax and social security liabilities[1]		37,510	2,775	(1,174)	(1)	2	39,112
Accrued interest		170	-	(21)	-	-	148
Other payables and derivative instruments		6,090	6,515	(6,608)	482	133	6,612
Current accounts payable		52	-	(29)	-	-	24
SUBTOTAL	E	**43,821**	**9,290**	**(7,831)**	**481**	**135**	**45,896**
OTHER ITEMS OF WORKING CAPITAL REQUIREMENT	F = D-E	**(15,021)**	**(6,146)**	**10,460**	**(481)**	**(137)**	**(11,325)**
WORKING CAPITAL REQUIREMENT	G = C+F	**40,636**	**(2,962)**	**14,423**	**(481)**	**(89)**	**51,527**

(1) At the beginning of the year, corrections of -€487 thousand were made to various balance sheet items (see Note 1.3).
(2) The "Other changes" column contains financial inflows that did not affect income from continuing operations or generate cash flows.

During the year, the working capital requirements of the Smart Safety Systems division increased significantly (€10.7 million, compared with €14.4 million for the entire Group). This growth is linked to the growth in activity level and business cycles in progress.

Tax and social security receivables increased by €3.8 million. This is mainly explained by the increase in research tax credit receivables which it was not possible to deduct from the tax payable.

7.3 Acquisitions/Disposals of equity holdings

Cash flows from acquisitions are summarised in the table below.

(In thousands of euros)	2016	2015
Proceeds	14	134
Payments	(1,709)	(12,728)
Cash and cash equivalents	5,516	3,582
TOTAL	**3,821**	**(9,013)**

7.4 Subscription and redemption of long-term loans

Four new significant borrowings were subscribed and three borrowings were repaid in advance:

- GROUPE GORGÉ deposited two new bank loans over the year:
  - a new bank loan in June 2016 with a bullet repayment of €10 million due June 2021, immediately used to repay the 2012 Schuldschein loan (€10 million maturing in December 2017);
  - a second borrowing of €9.5 million for the refinancing of two existing loans, originally one of €4.8 million and the other of €9 million;
- in June 2016, PRODWAYS GROUP took out a bank loan of €10 million (repayable over five years with a grace period of two years);
- in July 2016, ECA concluded a credit facility of €10 million, intended to fund general corporate requirements and external growth transactions. The credit line is confirmed for a period of five years; three draws were made in the second half of the year, for €9 million, and were used mainly to repay bank loans.

Reimbursements for the financial year (€26.5 million) include the early repayment by GROUPE GORGÉ SA of three Bpifrance loans for €19.5 million.

Note 8 Financing and financial instruments

The financial assets and liabilities consist mainly of the following items:

- long term financial liabilities, short term loans and bank overdrafts which make up the gross financial debt (see Note 8.1.1);
- loans and other long term financial assets and the cash and cash equivalents which are added to the gross financial debt to arrive at the net financial debt (see Note 8.1.2);
- derivative instruments (see Note 8.1.3);
- other financial assets and liabilities (see Note 8.1.4).

8.1 Financial assets and liabilities

8.1.1 Gross financial debt

Gross financial debt includes long term financial liabilities, short term loans and bank overdrafts.

Financial liabilities consist primarily of current and non-current financial debt contracted with credit institutions, as well as bonds. These liabilities are initially recognised at fair value, from which are deducted if need be any directly attributable transaction costs. They are then valued at amortised cost based on their actual interest rate.

Changes in borrowings and financial debt

(In thousands of euros)	Start of period	Changes in scope	Increase	Decrease	Other changes	Currency translation adjustment	Closing
Finance lease liabilities	4,730	-	1,967	(1,444)	-	-	5,252
Convertible bonds	42	-	-	(1)	2	-	44
Other bonds	15,594	-	-	-	100	-	15,693
Bank borrowings	43,643	71	38,548	(24,528)	252	-	57,986
Other borrowings	2,297	55	174	(487)	32	-	2,071
FINANCIAL DEBT EXCLUDING CURRENT BANK OVERDRAFTS	**66,305**	**126**	**40,689**	**(26,460)**	**386**	**-**	**81,045**
Bank overdrafts	7,254	-	9,125	(7,254)	-	2	9,127
TOTAL FINANCIAL DEBT	**73,559**	**126**	**49,813**	**(33,714)**	**386**	**2**	**90,172**

Schedule of borrowings and financial debt

(In thousands of euros)	31/12/2016	<1 year	>1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	>5 years
Finance lease liabilities	5,252	1,399	3,854	1,387	1,045	606	209	607
Convertible bonds	44	-	44	44	-	-	-	-
Other bonds	15,693	176	15,517	14,691	400	400	26	-
Bank borrowings	57,986	14,411	43,575	6,413	7,923	7,813	17,649	3,778
Other borrowings	2,071	433	1,638	247	211	-	-	1,180
FINANCIAL DEBT EXCLUDING CURRENT BANK OVERDRAFTS	**81,045**	**16,418**	**64,628**	**22,781**	**9,578**	**8,819**	**17,884**	**5,565**
Bank overdrafts	9,127	9,127	-	-	-	-	-	-
TOTAL FINANCIAL DEBT	**90,172**	**25,545**	**64,628**	**22,781**	**9,578**	**8,819**	**17,884**	**5,565**

The "Bank borrowings" of less than one year include €9 million of draws made by ECA over three-month periods as part of its RCF (Revolving Credit Facility) of €10 million. These drawings can be renewed and the final maturity of the line is July 2021. A new loan of €1.3 million was concluded by ECA in February 2017 (81 months, 9 of which deferred) to refinance investments made at the end of 2016 using the RCF line.

The costs attributable to the implementation of loans are amortised over the term of the debt (amortised cost method) based on their true interest rate.

"Other borrowings" include repayable advances received by the Group in respect of research and development in particular. These advances cannot be repaid, or only repaid partially according to the success of the operations on the basis of which they were granted.

8.1.2 Restated net cash and cash equivalents

Cash and cash equivalents presented in the balance sheet consist of cash in hand, bank accounts, term deposits of no more than three months and marketable securities meeting the criteria in IAS 7.

Accrued interest earned on term accounts is recorded under investment income. A provision for impairment is recognised when the net asset value is less than the acquisition cost.

(In thousands of euros)	2016	2015
Marketable securities	1,531	3,207
Cash and cash equivalents	37,220	31,222
GROSS CASH (A)	**38,752**	**34,429**
Bank overdrafts (B)	9,127	7,254
CASH AND CASH EQUIVALENTS (C) = (A)-(B)	**29,625**	**27,175**
Financial debt (D)	81,045	66,305
NET CASH (NET DEBT) (C)-(D)	**(51,420)**	**(39,130)**
ECA treasury shares	1,869	1,281
GROUPE GORGÉ treasury shares	92	73
NET DEBT CASH, ADJUSTED	**(49,459)**	**(37,776)**

8.1.3 Derivative financial instruments

Composite financial instruments such as convertible or redeemable bonds are recognised in accordance with IAS 32, *i.e.* separate posting of the bond component recorded as debt at amortised cost and of the share component recognised as equity (similar to selling a stock purchase option), expenses related to the issue being recognised as equity and debt respectively in proportion to the proceeds of the issue.

The Group may use, if it deems it necessary, derivative financial instruments to hedge against foreign exchange risks associated with operations. These risks mainly arise from sales in USD. The corresponding future cash flows are partially hedged by firm or optional forward exchange transactions. On initial posting, derivatives are recorded in the balance sheet at their acquisition cost. They are then valued at their fair value calculated on the basis of market prices provided by the relevant financial institutions.

The Group applies hedge accounting for foreign exchange transactions according to the criteria defined by IAS 39. This is macro-hedging, with changes in the fair value of the hedging instrument being recognised as income.

The Group uses swap agreements to manage and hedge changes in interest rates.

The derivative instruments used are backed economically by the maturities, rates and currencies of the hedged loans. These contracts involve fixed and floating exchange rates. The interest differential is recognised as financial income or expense in return for interest receivable or payable as appropriate. For these rate instruments, the Group uses cash flow hedging in accordance with IAS 39: the instruments are recognised at their cost of acquisition and then revalued at their fair value at the closing date.

The Group's financial instruments are allocated to hedging future transactions (cash flow hedge). Thus, measurement of the change in fair value is as follows:

- the effective portion of changes in fair value is recognised in the hedging reserve until the proposed transaction is closed. When the proposed transaction is completed, the amount recognised in equity is reclassified in earnings, with the income or expense being adjusted by the actual portion of the gain or loss on the fair value of the hedging instrument;
- the ineffective portion of the change in fair value is recognised as financial income.

The fair value of swap agreements is calculated using valuation techniques based on observable market data, pursuant to IFRS 7.

A swap concluded in October 2011 has a final maturity on 31 January 2016.

Two interest rate caps were subscribed during the financial year to hedge two loans. The strikes for both *caps* are set at 1%.

- for PRODWAYS GROUP, in September 2016, to hedge the loan for 10 million contracted with LCL at a variable rate.
- for GROUPE GORGÉ, in October 2016, to hedge the loan for 9.5 million contracted with BNP at a variable rate.

The value in the asset balance sheet was €40 thousand at 31 December 2016.

SERES' minority shareholders have put options exercisable from 2017 or 2021. GROUPE GORGÉ has a call option exercisable from 2017. By an amendment concluded in January 2016, the minority shareholders may only, from now on, exercise their option from 2021 onwards. These options have been valued at fair value through equity. The valuation is equivalent to the estimated current value of the option to date, which is itself a multiple of the estimated income of the subsidiary over the period in question.

(In thousands of euros)	Start of period	In	2016 income	Equity effect	Other	Closing
Rate swaps	9	-	-	(9)	-	-
CURRENT TOTAL	**9**	**-**	**-**	**(9)**	**-**	**-**
SERES purchase option	652	-	-	643	-	1,295
NON-CURRENT TOTAL	**652**	**-**	**-**	**643**	**-**	**1,295**

8.1.4 Other non-current financial assets

Non-consolidated equity interests are initially recognised in the balance sheet at their acquisition cost, and subsequently at fair value if this can be reliably measured. Where the fair value cannot be reliably measured, the equity interests are maintained at their acquisition cost, less any recognition of impairment that is deemed to be necessary.

In particular, an impairment loss is recognised when the value of an equity interest falls below the Company's stake in its equity, unless the results and outlook suggest that the situation could be reversed in the short or medium term.

Certain financial assets are recognised at their fair value by an adjustment to the income statement (IAS 39). They are shares listed on an active market and deliberately classified in this category with effect from their initial recognition. The fair value may be determined reliably and corresponds to the stock market price at the year-end closing date (Level 1 of the hierarchy of fair values – IFRS 7).

Where the fair value cannot be based on observable market data, the securities are maintained at their cost net of any impairments. In this case, the recoverable value is determined based on the Group's share of the net assets, expected future profitability and the development prospects of the entity representative of the investment. This rule is applied in particular for unlisted securities.

Changes in fair value are recognised in Other items of net income within the overall income statement and, in the balance sheet, under a separate equity heading (other reserves) until the effective disposal of the securities, at which date they are recycled into the income statement. Furthermore, where an identified loss of value is considered to be significant or long term with regard to the circumstances, it is recognised in financial income.

Loans and receivables listed among non-current financial assets are recognised at amortised cost and are subject to impairment if there is an objective indication of a loss of value. Long-term financial receivables are discounted where the effect of discounting is deemed to be significant.

Net values (in thousands of euros)	**2016**	**2015**
Loans	626	749
Deposits and guarantees	1,805	1,590
Non-consolidated holdings	754	713
Available-for-sale assets	686	860
Other long-term investments	508	506
TOTAL OF OTHER FINANCIAL ASSETS	**4,379**	**4,418**

Non-consolidated equity securities

(In thousands of euros)	**% control**	**Capital** *Equity*	**Gross value of securities** *Net value of securities*	**Revenue** *Net income*	**Comments**
		56	60	1,659	
CEDETI[1]	10.07%	*324*	*60*	*77*	No significant influence
		100	34	470	
MARINE INTÉRIM[2]	34%	*178*	*34*	*(77)*	No significant influence
		29	500	0	
WANDERCRAFT	9%	*2,889*	*500*	*(255)*	No significant influence
			18		
Other	n/a	n/a	*18*	n/a	No significant influence

(1) Information at 30 September 2016.
(2) 2015 Information.

Investments in affiliated companies

The movements over the year are as follows:

(In thousands of euros)	**Start of period**	**In**	**Income**	**Currency translation adjustment**	**Exit**	**Closing**
1ROBOTICS	4	-	(1)	(1)	-	4
DENTOSMILE[1]	734	-	69	-	-	803
VARIA 3D	618	-	(27)	7	17	615
TOTAL	**1,355**	**-**	**40**	**(1)**	**17**	**1,421**

(1) Correction at start of period after presentation error

8.2 Financial income and expenses

On the one hand, financial income and expenses comprise interest income and expense related to the cost of net financial debt and, on the other hand, financial income and expenses.

Interest expenses correspond to the amount of interest recognised in respect of the financial debts and the interest income to the amount of the interest received from cash investments.

(In thousands of euros)	2016	2015
Interest expense	(2,264)	(2,290)
Income from other securities	14	33
Net income on sales of marketable securities	15	21
COST OF NET DEBT	**(2,235)**	**(2,236)**
Other interest income	97	129
Net exchange gain or loss	57	184
Financial allowances net of reversals	(174)	(95)
TOTAL FINANCIAL INCOME AND EXPENSES	**(2,255)**	**(2,018)**

In 2015, the Group recognised a provision against non-consolidated securities (REDHALL) for an amount of €0.1 million. An additional provision was recognised in 2016 for €0.2 million.

8.3 Policy for the management of risks

8.3.1 Liquidity risk

At 31 December, the Group's net cash amounted to €29.6 million (€38.7 million in cash, minus €9.1 million in bank overdrafts).

The Group has the funding it needs and there are no loans essential to its activity being negotiated. The Group has no bank financing that depends on the Group's rating and no significant concentration of credit risk.

The arrangements for repaying the principal loans are as follows:

Loan *(in thousands of euros)*	Rate	Amount	Outstanding capital	Maturity
SOGEBAIL (leasing)	TEC10+0.55%	6,320	1,482	48 quarterly instalments from June 2007
SG Leasing S.p.a. (leasing)	1.62% reviewable	2,250	1,264	179 monthly payments starting in 2007
LCL[1]	1.95%	2,200	1,724	75 monthly payments starting in July 2015
LCL	E3M +1.2%	950	380	5 annual instalments from January 2014
CIC[1]	2.05%	5,000	1,668	20 quarterly instalments from September 2013
GIAC 2022 bond	E3M +3.05%	2,000	2,000	20 quarterly instalments from October 2017
MICADO 2018 bond	5.75%	4,000	4,000	*Bullet repayment* October 2018
FEDERIS 2018 bond	5.40%	10,000	10,000	*Bullet repayment* December 2018
BPI France	1.93%	2,900	2,900	20 quarterly instalments from March 2017
BPI France	1.78%	1,500	1,500	20 quarterly instalments from October 2017
BPI France	1.78%	5,000	5,000	20 quarterly instalments from October 2017
BPI France	1.78%	3,000	3,000	20 quarterly instalments from November 2017
BPI France	1.78%	500	500	20 quarterly instalments from October 2017
BPI France	0%	1,400	1,400	20 quarterly instalments from June 2017
BNP PARIBAS	0.96%	600	472	60 monthly payments starting in December 2015
BNP PARIBAS	E3M+0.8%	9,500	9,500	20 quarterly instalments from January 2017
BNP PARIBAS	E3M+1%	10,000	10,000	*Bullet repayment* June 2021
CIC	E+0.4%	10,000	9,000	RCF *Line* maturity July 2021
LCL	E+0.9%	10,000	0	RCF *Line* maturity July 2020
LCL	E3M+1.00%	10,000	10,000	4 annual instalments from June 2019
BPI France	0%	1,400	1,400	20 quarterly instalments from June 2017
BNP PARIBAS	0.96%	600	472,4	60 monthly payments starting in December 2015
CRÉDIT AGRICOLE	1.15%	235	142,6	60 monthly payments starting in January 2015
CRÉDIT MUTUEL	4.75%	240	66,0	132 monthly payments starting in July 2008
CRÉDIT AGRICOLE	0%	100	58,3	60 monthly payments starting in December 2014

(1) Repaid in advance in the first quarter of 2017, see Note 8.4.

Leverage covenants are associated with certain credits. They have all been honoured. The principal borrowings of GROUPE GORGÉ as well as the principal borrowings of subsidiaries may include a change of control clause.

In July 2015, GROUPE GORGÉ entered into an RCF (Revolving Credit Facility) credit agreement. The revolving credit facility of €10 million is confirmed until July 2020. It has not been used.

In July 2016, ECA also entered into an RCF credit agreement with the CIC. The bank has opened a €10 million revolving credit facility that has been confirmed until July 2021. At the end of December 2016, €9 million of the credit facility was used. This credit facility is accompanied by a change of control clause and a leveraged financial covenant.

8.3.2 Interest rate risk

Generally, the Group's policy for managing interest rate risk is to examine on a case by case basis credit agreements concluded on the basis of a variable interest rate and to consider, with the help of its external financial advisors, whether it is opportune to use *ad hoc* financial instruments to hedge, where appropriate, identified rate risks. Liabilities and assets exposed to changes in interest rates are as follows, by maturity:

(In thousands of euros)	**DD to 1 year**	**1 to 5 years**	**Beyond**
Financial liabilities(1)	11,949	28,495	11,200
Financial assets(2)	-	626	-
Net position before hedging	11,949	27,869	11,200
Off-balance sheet	-	-	-
Net position after hedging	11,949	27,869	11,200

(1) Excluding funds that do not bear interest but including bank overdrafts amounting to €9,127 thousand.
(2) Excluding marketable securities for €1,531 thousand.

Overdrafts and short-term loans (financing of trading receivables) are concluded at variable rates and therefore expose the Group to fluctuations in interest rates.

Net debt exposed to interest rate fluctuations is approximately €49.5 million at 31 December 2016. A rise or fall of 100 basis points (1%) of all rates would have an impact of about +/-€495 thousand on the Group's annual pre-tax financial expense, assuming strict stability of the debt.

8.3.3 Foreign exchange risk

Foreign currency transactions are concentrated in ECA (mainly US dollar) and are developing in the 3D Printing division. The Group's share of revenue earned in foreign currencies remains limited, with companies in the Protection of High-Risk Installations division reporting the bulk of their euro-denominated exports.

ECA has established a policy of monitoring foreign exchange risk by anticipating all the currency flows of the Group constituted by ECA and its subsidiaries (receipts and payments), measuring the Group's net exposure by maturity and, if necessary, using currency hedging if the net position with an identified deadline warrants it. This requires an assessment of the risk of currency changes, which is issued by the management of ECA advised by its banks. Due to the balanced nature of cross-currency flows in both directions, it was not considered necessary to implement hedging in 2016. Financial debt in foreign currencies is marginal; only a few foreign subsidiaries having temporary bank overdrafts.

(In thousands of euros)	**USD**	**CAD**	**HKD**	**YUAN**	**Other**
Assets	9,580	531	133	2,564	769
Liabilities	4,384	-	1,045	1,924	445
Net position before hedging	5,196	531	(912)	639	323
Off-balance sheet position	-	-	-	-	-
Net position after hedging	5,196	531	(912)	639	323

A uniform exchange rate with a rise or fall of 1 euro cent against the major currencies could have an impact of +/-€16 thousand on the net position, assuming a strict stability of assets and liabilities.

8.3.4 Market risk

Treasury shares are held by ECA (81,897 shares) and by GROUPE GORGÉ (4,372 shares). These shares were acquired under liquidity contracts or in order to deliver shares when exercising rights attached to securities giving access to capital through redemption, granting stock purchase options to employees, cancelling all or some of the shares thus redeemed, delivering securities in payment or exchange in the framework of external growth transactions, or regulating the share price on the stock market.

The carrying amount of the treasury shares stands at €1.25 million; the market value at 31 December 2016 is €1.96 million (including, respectively, €0.09 million for the treasury shares of GROUPE GORGÉ and €1.87 million for those of ECA).

A uniform change of 10% in share prices could have an impact on equity of €196 thousand compared with the position at 31 December 2016 (ECA and GROUPE GORGÉ shares).

The rest of the cash invested by the Group is in money market funds or deposits.

8.4 Off-balance sheet commitments related to financing

Pledges of the issuer's assets

Equity securities of companies included in the scope of consolidation are pledged to financial institutions as collateral for loans:

Equity securities	Pledge start date	Pledge expiry date	Number of shares pledged	% capital pledged	Debt initially guaranteed	Outstanding capital
ECA[1]	06/2013	06/2018	195,534	2.21%	€5,000 thousand	€1,668 thousand
SERES TECHNOLOGIES	05/2012	05/2018	480	60%	€950 thousand	€380 thousand

(1) The credit for this pledge was repaid early in January 2017. A request for the release of the pledge was made.

A pledge of PRODWAYS GROUP shares was granted in March 2015 by GROUPE GORGÉ. The loan for this pledge was repaid in advance in October 2016 and the pledge was released.

Commitments received

ECA SA has a revolving credit facility of €10 million, confirmed until July 2021. This credit facility, €9 million of which has been used as at 31 December 2016, is subject to a change of control clause and a financial covenant.

GROUPE GORGÉ SA has a revolving credit facility of €10 million, confirmed until July 2020. This credit facility has not been used. It is accompanied by a change of control clause and a financial covenant.

Other commitments

In 2016, GROUPE GORGÉ SA entered into two new loan agreements of €1.67 million each. Both borrowings were drawn in January 2017 and were used for the early repayment of borrowings outstanding as at 31 December 2016.

There is no other collateral, guarantee or security at the end of the 2016 financial year.

Note 9 Corporate income tax

9.1 Details of corporate income tax

The tax charge on net income includes the tax payable and the deferred taxes of the consolidated companies.

The taxes related to items recognised directly in other items of total net income are recognised in Other items of total net income and not in the income statement.

9.1.1 Details of corporate income tax

Breakdown of tax expense

(In thousands of euros)	2016	2015
Deferred tax liabilities	(944)	1,199
Taxes payable	(3,543)	(2,845)
TAX EXPENSE	**(4,488)**	**(1,647)**

Tax expense does not include research tax credits, classified as other income (see Notes 4.2 and 9.1.2). It does, however, include CVAE in the amount of €1,578 thousand in 2016 and €1,623 thousand in 2015.

Tax receivables and payable

(In thousands of euros)	2016	2015
Tax receivables	21,538	16,258
Tax payable	127	(74)
NET TAX RECEIVABLE/(DUE)	**21,412**	**16,183**

Tax receivable is mainly made up of research tax credit receivables for €16.7 million and CICE receivables for €4.7 million, which it was not possible to deduct from the tax charge payable.

9.1.2 Analysis of the tax charge

In accordance with standard practice and with IAS 12 and IAS 20, as the research tax credit is neither an element of taxable income, nor computed on the basis of taxable income, and as it is neither a tax liquidation component nor limited to the amount of tax liquidated, it is classified as operating income.

Research tax credits for subsidiaries are recognised in current operating income rather than as a decrease in tax expense if they are not generated by research and development expenses included in the consolidated balance sheet. If they are generated by research and development expenses recognised in the consolidated balance sheet, research tax credits are recognised as deferred income in liabilities and recognised in income at the rate of future amortisation.

Contributions on Corporate Added Value (CVAE) are recognised in income tax accounts, this tax being based on value added. The Group's analysis is based in particular on the definition of income tax as defined in IAS 12 and on an IFRIC position from 2006 that states that the term "taxable income" implies a notion of a net rather than a gross amount, although not necessarily identical to the accounting income. IRAP (Italian tax, also based on value added) is measured the same way.

(In thousands of euros)	
NET INCOME FROM CONTINUING OPERATIONS	**4,859**
Tax Income/(Expense)	(4,488)
Earnings of equity-accounted companies	42
Earnings before tax	9,305
Tax rate	33.33%
THEORETICAL TAX CHARGE	**(3,101)**
Reconciliation items	
Uncapitalised tax losses incurred for the period	(4,905)
Use of uncapitalised tax losses	443
Reassessment of deferred tax assets	22
Differential rates France/Foreign countries and reduced rates	510
CVAE	(1,578)
Tax impact associated with the accounting classification of the value added contribution (CVAE) and tax credits/or tax savings on the CVAE and the theoretical restatement/cancellation on tax credit	2,083
Other permanent differences[(1)]	2,037
ACTUAL NET TAX INCOME (EXPENSE)	**(4,488)**

(1) Including non-taxed readjustments to the negative goodwill recognised for the acquisition of ELTA for €1,856 thousand

The tax rate matches the parent company's current rate.

9.2 Deferred tax liabilities

Deferred taxes corresponding to time differences between the tax and accounting bases of consolidated assets and liabilities are recognised using the liability method. Deferred tax assets are recognised when their future realisation seems likely on a date which can be reasonably determined.

Future income tax breaks arising from the use of tax loss carry-forwards (including unlimited carry-forward) are recognised only when they can be reasonably anticipated.

The main timing differences are related to tax losses carried forward, to provisions for pensions and other similar benefits, to other provisions which are temporarily non tax-deductible and to capitalised development expenses. The deferred tax assets and liabilities are calculated using tax rates which will be in effect at the time of the reversal of the timing differences.

Deferred tax assets and liabilities are not discounted and are offset if they relate to the same taxable entity and have identical repayment maturities.

Breakdown of deferred taxes by type

(In thousands of euros)	2016	2015
Differences over time		
Retirement and related benefits	2,756	2,221
Development costs	(6,469)	(6,573)
Grants	(736)	48
Finance leases	(174)	17
Derivative financial instruments	(125)	(226)
Fair value – IFRS 3	(277)	(389)
Other	310	73
SUBTOTAL	**(4,715)**	**(4,830)**
Temporary differences and other restatements	1,418	1,445
Deficits carried forward	8,472	7,855
CVAE	(77)	(96)
TOTAL	**5,098**	**4,374**
DEFERRED TAX LIABILITIES	**(621)**	**(206)**
DEFERRED TAX ASSETS	**5,719**	**4,580**

Deficits carried forward are capitalised due to opportunities for rapid posting of these deficits. Some deferred tax assets resulting from these capitalisations can be charged to tax liabilities because of the net deferred tax liability position of the companies concerned.

Underlying tax position

Unactivated deficits carried forward *(bases in millions of euros)*	2016	2015
Ordinary deficits	30.8	13.8
TOTAL	**30.8**	**13.8**

Note 10 Shareholders' equity and earnings per share

10.1 Equity

10.1.1 Capital and issue premiums

At 31 December 2016, the share capital of GROUPE GORGÉ SA amounted to €13,495,843, made up of 13,495,843 shares each with a par value of €1, fully paid up and of which 7,341,326 shares have double voting rights.

Changes in capital

	Cumulative number of shares	Amount of capital *(in euros)*
Capital at 31/12/2014	13,081,843	13,081,843
Capital at 31/12/2015	13,366,843	13,366,843
Capital at 31/12/2016	13,495,843	13,495,843

The capital was increased in 2016 by 129,000 shares, of which 114,000 were used with the use of the equity line set up in 2016 and 15,000 shares as a result of the vesting of shares as part of a bonus share allocation plan.

In January 2017, a draw of 7,000 shares was carried out as part of the equity line, bringing the capital to 13,502,843 shares.

The share premiums represent the difference between the par value of the securities issued and the amount, net of expenses, of the cash contributions received by GROUPE GORGÉ SA at the time of the issue. They amount to €26,769 thousand.

10.1.2 Dividend per share

The distributable reserves of the parent company (shareholders' equity excluding share capital and legal reserve) amount to €62,058 thousand, before appropriation of the 2016 net income. They amount to €54,757 thousand at 31 December 2015.

No dividend was paid in 2016. The dividend distributed in 2015 was €0.32 per share, or a total amount of €4,217 thousand.

10.1.3 Treasury shares and share repurchase plan

Share purchases made in 2016 were under the authorisation granted by the Shareholders' Meeting of 17 June 2015 or 14 June 2016.

On 31 December 2016, GROUPE GORGÉ SA held 4,372 treasury shares under a liquidity contract. On 31 December 2015, it held 2,972 treasury shares. The purpose of these shares can be:

- transferring shares at the time of exercising the rights attached to securities that give access to the capital by reimbursement;
- granting share purchase options to employees;
- cancelling all or part of the shares thus repurchased;
- providing securities in payment or exchange for external growth operations;
- stabilising the share's stock market price.

10.2 Earnings per share

Earnings per share are calculated by dividing the Group's net profit attributable to shareholders by the weighted average number of shares outstanding during the year calculated on a *pro rata* basis, net of treasury shares, in compliance with IAS 33.

The diluted earnings per share take into account dilutive instruments. It is calculated from the weighted average on a *pro rata* basis for the number of shares equivalent to shares outstanding during the year. The dilutive effect of share subscription or purchase options is calculated using the treasury stock method, taking into account the average price over the period concerned.

	2016	2015 *
Weighted average number of shares	13,420,184	13,217,562
Dividend per share paid during the year *(in euros)*	ND	-
EARNINGS PER SHARE *(in euros)*	**0.013**	**0.081**
EARNINGS PER SHARE FROM ONGOING ACTIVITIES *(in euros)*	**0.013**	**0.081**
Dilutive potential ordinary shares	551,000	30,000
Diluted weighted average number of shares	13,971,184	13,247,562
DILUTED EARNINGS PER SHARE *(in euros)*	**0.012**	**0.081**
DILUTED EARNINGS PER SHARE FROM ONGOING ACTIVITIES *(in euros)*	**0.012**	**0.081**

* *Column restated to reflect the items described in Note 1.3.*

10.3 Pledges of the issuer's assets

To the Company's knowledge, the pledges of GROUPE GORGÉ shares outstanding at the balance sheet date are as follows. These pledges were issued in favour of financial institutions holding claims on PÉLICAN VENTURE.

Pledge start date	Pledge expiry date	Number of shares pledged
02/2008	02/2017	291,667

Note 11 Other provisions and contingent liabilities

The Group recognises a provision if it has an obligation to a third party prior to the reporting date, where the loss or liability is probable and can be reasonably estimated. In cases where such loss or liability is neither probable nor reliably measurable, but still possible, the Group reports a contingent liability in commitments (excluding the posting of contingent liabilities in the event of acquisition). Provisions are estimated on a case by case basis or on a statistical basis.

Provisions are primarily intended to cover:

- economic risks: these provisions cover tax risks identified during inspections carried out locally by tax authorities and financial risks arising primarily on guarantees given to third parties covering certain assets and liabilities;
- liabilities and expenses incurred on projects; these provisions comprise:
  - statistical guarantee provisions: Group subsidiaries provide for all guarantees which may be given on equipment sales on a statistical basis. Some guarantees may cover 24 months,
  - provisions for work outstanding on projects already delivered;
  - changes in provisions over the financial year were as follows:
- restructuring costs, if the restructuring was covered by a detailed plan and an announcement or project launch before the reporting date.

In contrast to the foregoing definition of a provision, a potential liability is:

- a potential obligation resulting from a past event of which the existence will only be confirmed by the occurrence or otherwise of an uncertain event which is not within the control of the Group;
- or a current obligation resulting from a past event for which either the amount of the obligation cannot be reliably estimated or it is unlikely that an outflow of resources representative of economic benefits will be necessary to extinguish the obligation.

As part of business combinations, potential liabilities may be recognised as provisions in accordance with the criteria defined in the IFRS 3R.

Provisions for losses on completion of pending projects:

Provisions *(in thousands of euros)*	Litigation	Customer warranties	Termination losses	Fines and Penalties	Other	Total
At 1 January 2016	**761**	**916**	**987**	**367**	**2,068**	**5,099**
Appropriations	(149)	(119)	(2,486)	(419)	(1,200)	(4,373)
Provisions used	175	334	378	103	451	1,441
Reversals	90	-	248	155	691	1,184
Impact on income for the period	**116**	**215**	**(1,859)**	**(162)**	**(58)**	**(1,748)**
Changes in scope	60	184	279	-	1,151	1,675
Other changes	-	-	-	-	(97)	(97)
Impact of changes in exchange rates	-	-	-	-	-	-
At 31 December 2016	**706**	**884**	**3,126**	**529**	**3,181**	**8,425**

Note 12 Other notes

12.1 Statutory Auditors' fees

The presentation of the Statutory Auditors' fees for financial year 2016 was amended following the entry into force of Order No. 2016-315 of 17 March 2016 relating to statutory audits, published in the Official Journal of 18 March 2016.

These fees relate to all Group companies.

2016 *(in thousands of euros)*	**PWC**		**MAZARS**		**Other firms**		**Total**	
Statutory audits, review of financial statements	216	63.2%	226	94.3%	295	96.1%	735	82.9%
• Parent company	97		66		-		162	
• Fully consolidated companies	119		161		295		573	
Services other than certification of the financial statements	126	36.8%	14	5.7%	12	3.9%	151	17.1%
TOTAL	**341**	**100%**	**240**	**100%**	**305**	**100%**	**887**	**100%**

2015 *(in thousands of euros)*	PWC		MAZARS		Other firms		Total	
Statutory audits, review of financial statements	164	99.0%	251	94.0%	243	90.2%	658	93.7%
• Parent company	63		63		-		125	
• Fully consolidated companies	101		189		243		533	
Other services	2	1.0%	16	6.0%	26	9.8%	44	6.3%
TOTAL	**165**	**100%**	**267**	**100%**	**270**	**100%**	**702**	**100%**

12.2 Exceptional events and disputes

The Group is involved in various legal proceedings. After reviewing each case and seeking counsel, the provisions considered necessary have, as applicable, been recorded in the financial statements.

In July 2013, a fire destroyed the DEPALOR particleboard production plant in Phalsbourg. Some fire protection systems at the fire's initial break-out point are thought to have failed to function. DEPALOR and its insurance company launched a court-ordered appraisal against the various specialist companies responsible for the design, maintenance, verification and occasional work on the fire extinguishing systems and their respective insurance companies. The appraiser must in particular look for the origin and causes of the fire and the causes of any malfunctions of the fire protection systems on the day of the fire and determine their impact on the claim. Although it considers that it is without blame in this affair, CLF SATREM is one of the companies concerned by the appraisal since it had initiated renovation works to the DEPALOR plant 30 years previously and carried out occasional works on the site. The technical appraisal is still ongoing. The costing of the loss alleged by DEPALOR is also still ongoing and is expected to amount to several tens of millions of euros.

In April 2008, CIMLEC Industrie signed a contract with ETS Communication for an unlimited telephone service as well as the renting of the equipment required for the supply of this service from a leasing company. The entire telephone service and the lease financing came to a total amount of €500 thousand. On the strength of an acceptance report signed by CIMLEC Industrie, the leasing company FRANFINANCE began to deduct the rent payments although the telephone equipment had not been delivered and the unlimited telephone service had not begun. CIMLEC Industrie stopped the payments and ended up rescinding the contract. ETS Communication was placed under court-ordered liquidation. FRANFINANCE took CIMLEC Industrie before the Commercial Court to claim approximately €470 thousand from CIMLEC Industrie for the implementation of the lease financing contract until its term. CIMLEC Industrie then filed a complaint against it for fraud, the use of fraudulent documents. The investigation resulted in the case being abandoned, recording that no objective evidence was available to confirm the reality of the delivery or the subsequent use of the equipment. In any event, CIMLEC Industrie considers that FRANFINANCE cannot expect to obtain the full compensation for a contract when none of the services covered by the contract were provided. In April 2016, the Commercial Court ordered CIMLEC Industrie to pay FRANFINANCE €473 thousand. CIMLEC Industrie appealed that judgment. The order was recorded in the financial statements at 30 June 2016. Being enforceable, it will be settled before the appellate decision, with CIMLEC Industrie making staggered payments over nine months.

ECA EN (a subsidiary of ECA) and ECA are involved in a dispute with MINERVA (formerly ENT), a former shareholder of ECA EN. In parallel with this dispute, MINERVA blocked payment on claims that are not directly related. ECA EN considered MINERVA's demands to be completely unfounded and did not record any provisions for the dispute itself or for claims that are not directly related. In October 2012, the court of first instance ruled in ECA EN's favour. MINERVA appealed this decision but the appeal was dismissed in November 2014. MINERVA made a further appeal in January 2015. The cassation appeal by MINERVA was dismissed in April 2016.

ECA EN transferred its business in 2015. A property inspection report on departure was carried out in the presence of both parties with SCI FERCA, the lessor, at the end of December 2015. ECA EN has not yet received any demand for restoration of the premises. It is recalled that the Company was in the end obliged to move as a result of the non-completion by SCI FERCA, its former lessor, of all of the restoration work on the roof (asbestos removal) in the former premises.

At the end of a nine-year legal appraisal, in December 2016, SCI FERCA, ECA EN's former lessor, sued the companies in charge of the unfinished asbestos removal (and their insurers) to claim compensation for the damage suffered due to poorly executed and incomplete asbestos removal. Along with the companies in charge of asbestos removal, SCI FERCA sued ECA EN, accusing it, in its capacity as former tenant, of having hampered the asbestos removal process.

In 2014, BAUMERT wanted to close its establishment in Dreux in order to redeploy the business carried out on this site to its main site in Alsace in particular. Since 15 out of 16 employees refused to move, the Company was obliged to implement a plan (PSE) to safeguard the employees' jobs. Fourteen employees requested the cancellation of the PSE on the grounds that it had not been approved by the competent Regional directorate of businesses, competition, consumption, labour and employment ("DIRECCTE") and that the PSE had not been assessed by the latter with regard to the resources available to the Group to which the BAUMERT company belongs. The proceedings before the administrative courts confirmed that the DIRECCTE which approved the PSE had no jurisdiction in the area. Due to the cancellation of the PSE, the employees also initiated Labour Tribunal proceedings for dismissal without real and serious cause. BAUMERT was thus ordered by the Labour Tribunal in 2016 to pay damages to employees for an amount of approximately €460 thousand. The company appealed against this ruling and intends to call into question the responsibilities of the State and its lawyer, who advised the company on the PSE, due to the DIRECCTE's lack of jurisdiction.

In 2012, the BAUMERT company was the subject of a tax reassessment of the research tax credits for the years 2008 to 2010. The Company disputed the grounds for the reassessment, using all the grounds for appeal open to it. At the end of the various proceedings, the dispute was brought before the Administrative Court of Strasbourg (claim from 2008 and 2009 covering €187 thousand) and Paris (claim from 2010 covering €202 thousand). The Administrative Court of Paris handed down a decision on the claim from 2012 which was favourable to the Company on 23 November 2015. A rebate was subsequently obtained in May 2016 for claims from 2008 and 2009.

In May 2016, VAN DAM received a complaint from VINCI CONSTRUCTION UK Limited regarding sub-contracted work performed in 2008-2009 (then in 2011 for repairs) on a public building in England. The original contract for VAN DAM amounted to £2.9 million. VAN DAM is currently in discussions with the prime contractor and owner regarding the liability of VAN DAM for the problems observed and the work to be done to remedy them.

In 2012, CIMLEC Industrie entered into a cost-reduction agreement with COST&CO regarding its fleet of vehicles for long-term leasing. COST&CO conducts business analysis and seeks to achieve cost-reduction for French companies. As CIMLEC Industrie and COST&CO were at odds regarding the services and fees due, COST&CO summoned CIMLEC Industrie in June 2016 to pay its invoice. Moreover, COST&CO demanded the payment of damages and interest, since COST&CO accuses CIMLEC of communicating its cost-reduction recommendations to third parties. COST&CO's claims amount to approximately €516 thousand overall. CIMLEC Industrie disputes the principle and amount of COST&CO's applications.

12.3 Post-closure events

In January 2017, 7,000 new GROUPE GORGÉ shares were created as part of the ongoing equity line.

The company PRODWAYS CONSEIL was created on 24 January 2017. This new subsidiary, which is owned 90% by PRODWAYS GROUP (10% by its manager), aims to provide strategic and operational consulting services relating to additive manufacturing, the industry of the future and technological changes in production methods.

In connection with the acquisition of the assets of NORGE SYTEMS (see 2.3), an amendment was concluded in January 2017. The potential price addition of €0.5 million was reduced to €0.4 million, of which €0.2 million was payable in February 2017 and €0.2 million was conditional upon the achievement of newly fixed milestones by 31 January 2019.

On 7 February 2017, ECA SA signed a €1.3 million credit facility with the CIC to refinance investments at the end of 2016, using the RCF short-term financing line of €10 million. This new loan is repayable over a period of 81 months, 9 of which are deferred.

On 7 March 2017, GROUPE GORGÉ announced the fund-raising project for its 3D Printing division (PRODWAYS GROUP subsidiary), which could be carried out by a share capital increase on the occasion of an initial public offering.

No other significant event took place between 31 December 2016 and the date of the meeting of the Board of Directors which approved the consolidated financial statements.

Note 13 List of consolidated companies

Company	Parent company at 31 December 2016	% control 2016	% control 2015	% interest 2016	% interest 2015	Method 2016	Method 2015
Consolidating company							
GROUPE GORGÉ SA		Top	Top	Top	Top	FC	FC
Structure							
FINU 10[1]	GROUPE GORGÉ SA	100	100	100	100	FC	FC
SCI DES CARRIÈRES	GROUPE GORGÉ SA	100	100	100	100	FC	FC
GORGÉ EUROPE INVESTMENT (Netherlands)	BALISCO	95	100	95	100	FC	FC
GORGÉ NETHERLANDS (Netherlands)	GORGÉ EUROPE INVESTMENT	91.58	88	87	88	FC	FC
Smart Safety Systems							
BUREAU MAURIC	ECA SA	60	-	36.67	-	FC	-
ECA[2]	GROUPE GORGÉ SA	75.42	74.93	61.12	61.12	FC	FC
ECA CNAI	ECA AEROSPACE	100	100	61.12	61.12	FC	FC
ECA AEROSPACE[3]	ECA SA	100	100	61.12	61.12	FC	FC
ECA DÉVELOPPEMENT 1[4][1]	ECA SA	100	-	61.12	-	FC	-
ECA DRONE	ECA SA	100	100	61.12	61.12	FC	FC
ECA DYNAMICS	ECA SA	51	51	31.17	31.17	FC	FC
ECA ELTA	ECA AEROSPACE	100	-	61.12	-	FC	-
ECA EN	ECA SA	100	100	61.12	61.12	FC	FC
ECA FAROS	ECA SA	100	100	61.12	61.12	FC	FC
ECA ROBOTICS	ECA SA	100	100	61.12	61.12	FC	FC
ECA RSM	ECA SA	100	100	61.12	61.12	FC	FC
ECA SINDEL (Italy)	ECA SA	99.38	97.55	60.74	59.63	FC	FC
ECA SINDEL BRASIL (Brazil)	ECA SINDEL	99.80	99.80	60.62	59.51	FC	FC
ECA SINTERS	ECA AEROSPACE	100	100	61.12	61.12	FC	FC
EN MOTEURS	ECA EN	100	100	61.12	61.12	FC	FC
ESFE (Singapore)	ECA SA	100	100	61.12	61.12	FC	FC
SSI (United States)	ECA SA	100	100	61.12	61.12	FC	FC
TRITON IMAGING (United States)	ECA SA	100	100	61.12	61.12	FC	FC
1ROBOTICS (United States)	ECA SA	29.89	29.89	49.51	49.51	EM	EM
Protection of High-Risk Installations							
AI GROUP	BALISCO	100	100	95	100	FC	FC
AIGX (Dubai)	AI GROUP		98		98	FC	FC
AMOPSI	BALISCO	80	80	76	80	FC	FC
BALISCO	GROUPE GORGÉ SA	95	100	95	100	FC	FC
BAUMERT	NUCLÉACTION	100	100	98.81	98.81	FC	FC
BAUMERT CHINE	BAUMERT HONG KONG	100	100	98.81	98.81	FC	FC
BAUMERT HONG KONG	BAUMERT	100	100	98.81	98.81	FC	FC
CIMLEC INDUSTRIAL (Romania)	CIMLEC Industrie	100	100	95	100	FC	FC
CIMLEC Industrie	BALISCO/CLF	100	100	95	100	FC	FC
CLF-SATREM	BALISCO	100	100	95	100	FC	FC

Company	Parent company at 31 December 2016	% control 2016	% control 2015	% interest 2016	% interest 2015	Method 2016	Method 2015
COMMERCY ROBOTIQUE	CIMLEC Industrie	100	100	95	100	FC	FC
NTS France	CIMLEC Industrie	100	100	100	100	FC	FC
NUCLÉACTION	GROUPE GORGÉ SA	98.81	98.81	98.81	98.81	FC	FC
PORTAFEU NUCLEAIRE[(5)]	NUCLÉACTION	100	100	98.81	98.81	FC	FC
SAS STONI	GROUPE GORGÉ SA	100	100	100	100	FC	FC
SCI MEYSSE[(6)]	PORTAFEU NUCLEAIRE	100	-	98.81	-	FC	-
SCI DES PORTES	GROUPE GORGÉ SA	100	100	100	100	FC	FC
SERES TECHNOLOGIES	GROUPE GORGÉ SA	70	60	70	60	FC	FC
TENWHIL	CIMLEC Industrie	100	100	95	100	FC	FC
VAN DAM	GORGÉ NETHERLANDS	100	100	87	88	FC	FC
VAN DAM ASIA[(7)]	VAN DAM	100	-	87	-	FC	-
VAN DAM MAINTENANCE AND REPAIR[(8)]	GORGÉNETHERLANDS	100	-	87	-	FC	-
3D Printing							
CRISTAL[(9)]	PRODWAYS GROUP	100	100	96.19	100	FC	FC
DELTAMED	PRODWAYS GROUP	100	100	96.19	96.50	FC	FC
DENTOSMILE	PRODWAYS ENTREPRENEURS	20	20	19.24	19.24	EM	EM
EXCELTEC	PRODWAYS GROUP	100	100	96.19	96.19	FC	FC
INITIAL	PRODWAYS GROUP	100	100	96.19	96.19	FC	FC
PRODWAYS AMERICAS	PRODWAYS	100	100	96.19	96.19	FC	FC
PRODWAYS GROUP	GROUPE GORGÉ SA	96.19	96.19	96.19	96.19	FC	FC
PRODWAYS DISTRIBUTION[(1)]	PRODWAYS GROUP	100	100	96.19	100	FC	FC
PRODWAYS	PRODWAYS GROUP	100	100	96.19	96.19	FC	FC
PRODWAYS ENTREPRENEURS	PRODWAYS GROUP	100	100	96.19	96.19	FC	FC
PODO 3D[(10)]	PRODWAYS GROUP	82.06	-	78.94	-	FC	-
PRODWAYS MATERIALS	DELTAMED	100	100	96.19	96.19	FC	FC
PRODWAYS 1[(11)(1)]	PRODWAYS GROUP	100	-	96.19	-	FC	-
PRODWAYS 2[(11)(1)]	PRODWAYS GROUP	100	-	96.19	-	FC	-
VARIA 3D	PRODWAYS GROUP	45	45	43.28	43.28	EM	EM

(1) Companies with no operating activities.
(2) Control percentages for ECA reflect double voting rights.
(3) Formerly ECA DÉVELOPPEMENT.
(4) New company created in November 2016.
(5) Formerly FINU 7, takeover of assets in May 2016.
(6) New company created in May 2016.
(7) New company created in March 2016.
(8) New company created in August 2016.
(9) Formerly FINU 9, takeover of assets in June 2016.
(10) New company created in January 2016.
(11) New company created in December 2016.

3.1.7 Statutory Auditors Report on the consolidated financial statements

(Year ended 31 December 2016)

To the Shareholders

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended 31 December 2016, on:

- the audit of the accompanying consolidated financial statements of GROUPE GORGÉ;
- the justification of our assessments;
- the specific verifications and information required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the Group's assets and liabilities, financial position and the results of operations performed by the persons and entities within its scope of consolidation, in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying the aforementioned opinion, we draw your attention to Note 1.3 "Restatement of the financial information for prior years" in the consolidated financial statements regarding the changes to the consolidated financial statements for the year ended 31 December 2015, relating to the retrospective correction of the 2015 financial statements.

II - Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matter:

- Note 1.3 "Restatement of the financial information for prior years" sets out the impact of the retrospective correction of the consolidated financial statements for the year ended 31 December 2015.

  We have reviewed the documentation and the analysis performed by Management, examined the nature of the restatement, the accounting treatments and financial information disclosed for this purpose in the notes.
- Note 4.1 "Recognition of income and revenue" of the notes sets out the accounting treatment of long-term contracts outstanding at the year's end.

  Based on the information that we have received, our work consisted, in particular, in assessing the data and assumptions on which the evaluation of results at completion of these contracts are based, reviewing the calculations made by the Company and examining the management's approval procedures of these estimates.
- Note 6.1 "Goodwill" and 6.2 "Other intangible assets" set out the modalities of recognition of the assets, amortisation and depreciation of "Intangible assets acquired separately or in a business combination" and of "Internally generated intangible assets".

  We have examined the procedures for implementing the impairment tests for intangible assets and the cash flow forecasts and assumptions used as described in Note 6.4 "Impairment on fixed assets".

Finally, as part of our assessments, we have ensured the reasonable nature of these estimates.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed, which is expressed in the first part of this report.

III - Specific verification

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

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

Neuilly-sur-Seine and Courbevoie, 31 March 2017
The Statutory Auditors

PricewaterhouseCoopers Audit	**Mazars**
David CLAIROTTE	Daniel ESCUDEIRO

3.2 SEPARATE FINANCIAL STATEMENTS 2016

3.2.1 Income statement

(in thousands of euros)	2016	2015
REVENUE	3,458	3,731
Reversals of provisions, expense transfers and other income	-	-
TOTAL OPERATING INCOME	3,458	3,731
Other purchases and external charges	2,281	2,367
Taxes and similar payments	84	90
Payroll expense	1,213	1,262
DEPRECIATION, AMORTISATION AND PROVISIONS:		
non-current assets	79	70
current assets	-	-
Other expenses	50	35
TOTAL OPERATING EXPENSES	3,707	3,824
OPERATING RESULTS (A)	**(249)**	**(93)**
FINANCIAL INCOME (B)	**2,991**	**4,766**
INCOME FROM CONTINUING OPERATIONS BEFORE TAX (C) = (A)+(B)	**2,742**	**4,673**
NON-RECURRING INCOME (D)	**922**	**3,156**
Income tax (E)	1,517	1,559
NET INCOME (F) = (C)+(D)+(E)	**5,181**	**9,388**

3.2.2 Balance sheet

ASSETS

	2016			2015
(in thousands of euros)	Gross	Depreciation, amortisation & provisions	Net	
Intangible assets	341	79	262	248
Property, plant and equipment	428	230	198	233
Equity securities	77,669	6,689	70,980	70,945
Receivables related to shareholdings	30,165	-	30,165	30,165
Other long-term investments	604	-	604	603
NON-CURRENT ASSETS	109,207	6,998	102,209	102,194
Trade receivables	3,940	-	3,940	2,982
Other trade receivables	21,234	4,620	16,614	14,146
Treasury shares	90	-	90	71
Cash and cash equivalents	4,557	-	4,557	6,691
CURRENT ASSETS	29,821	4,620	25,201	23,890
Prepaid expenses	70	-	70	80
TOTAL ASSETS	**139,098**	**11,618**	**127,480**	**126,164**

LIABILITIES AND SHAREHOLDERS' EQUITY

(in thousands of euros)	2016	2015
Share capital	13,496	13,367
Share premiums	25,866	23,703
Legal reserve	1,337	1,308
Other reserves	290	290
Retained earnings	30,720	21,376
Income (loss) for the period	**5,181**	**9,388**
EQUITY	**76,890**	**69,432**
PROVISIONS FOR RISKS AND CHARGES	**-**	**500**
Other bonds	14,000	14,000
Bank borrowings	30,948	34,368
Other borrowings	154	206
Suppliers	584	379
Tax and social security liabilities	4,835	3,113
Other liabilities	69	4,166
TOTAL DEBT	**50,590**	**56,232**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**127,480**	**126,164**

3.2.3 Change in cash and cash equivalents

(in thousands of euros)	2016	2015
NET INCOME	**5,181**	**9,388**
Accruals	(421)	(2,550)
Capital gains and losses on disposals	-	(3,176)
Other	-	-
CASH FLOW FROM OPERATING ACTIVITIES	**4,760**	**3,662**
Change in working capital requirements	(5,597)	(889)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	**(837)**	**2,773**
Investing activities		
Payments/acquisition of intangible assets	(47)	(103)
Payments/acquisition of property, plant and equipment	(10)	(87)
Proceeds/disposal of property, plant and equipment and intangible assets	-	-
Payments/acquisition of long-term investments	(40)	(15,349)
Proceeds/disposal of long-term investments	5	371
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	**(92)**	**(15,168)**
Financing activities		
Capital increase or contributions	2,277	6,259
Dividends paid	-	(4,217)
Proceeds from borrowings	19,500	15,640
Repayment of borrowings	(22,921)	(9,137)
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	**(1,144)**	**8,545**
CASH FLOW GENERATED BY (USED IN) ALL ACTIVITIES (D = A+B+C)	**(2,073)**	**(3,850)**
CHANGE IN CASH AND CASH EQUIVALENTS	**(2,073)**	**(3,850)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**6,720**	**10,570**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**4,647**	**6,720**

3.2.4 Notes to the parent company financial statements

Detailed table of contents of the notes

The notes, tables and comments referenced below in the list of contents to the Notes are an integral part of the annual financial statements.

The financial year covers the 12 months from 1 January to 31 December 2016.

The financial statement (balance sheet, income statement) presented is as follows:

- the net balance sheet total for the year ended 31 December 2016 is €127,479,500;
- the income statement presented in list form shows a profit of €5,181,090.28.

The Board of Directors approved the annual financial statements of GROUPE GORGÉ on 20 March 2017. They are to be submitted for approval to the Shareholders' Meeting of 16 June 2017.

Note 1 Accounting principles

The annual financial statements were prepared in accordance with the provisions of the French Commercial Code, the accounting decree of 29 November 1983, and the French accounting standards authority (ANC) regulation 2014-03 regarding the revised chart of accounts which was recently amended by ANC regulation 2016-07 of 4 November 2016. The basic assumptions are as follows:

- going concern;
- consistency of accounting methods;
- separateness of accounting periods.

The recommendations of the *Autorité des normes comptables* (French accounting standards authority), the *Ordre des experts comptables* (French association of chartered accountants) and the *Compagnie nationale des Commissaires aux comptes* (French national institution of Statutory Auditors) have been applied.

The basic method used to value items in the financial statements is the historical cost method.

Generally accepted accounting principles have been applied in accordance with French legislation in effect on the reporting date.

The accounting rules and methods applied are identical to those used in the previous financial year.

Note 2 Notes to the income statement

2.1 Revenue

Revenue comprises the invoicing of services provided to Group subsidiaries for €3,158 thousand and the invoicing of accessory services or sub-letting of offices to affiliated (parent, sister) companies for €300 thousand.

2.2 Statutory Auditors' fees

The fees for GROUPE GORGÉ's two Statutory Auditors for 2016 amounted to €288 thousand. They break down as follows:

- fees for the certification of the financial statements: €162 thousand;
- fees for other services: €126 thousand.

2.3 Total payroll

The average workforce for the year breaks down as follows:

	2016	2015
Average workforce used	8	6
of which higher managerial and professional positions	8	6
of which technicians and supervisors	-	-

As regards the corporate officers:

- the members of the Board of Directors of GROUPE GORGÉ received Director's fees for a total gross amount of €60,000;
- the officers and Directors received gross remuneration of €59 thousand (variable remuneration for Raphaël GORGÉ) for 2016. Two Directors (Raphaël and Jean-Pierre GORGÉ) are paid by PÉLICAN VENTURE which is linked to GROUPE GORGÉ by a services provision agreement. PÉLICAN VENTURE paid them total gross remuneration of €319,000 and €14,610 in benefits in kind.

2.4 Financial income

(in thousands of euros)	2016	2015
Investment income[1]	4,122	4,475
Net income from financial investments	207	310
Interest expense	(1,338)	(1,610)
FINANCIAL INCOME BEFORE PROVISIONS	**2,991**	**3,175**
Reversals of provisions for impairment of equity securities	-	1,890
Reversals of provisions for impairment of securities held short-term	-	5
Provisions for impairment of equity securities	-	(304)
Provisions for impairment of marketable securities	-	-
FINANCIAL INCOME	**2,991**	**4,766**

(1) Investment income mainly consists of dividends received from ECA and NUCLÉACTION.

2.5 Non-recurring income

(in thousands of euros)	2016	2015
Capital gains and losses on asset disposals	-	3,176
Non-recurring income from management operations[1]	422	(1,054)
NON-RECURRING INCOME BEFORE PROVISIONS	**422**	**2,122**
Reversals of provisions[2]	500	1,034
Provisions	-	-
NON-RECURRING INCOME	**922**	**3,156**

(1) In 2016, mainly included revenue related to the clearance of prescribed debts and in 2015 a loss of €1,034 thousand on the loan granted to IRI.

(2) Reversal of provision for risk in 2016 and reversal of impairment on loans granted to IRI in 2015.

2.6 Corporation tax

GROUPE GORGÉ is solely liable for corporation tax as the parent company of the tax consolidation group comprising itself and the following subsidiaries:

Company	Date of inclusion
CIMLEC Industrie	1 January 2001
TENWHIL	1 January 2002
STONI	1 January 2005
NTS	1 January 2008
BAUMERT	1 January 2010
NUCLÉACTION	1 January 2010
COMMERCY ROBOTIQUE	1 January 2011
CLF-SATREM	1 January 2012
BALISCO	1 January 2014
PRODWAYS GROUP	1 January 2015
PORTAFEU NUCLEAIRE	1 January 2015
CRISTAL	1 January 2015
PRODWAYS DISTRIBUTION	1 January 2015
PRODWAYS ENTREPRENEURS	1 January 2015
PRODWAYS	1 January 2015
INITIAL	1 January 2016
EXCELTEC	1 January 2016
AI GROUP	1 January 2016
FINU 10	1 January 2016

At 31 December 2016, the taxable income of the consolidation group came to a loss of €15,761 thousand. At the same time, income of €1,517 thousand was generated as a result of tax consolidation. No provision was recognised for losses transferred by subsidiaries. Given that the previous tax loss carryforward amounted to €16,604 thousand, the remaining tax loss carryforward for the tax consolidation group came to €32,365 thousand.

A tax audit covering 2013 and 2014 took place in 2016. At the end of the audit, the tax authority did not notify the company of significant reassessment.

2.7 Tax credit for encouraging competitiveness and jobs (CICE)

The €2 thousand tax credit for encouraging competitiveness and jobs (CICE) was offset against employee expenses in accordance with the recommendations of the ANC in its information notice of 28 February 2013. It was used to increase equity.

Note 3 Notes to the balance sheet

3.1 Non-current assets

Property, plant and equipment and intangible assets are recorded at their acquisition cost.

Depreciation and amortisation are calculated on a straight-line basis using the following main useful lives:

- software: 3 to 10 years;
- office and computer equipment: 3 to 5 years;
- transport equipment: 5 years;
- furniture: 5 to 10 years.

Equity securities are recognised on the balance sheet at their acquisition cost less any necessary estimated impairment.

An impairment provision is recognised when the value of a holding is greater than the Company's share in equity, unless the earnings and outlook suggest a short-term recovery.

Loans and other long-term investments are recognised at their original value less any necessary estimated impairment.

Gross values *(in thousands of euros)*	Start of period	Increase	Decrease	End of period
INTANGIBLE ASSETS				
Other intangible assets	294	47	-	341
TOTAL	**294**	**47**	**-**	**341**
PROPERTY, PLANT AND EQUIPMENT				
Other property, plant and equipment	418	10	-	428
TOTAL	**418**	**10**	**-**	**428**
LONG-TERM INVESTMENTS				
Equity securities	77,634	40	5	77,669
Receivables related to shareholdings	30,165	-	-	30,165
Loans	18	1	-	19
Other long-term investments	585	-	-	585
TOTAL	**108,402**	**41**	**5**	**108,438**

Depreciation and amortisation for the year amounted to €79 thousand. Total depreciation and amortisation at 31 December 2016 was €310 thousand.

The increase in equity securities was due to the acquisition of additional investments in SERES TECHNOLOGIES.

3.2 Schedule of receivables

(in thousands of euros)	Gross amount	Due within 1 year	Due in more than 1 year
Loans	19	-	19
Receivables related to shareholdings	30,165	-	30,165
Other long-term investments	585	-	585
Other trade receivables	3,940	3,940	-
Social Security and other organisations	3	3	-
State and other government authorities:			
• income tax(1)	6,966	1,327	5,639
• value-added tax	81	81	-
Group and associated companies	12,928	8,309	4,619
Other receivables	1,255	1,255	-
Prepaid expenses	70	70	-
TOTAL	**56,012**	**14,985**	**41,027**

(1) This item mainly includes tax credits of €6,171 thousand belonging to the tax consolidation group. The portion at <1 year corresponds to tax credits repayable in 2017.

Receivables due in more than one year mainly concern the vendor loan entered into with BALISCO, impaired receivables in the ex-subsidiaries and tax credits receivable by the tax consolidation group.

Accrued income: none.

3.3 Equity

(in thousands of euros)	Beginning of period	Capital increase or decrease	Appropriation of income	Payment of dividends	End of period
Capital	13,367	129	-	-	13,496
Share premiums	23,703	2,163	-	-	25,866
Legal reserve	1,308	-	29	-	1,337
Other reserves	290	-	-	-	290
Retained earnings	21,376	(15)	9,359	-	30,720
N-1 income	9,388	-	(9,388)	-	-
TOTAL	**69,432**	**2,277**	**-**	**-**	**71,709**
Income (loss) for the period					5,181
TOTAL EQUITY AT END OF PERIOD					**76,890**

The share capital is made up of 13,495,843 shares. In 2016, it was increased by 114,000 shares using the equity line put in place in 2016 and by 15,000 shares following the allocation of bonus shares in accordance with the bonus share allocation plan approved by the Board of Directors on 12 May 2014.

The share premiums represent the difference between the par value of the securities issued and the amount, net of expenses, of the cash contributions received by GROUPE GORGÉ SA at the time of the issue.

3.4 Provisions

(in thousands of euros)	Start of period	Increase	Decrease	End of period
Provisions for risks and charges	500	-	500	-
TOTAL (1)	**500**	**-**	**500**	**-**
Impairment of:				
• equity securities	6,689	-	-	6,689
• long-term investments	-	-	-	-
• other receivables	4,620	-	-	4,620
• treasury shares	-	-	-	-
TOTAL (2)	**11,309**	**-**	**-**	**11,309**
GRAND TOTAL (1)+(2)	**11,809**	**-**	**500**	**11,309**

The impairment of equity securities and other long-term investments relates to:

• shares in LASER TECHNOLOGIES	€800 thousand;
• shares in CNAI	€3,655 thousand;
• shares in SCI DES CARRIÈRES	€2,234 thousand.

3.5 Net debt

3.5.1 Available cash and cash equivalents

Marketable securities are recognised on the balance sheet at their acquisition cost. Accrued interest earned on term accounts is recorded under investment income. A provision for impairment is recognised when the net asset value is less than the acquisition cost.

"Cash and cash equivalents" on the assets side of the balance sheet, which at 31 December 2016 amounted to €4,557 thousand, comprises cash for €4,501 thousand, transferable securities for €47 thousand, and an interest rate cap premium for €9 thousand.

The company entered into an interest rate hedge for a new loan. The hedge chosen was an interest rate cap of 1% for a nominal amount of €9.5 million. The amount of the premium (€10 thousand) was recorded under financial instruments. It is recognised as a financial expense over the duration of the hedge.

GROUPE GORGÉ owns 4,372 treasury shares under a liquidity contract managed by GILBERT DUPONT.

3.5.2 Debt

	Gross amount	<1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	>5 years
Bonds	14,000	-	14,000	-	-	-	-
Bank borrowings:							
• originally due within 1 year	-	-	-	-	-	-	-
• originally due in more than 1 year	30,948	4,266	4,692	3,780	3,780	13,780	650
Other borrowings and financial debt	154	126	-	-	-	-	28
TOTAL	**45,102**	**4,392**	**18,692**	**3,780**	**3,780**	**13,780**	**678**

In 2016, GROUPE GORGÉ restructured its debt:

- early repayment of a *Schuldschein* of €10 million maturing in December 2017;
- a new bank loan of €10 million with a bullet repayment in June 2021;
- early repayment of €9.5 million for two redeemable bank loans taken out in 2014 and 2015;
- a new redeemable bank loan of €9.5 million maturing in October 2021.

These transactions were supplemented in early 2017 by the early repayment of an outstanding loan for its balance of €1.7 million, the allocation of €1.7 million to the subsidiary STONI for its repayment of a loan in progress with a balance of €1.7 million and the taking out of two new bank loans for a total of €3.4 million with a final maturity in January 2022.

3.6 Operating payables and other liabilities

Schedule of debts

(in thousands of euros)	Gross amount	Due within 1 year	Due in more than 1 year
Trade payables	584	584	-
Employees	149	149	-
Social Security and other social services	312	312	-
State and other government authorities:			
• income tax[1]	3,693	670	3,023
• value-added tax	660	660	-
• other taxes and similar payments	21	21	-
Group and associated companies	-	-	-
Other liabilities	69	69	-
TOTAL	**5,488**	**2,465**	**3,023**

(1) This item includes payables to Group subsidiaries arising from tax consolidation. The share due in more than 1 year corresponds to balances owing on tax credits for loss-making subsidiaries that are not repayable in 2017.

Accrued liabilities by balance sheet item

(in thousands of euros)	Amount
Other borrowings	126
Suppliers	228
Tax and social security liabilities	250
Other liabilities	50
TOTAL	**654**

Note 4 Transactions with affiliate companies and related parties

Related parties are persons (Directors, managers of GROUPE GORGÉ or of its principal subsidiaries) or companies owned or managed by these persons.

The net amounts for related undertakings included in GROUPE GORGÉ SA's balance sheet and income statement items for the year ended 31 December 2016 are as follows:

(in thousands of euros)	Directors	Subsidiaries	PÉLICAN VENTURE
Receivables related to shareholdings	-	30,165	-
Trade accounts receivable	-	3,891	48
Current accounts receivable	-	8,309	-
Receivables related to tax consolidation	-	795	-
Other receivables	-	748	-
Deposits and guarantees received	-	14	14
Trade payables	-	4	150
Current accounts payable	-	-	-
Liabilities related to tax consolidation	-	3,693	-
Revenue	-	3,239	219
Purchases and external charges	-	23	500
Gross remuneration	59	-	-
Director's fees	60	-	-
Investment income	-	4,122	-
Other financial income	-	203	-
Financial expense	-	68	-

Note 5 Off-balance sheet commitments

5.1 Off-balance sheet commitments related to ordinary activities

- €2,976 thousand in guarantees given to banking institutions for loans granted to CIMLEC.
- €2,500 thousand in guarantees given to banking institutions for loans granted to AI GROUP.
- €1,400 thousand in guarantees given to banking institutions for loans granted to COMMERCY ROBOTIQUE.
- €3,836 thousand in guarantees given to banking institutions for loans granted to STONI.
- €2,000 thousand in guarantees given to a financial institution to secure a BAUMERT bond.
- €1,400 thousand in guarantees given to a financial institution to secure an interest-free loan for PRODWAYS.
- €10,000 thousand in guarantees given to a financial institution to secure an interest-free loan for PRODWAYS GROUP.
- Other guarantees totalling €760 thousand.

5.2 Complex commitments

GROUPE GORGÉ, which owns 70% of the capital of SERES TECHNOLOGIES, has commitments to purchase the remainder of the share capital from minority shareholders. These commitments were made in early 2016. They may be exercised starting in 2021.

5.3 Financial covenants

GROUPE GORGÉ owes LCL €0.38 million in residual debt (including €0.19 million within one year). This debt may come due should the financial ratios not be respected.

Another GROUPE GORGÉ liability, of €10 million, is covered by a step-up clause in the event of non-compliance with the following ratios:

- consolidated net debt/consolidated EBITDA <4;
- consolidated net debt/consolidated equity <1.

5.4 Commitments received

GROUPE GORGÉ has a confirmed credit facility for €10 million to finance general requirements or acquisitions. This credit facility is available as long as the ratio of consolidated net debt to consolidated EBITDA remains below 4.

An equity line was entered into with KEPLER in early 2016 to finance the company through the creation of 665,000 new shares. Of these, 114,000 shares were created in 2016 and 7,000 in January 2017. The balance of the agreement amounts to 544,000 potential shares at the date the financial statements were closed.

5.5 Pledges, guarantees and sureties

In July 2013, a €5 million bank loan was taken out with 195,534 ECA shares pledged as collateral. At 31 December 2016, the outstanding principal totalled €1,668 thousand, and the loan was repaid in advance in January 2017. A request for the release of the pledge was made.

The SERES TECHNOLOGIES shares acquired in May 2012 (60% of capital) were pledged to a financial institution as collateral for a €950 thousand loan with an outstanding principal of €380 thousand at 31 December 2016.

5.6 Retirement pay

Retirement pay was estimated at €69 thousand at the closing date.

5.7 Financial instruments

In October 2016, GROUPE GORGÉ took out an interest rate hedge in the form of an interest rate cap of 1%. The nominal amount is €9,500 thousand.

Note 6 Subsidiaries and equity interests

(in thousands of euros)	Capital *Equity*	Share *Dividends*	Gross value of shares *Net value of securities*	Loans, advances *Guarantees*	Revenue *Income*
ECA	4,429	61.12%	33,564	-	3,030
	62,343	*1,624*	*33,564*	-	*4,661*
MARINE INTÉRIM[1]	100	34%	34	-	470
	178	-	*34*	-	*(77)*
NUCLÉACTION	273	98.81%	8	2,020	459
	2,989	*1,976*	*8*	-	*1.98 7*
STONI	37	100%	5,690	217	1,045
	59	-	*5,690*	*3,836*	*77*
SCI CARRIÈRES	1	100%	2,844	755	-
	(320)	-	*610*	-	*(44)*
SCI DES PORTES	1	99%	1	201	87
	(171)	-	*1*	-	*(23)*
SERES TECHNOLOGIES	80	70%	990	25	4,865
	632	-	*990*	-	*426*
BALISCO	5	95%	5	33,875	3,005
	2,017	-	*5*	-	*1,845*
PRODWAYS GROUP	16,896	96.19%	30,073	377	653
	31,060	-	*30,073*	*10,000*	*730*
FINU 10	5	100%	5	-	-
	(0)	-	*5*	-	*(4)*

(1) 2015 financial statements.

Note 7 Other information

7.1 Exceptional events and disputes

The Group is involved in various legal proceedings. After reviewing each case and having consulted its advisers, the provisions considered necessary have, as applicable, been recorded in the financial statements.

7.2 Subsequent events

In January 2017, 7,000 new shares were created under the optional equity financing line established with KEPLER CHEVREUX in 2016.

Two new loans of €1.7 million each were taken out with BANQUE PALATINE in January 2017. The first was used to repay an existing bank loan in advance and the second to make a current account contribution to the STONI subsidiary which repaid an existing loan in advance. The new borrowings allow for a longer maturity and lower interest rates.

No other major events took place between 31 December 2016 and the date of the meeting of the Board of Directors which approved the separate financial statements.

3.2.5 Report of the Statutory Auditors on the separate financial statements

(Year ended 31 December 2016)

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended 31 December 2016, on:

- the audit of the accompanying financial statements of GROUPE GORGÉ as enclosed with the present report;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the separate financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sample techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We hereby certify that the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

II - Justification of the assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following matter:

On 31 December 2016, the balance sheet showed a total of €70,980 thousand of equity securities. In compliance with Note 3.1 of the notes, the equity securities are evaluated according to their acquisition cost and are depreciated on the basis of their value in use. Details on depreciation are stated in Note 3.4.

Our work consisted in assessing the data and assumptions on which the estimates are based, particularly the cash flow forecasts carried out by the Company's management, reviewing the calculations made by the Company, and examining the management's approval procedures of these estimates.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and consistency with the financial statements of the information given in the management report from the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given pursuant to the requirements of Article L. 225-102-1 of the French Commercial Code relating to remunerations and benefits received by the Directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements, and, where applicable, with the information obtained by your company from companies controlling or controlled by your company. Based on this work, we attest the accuracy and fair presentation of this information.

Pursuant to French law, we have verified that the required information concerning the acquisition and takeover of control and the identity of shareholders and holders of the voting rights has been properly disclosed in the management report.

Pursuant to French law, we hereby inform you that the management report does not fully disclose the social, environmental and societal information as required by Article L. 225-102-1 of the French Commercial Code. We have verified that the required information concerning the identity of shareholders and holders of voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Courbevoie, 31 March 2017

The Statutory Auditors

PricewaterhouseCoopers Audit	**Mazars**
David CLAIROTTE	Daniel ESCUDEIRO


4

INFORMATION ABOUT THE COMPANY, ITS SHARE CAPITAL AND SHAREHOLDERS

4.1 INFORMATION ABOUT THE COMPANY

4.1.1 General information

Company name

GROUPE GORGÉ SA

The Company's former name was FINUCHEM SA until the Combined Shareholders' Meeting of 30 June 2009.

Place of registration and registration number

RCS Paris 348,541,186

Code ISIN FR0000062671 – GOE

Date of incorporation and term

GROUPE GORGÉ was formed on 3 November 1988. Its term is 99 years, to expire on 3 November 2087.

Registered office, legal form and applicable law

Address of registered office:

19, rue du Quatre-Septembre, 75002 Paris, France.

Telephone: +33 (0) 1 44 77 94 77.

The Company is a French public limited company *(société anonyme)* under French law with a Board of Directors.

4.1.2 Corporate charter and bylaws

Corporate object

As set forth in Article 3 of the bylaws, the Company's purpose is to:

- take part in any transactions directly or indirectly related to managing the securities portfolio, the buying and selling of securities as well as any related transactions, the investment of liquidities;
- acquire, manage and transfer by every means holdings in any commercial or industrial companies;
- generally, enter into any transactions that are directly or indirectly related to these purposes or to similar or related purposes.

Provisions of the bylaws, a charter or regulations related to the members of administrative, management and supervisory bodies

Pursuant to GROUPE GORGÉ's bylaws, the Board of Directors consists of 3 to 18 members subject to the exceptions provided for by law in the event of a merger. The term of office of the Directors is six years and is renewable.

Directors can be natural or legal persons. At the time of appointment, legal persons must appoint a permanent representative who is subject to the same conditions and obligations and incurs the same liability as if he or she were a Director in his/her own name, without prejudice to the joint and several liability of the legal entity he or she represents.

The Board of Directors elects a Chairman among its members who are natural persons. The Board of Directors sets the Chairman's compensation and the length of tenure, which cannot exceed his/her term of office as Director. Article 14 of the bylaws sets a maximum age limit for the Chairman (75 years old).

The Board of Directors prepares and presents the half-yearly and annual financial statements and convenes the Shareholders' Meetings.

Meetings of the Board of Directors may be held as often as is necessary in the Company's interest. The Internal Regulations provide that meetings may be held by videoconference or by other telecommunication means in accordance with the regulatory requirements for holding meetings.

Quorum is achieved by half of the members of the Board of Directors and decisions are made by a majority vote of the members in attendance or represented by other Directors of the Board.

Pursuant to a Board decision dated 14 September 2011, the Directors decided to no longer separate the roles of Chairman of the Board of Directors and Chief Executive Officer. The Directors' powers are those as defined by law and have not been limited either by statute or at the time of appointment by the Board of Directors.

The Chief Executive Officer may be assisted by the Deputy Chief Executive Officers who are vested with the same powers. If the Chief Executive Officer is a Director, he or she is appointed for the length of his or her term of office as Director. The same applies for the Deputy Chief Executive Officer.

Rights, privileges and restrictions attaching to each class of the existing shares

There are no privileges or restrictions attached to certain shares or classes of shares.

"With respect to the percentage of share capital that they represent, double voting rights are conferred upon all fully paid-up shares which have been held in registered form for at least four (4) years in the name of the same holder. In the event of a share capital increase by incorporating reserves, profits or premiums, this double voting right will be attached on the date of their issuance to the new registered shares allotted free of charge to a shareholder in consideration for the old shares giving rise to such right." (Extract from Article 12 of the bylaws)

Steps necessary to amend shareholders' rights

The shareholders' rights may be amended by an Extraordinary Shareholders' Meeting and, where necessary, after having been ratified by the Special Shareholders' Meeting for shareholders benefiting from special advantages.

Shareholders' Meetings

"The Shareholders' Meetings are convened and hold deliberations as provided for by the law.

Shareholder resolutions are made at Ordinary, Extraordinary or Special Shareholders' Meetings depending on the type of decision.

Shareholders' Meetings are convened by the Board of Directors, or, failing that, by those individuals named by the French Commercial Code, particularly the Statutory Auditors or a court-appointed agent as provided by law.

Meetings are held at the head office or in any other location stated in the convening notice.

Shareholders' Meetings are convened as provided by the regulations in force.

Any shareholder, regardless of the number of shares he or she holds, has the right to attend and vote at the Shareholders' Meetings, whether in person, by proxy, or by remote voting, under the conditions and within the time limits laid down by the regulations in force.

Shareholders may, under the conditions laid down by the legislation in force, send their voting form by mail for any Shareholders' Meeting, either as a printed paper copy or, on a decision by the Board of Directors recorded in the meeting notice and the convening notice, as an electronic copy.

Shareholders may, on a decision by the Board of Directors, attend and vote at any Shareholders' Meeting by means of video-conference or any means of telecommunication, under the conditions laid down by the regulations in force. This decision is included in the meeting notice published in the *Bulletin des Annonces Légales Obligatoires* (BALO). These shareholders are thereupon considered to be in attendance at the meeting, for the purpose of counting the quorum and majority.

Remote voting forms and proxies granted to be represented at a meeting may include an electronic signature by the shareholder or his or her legal or court-appointed representative, in the form of a process in compliance with the requirements of Article 1316-4, sub-paragraph 2, of the French Civil Code, namely a reliable identification process guaranteeing its connection with the instrument to which it relates.

All shareholders have the right to access the documents they require to be able to make an informed decision on the Company's management and situation.

The laws and regulations determine the type of documents as well as how they are sent and made available to shareholders.

The officers of the meeting certify as accurate the attendance sheet, duly signed by the attending shareholders and their proxies and to which shall be appended the powers of attorney awarded to each proxy and, where applicable, the vote-by-mail forms.

The meetings are presided over by the Chairman of the Board of Directors or, in his or her absence, by a Deputy Chairman or another Director specially appointed for this purpose by the Board. Failing such measures, the Shareholders' Meeting appoints the Chairman of the meeting itself.

The duties of vote-teller shall be performed by the two shareholders, present and accepting such duties, who hold the largest number of shares, either on their own behalf or as proxy-holders. The officers so appointed shall appoint the Secretary, who does not need to be a shareholder.

The minutes of the meetings will be prepared and copies or excerpts of the proceedings will be certified in accordance with law.

Ordinary and Extraordinary Shareholders' Meetings, acting according to the corresponding conditions of quorum and majority required by legal provisions, shall exercise the powers conferred on them by law." (Extract from Article 22 of the bylaws)

Crossing of ownership thresholds

The Company's bylaws include an obligation to report crossing the thresholds of 2%, 3%, and 4%.

"In addition to governing the crossing of thresholds, any physical or legal person who, alone or together, comes to hold or ceases to hold, in any manner whatsoever, a number of shares representing more than 2%, 3% or 4% of the capital or voting rights, is required to notify the Company within a period of ten calendar days from the crossing of one of these thresholds, of the number of shares, securities giving access to the capital and voting rights attached thereto, that it holds. For the purposes of application of this statutory obligation, the participation thresholds are determined under the same conditions as legal participation thresholds.

In the event of non-compliance with the statutory requirement, the shares exceeding the undeclared fraction shall be deprived of voting rights for any Shareholders' Meeting held up until the expiry of a period of two years following the date of regularisation, at the request, recorded in the minutes of the Shareholders' Meeting, of one or more shareholders holding 5% at least of the share capital." (Extract from Article 10 of the bylaws)

Terms in the company's bylaws regarding modifications to share capital which are more restrictive than the law

The Company's bylaws do not contain any provisions concerning modifications of share capital which are more restrictive than those provided under the law.

4.2 SHARE CAPITAL

4.2.1 Total subscribed share capital andpotential share capital

As at 31 December 2016, the Company's share capital comprised 13,495,843 fully-paid up shares of a nominal value of €1.00 each.

On 22 February 2016, the Company set up a multi-year equity line financing with KEPLER CHEUVREUX. 665,000 warrants were issued that may result in the issuance of the same number of shares. 114,000 new shares were issued in 2016, and so 551,000 new shares may still be issued,

A free share allocation plan was approved by the Board of Directors on 12 May 2014. A total of 30,000 bonus shares were awarded to two employees of a subsidiary; all were subject to presence conditions and some to performance conditions. 15,000 new shares were created at the end of the first vesting period, which ended on 12 May 2016; the remaining 15,000 potential shares were cancelled, since the required performance criteria had not been met.

There are no potential shares, other than those mentioned above, relating to stock option, share subscription warrant or free share allocation plans, or other securities that may be convertible, exchangeable or associated with subscription warrants, or acquisition rights and/or obligations attached to subscribed but not paid up capital.

7,000 new shares were issued in January 2017 under the equity line. As at 31 March 2017, the Company's share capital consisted of 13,502,843 shares, which could rise to 14,046,843 shares on a fully diluted basis.

4.2.2 Treasury shares

Share buybacks

The purchase of shares in 2016 took place under the authorisations obtained during the Shareholders' Meetings held on 17 June 2015 and 14 June 2016.

a) Number of shares bought and sold during the financial year in accordance with Articles L. 225-208, L. 225-209 and L. 225-209-1 of the French Commercial Code and average purchase and sale price

In 2016, 86,592 shares of GROUPE GORGÉ were repurchased by the Company under the authorisation granted by the Combined Shareholders' Meeting held on 17 June 2015 and 93,374 were repurchased under the authorisation granted by the Combined Shareholders' Meeting held on 14 June 2016.

Accordingly, a total of 179,966 shares in GROUPE GORGÉ were repurchased during 2016 at an average price of €21.07 per share, for a total cost of €3,791,519:

- 86,592 shares of GROUPE GORGÉ were repurchased at an average price of €21.44 per share in order to stabilise the stock market price, which amounted to a total cost of €1,856,658, under the authorisation granted by the Shareholders' Meeting held on 17 June 2015;
- 93,374 shares of GROUPE GORGÉ were repurchased at an average price of €20.38 per share in order to stabilise the stock market price, which amounted to a total cost of €1,903,377, under the authorisation granted by the Shareholders' Meeting held on 14 June 2016.

178,566 shares of GROUPE GORGÉ were sold in 2016 at an average price of €21.01 per share under the liquidity contract.

b) Trading charges

In 2016, trading charges consisted solely of fees under the liquidity contract, which amounted to €30,000.

c) The number of shares registered in the Company's name at the end of the financial year and their value at purchase price - fraction of the share capital that they represent

At 31 December 2016, GROUPE GORGÉ held 4,372 treasury shares (representing 0.03% of its share capital), recorded at €89,706 in the statement of financial position (€92,380 at the stock market price of €21.13 at the same date).

All of the shares are owned to stabilise the stock market price.

The above number of shares and figures are given on the basis of a nominal value of €1 per share and 13,495,843 shares making up the share capital at 31 December 2016.

The treasury shares are recorded in the balance sheet of GROUPE GORGÉ SA under "Marketable securities".

d) Cancellation of company shares during the 2016 financial year

In 2016, the Company did not use the authorisations granted by the Combined Shareholders' Meetings held on 17 June 2015 and 14 June 2016 to implement a reduction in the share capital by cancellation of shares owned by the Company within a ceiling of 10% of the capital for every 24-month period.

e) Number of shares possibly used

The purpose of the repurchase shares may be:

- transferring shares at the time of exercising the rights attached to securities that give access to the capital by reimbursement;
- granting share purchase options to employees;
- cancelling all or part of the shares thus repurchased;
- providing securities in payment or exchange for external growth operations;
- stabilising the share's stock market price.

f) Possible reallocation for other purposes decided during the 2016 financial year

None

Renewal of the share repurchase programme – Description of the share repurchase programme

Shareholders will be asked at the Shareholders' Meeting of 16 June 2017 to authorise the Board of Directors, with power to sub-delegate, to renew the programme for the repurchase of the Company's shares (seventh resolution).

The purpose of this authorisation is to enable the Company to trade in its own shares, as provided for by law, in order to:

- stimulate the secondary market or the liquidity of Company shares through the intermediary of an investment service provider under a liquidity contract that complies with the Code of Conduct as recognised by the French Financial Markets Authority (AMF);
- retain the purchased shares and subsequently allocate them in payment or exchange in potential external growth transactions, in respect of market practices approved by the French Financial Markets Authority;
- ensure coverage for stock option plans and/or bonus share allotments (or similar plans) for Group employees and/or corporate officers as well as all share allotments to Group or Company savings plans (or similar plans), under profit-sharing schemes and/or all other forms of share allotment to Group employees and/or corporate officers;
- allot shares upon the exercise of rights linked to securities giving access to the share capital through reimbursement, conversion, exchange, presentation of a warrant or by any other method;
- cancel shares purchased, subject to the authorisation granted by a Shareholders' Meeting;
- more generally, operate for any purpose that is authorised by law or any market practice approved by market authorities.

This authorisation falls within the legal scope of Article L. 225-209 of the French Commercial Code:

- it would be valid for a maximum period of 18 months and, as from its adoption by the Shareholders' Meeting and for the remaining balance, it would cancel and replace any prior delegation of authority to the Board of Directors to allow the Company to trade in its own shares;
- the maximum amount of shares which the Board of Directors may acquire cannot exceed 10% of the total number of shares forming the share capital, with the understanding that the Company may not hold more than 10% of the shares forming the share capital at any time;
- the maximum purchase price per share would be set at €50.

In the event that the capital is increased through capitalisation of reserves and allocation of bonus shares, as well as in the event of a share split, reverse share split or any other transaction affecting equity, the Shareholders' Meeting would delegate to the Board of Directors the power to adjust the aforementioned prices in such a way as to allow for the impact of such transactions on the share value.

It is understood that these transactions should be performed in compliance with the rules laid down by Articles 241-1 to 241-7 of the General Regulations of the French Financial markets authority (AMF) on market trading conditions and timing.

4.2.3 Additional information on the share capital

TABLE OF THE HISTORY OF THE DEVELOPMENT OF THE COMPANY'S SHARE CAPITAL

Date	Transactions	Number of shares before	Number of shares after	Nominal value *(in euros)*	Additional paid-in capital *(in euros)*	Share capital after *(in euros)*
24 February 1998	Capital increase (listing on the secondary market of the Paris Stock Exchange)	900,000	1,050,000	10 F	29,822,332 F	10,500,000 F
25 February 2000	Share capital increase by incorporating an amount deducted from the issuance premium line item	1,050,000	1,050,000	32.79 F	(23,937,742.50) F	34,429,500 F
25 February 2000	Conversion of share capital into euros and a share capital increase to take into account the exchange rate	1,050,000	1,050,000	5	(3,649,285.32)	5,250,000
18 February 2005	Stock split to reduce the nominal value from €5 to €1	1,050,000	5,250,000	1	-	5,250,000
24 November 2005	Share capital increase following a conversion of bonds	5,250,000	6,183,689	1	12,183,158.06	6,183,689
25 July 2007	Share capital increase following a dividend payment in shares	6,183,689	6,323,321	1	2,073,535.20	6,323,321
30 June 2009	Reduction of share capital by allocation to a share premium account	6,323,321	6,323,321	0.01	6,260,087.79	63,233.21
	Share capital increase resulting from the merger of BALISCO	6,323,321	11,553,735	0.01	689,581.79	115,537.35
27 July 2009	Increase in the nominal value of the Company's shares by incorporating the premium	11,553,735	11,553,735	1	(11,438,197.65)	11,553,735
22 April 2010	Share capital increase resulting from the acquisition of shares granted under a free share grant plan	11,553,735	11,574,403	1	-	11,574,403
27 December 2011	Share capital increase in cash	11,574,403	12,731,843	1	7,500,211.20	12,731,843
8 June 2012	Dividend payment taken from the premiums	12,731,843	12,731,843	1	(1,363,158.42)	12,731,843
6 June 2013	Charging of a portion of 2012 losses against additional paid-in capital	12,731,843	12,731,843	1	(1,422,063.89)	12,731,843
6 June 2013	Dividend payment taken from the premiums	12,731,843	12,731,843	1	(4,074,189.76)	12,731,843
11 March 2014	Capital increase by exercising share issue warrants	12,731,843	12,781,843	1	1,011,167.45	12,781,843
26 March 2014	Capital increase by exercising share issue warrants	12,781,843	12,881,843	1	1,769,798.00	12,881,843
3 April 2014	Capital increase by exercising share issue warrants	12,881,843	12,981,843	1	1,852,223.10	12,981,843
15 July 2014	Capital increase by exercising share issue warrants	12,981,843	13,031,843	1	854,808.15	13,031,843
8 December 2014	Capital increase by exercising share issue warrants	13,031,843	13,081,843	1	934,437.50	13,081,843
9 April 2015	Capital increase by exercising share issue warrants	13,081,843	13,156,843	1	1,519,302.30	13,156,843

Date	Transactions	Number of shares before	Number of shares after	Nominal value *(in euros)*	Additional paid-in capital *(in euros)*	Share capital after *(in euros)*
15 April 2015	Capital increase by exercising share issue warrants	13,156,843	13,181,843	1	506,434.10	13,181,843
8 July 2015	Capital increase by exercising share issue warrants	13,181,843	13,231,843	1	1,123,978.95	13,231,843
15 July 2015	Capital increase by exercising share issue warrants	13,231,843	13,281,843	1	1,122,971.95	13,281,843
7 October 2015	Capital increase by exercising share issue warrants	13,281,843	13,311,843	1	600,921.67	13,311,843
14 October 2015	Capital increase by exercising share issue warrants	13,311,843	13,366,843	1	1,100,697.89	13,366,843
30 March 2016	Capital increase by exercising share issue warrants	13,366,843	13,409,843	1	861,951.80	13,409,843
30 May 2016	Share capital increase resulting from the acquisition of shares granted under a free share grant plan	13,409,843	13,424,843	1	-	13,424,843
31 May 2016	Capital increase by exercising share issue warrants	13,424,843	13,439,843	1	296,033.70	13,439,843
10 October 2016	Capital increase by exercising share issue warrants	13,439,843	13,444,843	1	90,543.40	13,444,843
20 October 2016	Capital increase by exercising share issue warrants	13,444,843	13,449,843	1	89,163.00	13,449,843
21 October 2016	Capital increase by exercising share issue warrants	13,449,843	13,454,843	1	89,163.00	13,454,843
25 October 2016	Capital increase by exercising share issue warrants	13,454,843	13,459,843	1	89,360.20	13,459,843
9 December 2016	Capital increase by exercising share issue warrants	13,459,843	13,469,843	1	179,509.20	13,469,843
14 December 2016	Capital increase by exercising share issue warrants	13,469,843	13,474,843	1	89,163.00	13,474,843
26 December 2016	Capital increase by exercising share issue warrants	13,474,843	13,484,843	1	179,312.00	13,484,843
28 December 2016	Capital increase by exercising share issue warrants	13,484,843	13,489,843	1	89,656.00	13,489,843
29 December 2016	Capital increase by exercising share issue warrants	13,489,843	13,495,843	1	108,947.88	13,495,843
27 January 2017	Capital increase by exercising share issue warrants	13,495,843	13,502,843	1	114,913.02	13,502,843

TABLE OF CURRENTLY VALID AT 20 MARCH 2017 DELEGATIONS RELATING TO CAPITAL INCREASES GRANTED TO THE BOARD OF DIRECTORS BY THE SHAREHOLDERS' MEETING

Date	Delegation	Validity	Maximum nominal amount	Use
Combined Shareholders' Meeting of 17/06/2015 (10th resolution)	Delegation of authority to increase the share capital by incorporation of reserves, profits and/or premiums	26 months	€5,000,000	None
Combined Shareholders' Meeting of 17/06/2015 (11th resolution)	Delegation of authority to issue ordinary shares giving, as applicable, access to ordinary shares (of the Company or a Group company) or entitlement to the allocation of debt securities and/or transferable securities giving access to ordinary shares to be issued (by the Company or a Group company) with maintenance of shareholders' pre-emptive subscription rights	26 months	€5,000,000[(1)] €5,000,000€[(2)] (debt securities giving access to share capital)	None
Combined Shareholders' Meeting of 17/06/2015 (12th resolution)	Delegation of authority to issue ordinary shares giving, as applicable, access to ordinary shares (of the Company or a Group company) or entitlement to the allocation of debt securities and/or securities giving access to ordinary shares to be issued (by the Company or by a Group company), waiving shareholders' pre-emptive subscription rights, by public offer	26 months	€5,000,000[(3)] €50,000,000[(3)] (debt securities giving access to share capital)	None
Combined Shareholders' Meeting of 17/06/2015 (13th resolution)	Delegation of authority to issue ordinary shares giving, as applicable, access to ordinary shares (of the Company or a Group company) or entitlement to the allocation of debt securities and/or securities giving access to ordinary shares to be issued (by the Company or a Group company), waiving shareholders' pre-emptive subscription rights, by a (private placement) offer as referred-to in Article L. 411-2 II of the French Monetary and Financial Code	Unenforceable after the vote on the 7th resolution by the Combined Shareholders' Meeting of 14/06/2016	€5,000,000 (subject to the statutory limit)[(3)] €50,000,000[(3)] (debt securities giving access to share capital)	On 22 February 2016, the Company entered into an equity line of financing by issuing 665,000 warrants subscribed by KEPLER CHEUVREUX
Combined Shareholders' Meeting of 14/06/2016 (7th resolution)	Delegation of authority to issue ordinary shares giving, as applicable, access to ordinary shares (of the Company or a Group company) or entitlement to the allocation of debt securities and/or securities giving access to ordinary shares to be issued (by the Company or a Group company), waiving shareholders' pre-emptive subscription rights, by a (private placement) offer as referred-to in Article L. 411-2 II of the French Monetary and Financial Code	26 months	€2,000,000 (subject to the statutory limit) €20,000,000 (debt securities giving access to share capital)	None
Combined Shareholders' Meeting of 17/06/2015 (14th resolution)	Determining the procedures for setting the subscription price where pre-emptive subscription rights are waived, subject to the annual limit of 10% of the capital	26 months	10% of the share capital per year, in connection with an issuance of ordinary shares or transferable securities pursuant to the 12th and 13th resolutions	None
Combined Shareholders' Meeting of 17/06/2015 (15th resolution)	Delegation of authority to increase the number of shares to be issued in the event of excess demand in a capital increase, pursuant to the 11th, 12th or 13th resolutions	26 months	15% of the amount of the original issue (in accordance with Articles L. 225-135-1 and R. 225-118 of the French Commercial Code)	None
Combined Shareholders' Meeting of 17/06/2015 (16th resolution)	Delegation to increase the share capital by issuance of ordinary shares and/or transferable securities giving access to the capital, within a maximum 10% of the share capital, as consideration for non-cash transfers of securities giving access to share capital	26 months	10% of the Company's share capital[(3)]	None
Combined Shareholders' Meeting of 17/06/2015 (17th resolution)	Authorisation to grant options for the subscription or purchase of shares to employees and/or certain company officers	38 months	5% of the Company's share capital	None
Combined Shareholders' Meeting of 21/10/2015 (sole resolution)	Authorisation to allocate bonus shares, whether existing or to be issued, to employees and/or certain company officers	38 months	5% of the Company's share capital	None

(1) To be charged against the maximum nominal value of the capital increases that may be carried out pursuant to the 12th, 13th and 16th resolutions.
(2) To be charged against the overall ceiling provided in the 12th and 13th resolutions.
(3) To be charged against the overall ceiling provided in the 11th resolution.

4.3 SHAREHOLDING

4.3.1 Breakdown of share capital and voting rights

The distribution of capital and voting rights at 31 December 2016 is as follows:

	31 December 2016				31 December 2015			
	Shares	% of share of capital	Voting rights exercisable at the Shareholders' Meeting(2)	% voting rights exercisable at the Shareholder's Meeting	Shares	% of share of capital	Voting rights exercisable at the Shareholders' Meeting(2)	% voting rights exercisable at the Shareholder's Meeting
GORGÉ family(1)	7,583,125	56.19%	14,849,107	71.28%	7,583,125	56.73%	14,583,884	71.36%
Bpifrance	-	-	-	-	1,095,559	8.20%	1,095,559	5.36%
SUBTOTAL GORGÉ AND BPIFRANCE COMBINED	**N/A**	**N/A**	**N/A**	**N/A**	**8,678,684**	**64.93%**	**15,679,443**	**76.72%**
Treasury shares	4,372	0.03%	-	-	2,972	0.02%	-	-
Public	5,908,346	43.78%	5,983,690	28.72%	4,685,187	35.05%	4,758,933	23.28%
TOTAL	**13,495,843**	**100%**	**20,832,797**	**100%**	**13,366,843**	**100%**	**20,438,376**	**100%**

(1) *"GORGÉ family" refers to shares held directly by Jean-Pierre GORGÉ, founder of the Group, i.e. 115,219 shares, and those held directly by Raphaël GORGÉ, i.e. 266,474 shares, as well as shares held by PÉLICAN VENTURE SAS, a holding company controlled by three members of the GORGÉ family.*

(2) *Voting rights exercisable at the Shareholders' Meeting do not include treasury shares. The number of theoretical votes may be obtained by adding the number of votes exercisable at the Shareholders' Meeting to the number of treasury shares.*

To the Company's knowledge, since the reporting date, no significant changes in shareholding have occurred and there are no shareholders, other than those mentioned above, directly or indirectly holding 5% or more of the Company's share capital or voting rights.

4.3.2 Voting rights of the major shareholders

In accordance with the Company's bylaws, GROUPE GORGÉ shares that have been held in registered form for more than four years carry double voting rights. PÉLICAN VENTURE therefore holds a certain number of shares with double voting rights.

Two GROUPE GORGÉ shareholders saw their interests or voting rights change in 2016:

- On 16 January 2016, 1,069,519 shares held by Bpifrance had double voting rights. Bpifrance therefore held 10.07% of the 21,507,895 voting rights existing in theory at 16 January 2016.

  This increase in the total number of voting rights caused thresholds to be crossed by Bpifrance (rising above the 10% voting-rights threshold) and PELICAN VENTURE (falling below the threshold of 2/3 of the voting rights).

  On 29 September 2016, Bpifrance announced it had disposed of its entire interest in GROUPE GORGÉ.

  A constitutive protocol of concerted action had been entered in December 2011 by Bpifrance (previously Fonds Stratégique d'Investissement) on the one hand and PÉLICAN VENTURE, Jean-Pierre GORGÉ and Raphaël GORGÉ on the other hand. Bpifrance (formerly Fonds Stratégique d'Investissement), Jean-Pierre GORGÉ, Raphaël GORGÉ and PÉLICAN VENTURE had signed a shareholders' agreement on 12 December 2011 pursuant to which the GORGÉ family undertook to retain control of ECA for as long as Bpifrance remains a shareholder of GROUPE GORGÉ. Furthermore, the GORGÉ family and Bpifrance had undertaken not to carry out any capital increase at GROUPE GORGÉ that would result in the concert party exceeding any threshold that would require it to file a tender offer for GROUPE GORGÉ shares.

  On 3 January 2012, the French Financial markets authority (*Autorité des Marchés Financiers* – AMF) published on its website the main provisions of the shareholders' agreement (AMF Decision and Notification No. 212C0011).

  Since its securities were disposed of by Bpifrance, the concert party and the shareholders' agreement are obsolete.

- Since 6 July 2016, 265,223 additional shares held by PELICAN VENTURE have had double voting rights.

There are no other shareholders' agreements. There are also no statutory restrictions for exercising voting rights and share transfers.

To the Company's knowledge, there is currently no agreement that could result in a change of control.

4.3.3 Controlling shareholders

The Company is controlled by the GORGÉ family.

There are three Independent Directors on the GROUPE GORGÉ Board of Directors, one of whom has been there since 2006. Having independent Directors (who have no association with the Company, its group or its management that is such as to influence their free judgement) ensures that there is no abuse or misuse of power as these independent Directors could take the appropriate action if any such abuse were discovered. One of these Directors is also Chairman of the Company's Audit Committee.

One Director had been appointed in 2013 on a proposal from Bpifrance, which held an equity interest of more than 8% at the time. This Director is still a member of the Board of Directors, despite the sale of his securities by Bpifrance. He is now one of the Independent Directors.

4.3.4 Information liable to have an impact in the event of a public offer

Holders of shares registered in their names for more than four years enjoy double voting rights.

4.3.5 Employee shareholding

The Group's existing share subscription or purchase option plans, bonus shares grant plans or warrant grant plans are described in Note 5.4 of the Notes to the consolidated financial statements.

In accordance with the provisions of Article L. 225-102 of the French Commercial Code, it should be noted that none of the employees' shares are held under collective management.

4.4 FINANCIAL COMMUNICATION (FINANCIAL AGENDA, SHARE PERFORMANCE, DIVIDEND POLICY, ETC.)

4.4.1 Stock market information

CHANGE IN PRICE AND VOLUME TRADED ON EURONEXT

Month	Higher *(in euros)*	Lower *(in euros)*	Number of shares traded	Share capital *(in thousands of euros)*
January 2016	24,840	22,500	214,483	5,045.43
February 2016	23,680	19,990	271,683	5,944.59
March 2016	22,760	21,380	172,071	3,812.79
April 2016	22,580	19,500	321,638	6,665.19
May 2016	22,210	20,580	115,689	2,489.81
June 2016	22,000	17,010	247,201	4,994.72
July 2016	22,000	19,520	187,167	3,854.92
August 2016	22,000	21,300	157,370	3,396.39
September 2016	22,000	19,780	287,807	6,007.69
October 2016	20,870	19,500	227,132	4,542.33
November 2016	20,950	17,310	159,811	3,104.42
December 2016	21,220	19,500	206,348	4,199.01
January 2017	23,740	21,100	413,834	9,346.60
February 2017	23,500	19,380	374,917	8,157.66

Source: Euronext.

Information on GROUPE GORGÉ shares

In January 2014, the high volumes of trading observed and the keen interest from new foreign investors prompted the Group to consider the launch of an official sponsored ADR (American Depositary Receipt) Level 1 programme with BANK OF NEW YORK MELLON.

GROUPE GORGÉ ADRs are securities negotiable in US dollars representing ordinary shares in GROUPE GORGÉ at a 1 to 1 ratio. They have been traded on the American OTC market since 17 January 2014 under the ticker symbol GGRGY. Since this programme was established, GROUPE GORGÉ now publishes its financial information in English as well as French.

Since 1 April 2014, GROUPE GORGÉ meets all the eligibility criteria for the French PEA-SME tax-efficient investment regime (in accordance with Decree No. 2014-283), *i.e.* it has fewer than 5,000 employees and has annual revenue of less than €1,500 million or total assets of less than €2,000 million. These criteria apply to the entire Group.

GROUPE GORGÉ also joined the CAC PME index on 1 April 2014. This index, compiled by EURONEXT and launched on 27 February 2014, comprises 40 stocks from its listed SME and mid-tier firms which qualify for PEA-SMEs.

The CAC PME is identified by ISIN FR0011710375 and ticker CAPME.

The GROUPE GORGÉ share has been included in the SRD long-only deferred settlement list since 29 December 2014. The SRD long-only listing should help improve the share's liquidity.

Lastly, on 28 January 2015, GROUPE GORGÉ's share listing was transferred from the EURONEXT Paris Compartment C to Compartment B. Compartment B includes listed companies with a market capitalisation between €150 million and €1 billion.

4.4.2 Dividend policy

The Company intends to pay dividends, but it has not defined a systematic policy with respect to the apportionment of its profits between dividends and the financing of its operations.

Dividends approved by the Shareholders' Meeting in previous years totalled:

- 2011: dividend per share of €0.30 (12,731,843 shares), or a total dividend of €3,819,552.90;
- 2012: dividend per share of €0.32 (12,731,843 shares), or a total dividend of €4,074,189;
- 2013: dividend per share of €0.32 (12,981,843 shares), or a total dividend of €4,154,190;
- 2014: dividend per share of €0.32 (13,181,843 shares), or a total dividend of €4,218,189.76;
- 2015: none.

In light of the Group's efforts to pursue financing in order to develop its 3D Printing business among other aims, as in 2016, the Board of Directors will not propose payment of a dividend to the Shareholders' Meeting of 16 June 2017.

4.4.3 Information documents

The Company communicates with its shareholders primarily *via* its website (www.groupe-gorge.com), its Twitter account, and the financial press agency ACTUSNEWSWIRE.

The quarterly, half-yearly and annual financial results are disclosed in press releases according to the indicative timetable below:

- 2017 1st quarter revenue: 25 April 2017;
- Shareholders' Meeting: 16 June 2017;
- 2017 2nd quarter revenue: 27 July 2017;
- 2017 half-year financial results: 7 September 2017;
- 2017 3rd quarter revenue: 25 October 2017;
- 2017 4th quarter revenue: end February 2018.

The Group holds meetings with analysts and investors, and publishes a commented presentation on the website immediately after publishing its results. The 2016 financial results were announced on 22 March 2017 and the 2017 first half financial results will be announced on 7 September 2017.

Throughout the period of validity of the Registration Document, the following documents may be consulted at the Company's registered office:

- the Company's bylaws;
- all reports, correspondence and other documents included or mentioned in this Registration Document;
- the issuer's historical financial information for each of the two financial years prior to the publishing of the Registration Document.

Copies of the annual reports are available at the Company's head office, 19, rue du Quatre-Septembre, 75002 Paris, France, as well as on its website www.groupe-gorge.com. The Company's press releases are issued *via* financial press agencies (ACTUSNEWSWIRE) and can be consulted on the major public-access stock-market websites, such as BOURSORAMA, BOURSIER.COM and EURONEXT, etc.

The Company's website contains all of GROUPE GORGÉ's up-to-date financial information. All of the GROUPE GORGÉ's press releases are readily available on these media, as are all documents of relevance to shareholders: Registration Documents, half-year consolidated financial statements, information on share buybacks, etc.

GROUPE GORGÉ participates in Small cap and/or Midcap events, road shows, as well as other events throughout the year where the Company can present its activities and results to analysts, investors and shareholders. Since 2014, the Group has also organised investor and analyst meetings at the trade exhibitions of most significance to the Group during the year as well as on its main activity sites (specifically PRODWAYS' Tech Center).

A Securities Service directly administers fully registered shares free of charge. Shareholders who wish to register their securities in this form may send their request to CACEIS Financial Services, 14, rue Rouget-de-Lisle, 92862 Issy-les-Moulineaux Cedex 09, France, or to their own financial advisor.

Our shareholder/investor contact, ACTUS FINANCE (52, rue de Ponthieu – 75008 Paris), is available for all questions about news and the various press releases about the Group.

5

OUR VALUES, OUR EMPLOYEES AND OUR CSR COMMITMENTS

5.1 OUR CSR APPROACH

Corporate Social Responsibility (CSR) is a company's assumption of responsibility with regard to the social and environmental impacts of its decisions and activities, as reflected in a transparent and ethical approach that:

- contributes to sustainable development, including the health and well-being of society;
- takes stakeholder expectations into account;
- observes the laws in force and is compatible with international standards;
- and is integrated throughout the organisation and implemented in its relations.

To define the scope of its social responsibility, identify the relevant fields of action, and set its priorities, the Company should address all of the following "central issues": the organisation's governance, human rights, labour relations and conditions, the environment, fair business practices, and consumer, community, and local development issues.

(Organisational social responsibility as defined by ISO 26000).

The publication of this third CSR report is a new step that fits in with a voluntary continuous-improvement initiative: a protocol including more precise definitions, an upgrade of the data-reporting process, and the appointment of a CSR officer in each subsidiary for greater transparency.

In order to report the social and environmental impacts of our business in accordance with Article L. 225-102-1 of the French Commercial Code, we have put together some information below. This information is consolidated and covers French subsidiaries with more than 50 employees as at 31 December 2016 (*i.e.* 11 subsidiaries, compared with last year's 10), with these employees representing 79% of the Group's workforce and accounting for 79% of its revenue over that period. For practical and organisational reasons within the Group, we thought it relevant to retain this materiality threshold.

5.2 SOCIAL INFORMATION

5.2.1 Employment

To offer its employees a stimulating environment, the Group seeks to implement the best practices of a good HR policy and measures its effects.

Total workforce Group-wide and geographic distribution

The total workforce means the number of people present within the Group as at 31 December 2016 who are bound by a permanent contract, a fixed-term contract, or a trainee contract. Part-time workers are counted as one person.

2016	Protection of High-Risk Installations	Smart Safety Systems	3D Printing	Registered office	Total
Executives and engineers	343	408	107	7	865
Technicians and supervisors	168	162	81	0	411
Employees	110	79	46	0	235
Workers	254	56	15	0	325
TOTAL	**875**	**705**	**249**	**7**	**1,836**

2015	Protection of High-Risk Installations	Smart Safety Systems	3D Printing	Registered office	Total
Executives and engineers	290	327	100	6	724
Technicians and supervisors	146	147	68	0	361
Employees	103	67	20	1	192
Workers	222	52	0	0	275
TOTAL	**761**	**593**	**188**	**7**	**1,549**

In France, the Group is established in a number of regions.

All of the following indicators relate to the workforce of the selected companies, which totals 1,264 employees (69% of the total and 73% on a comparable basis). Indicators for 2015 related to 10 subsidiaries (compared with 11 on the 2016 panel), representing 1,151 employees.

Male/female distribution by socio-professional categories

	2016			2015		
(%)	Men	Women	Total	Men	Women	Total
Managers and higher professional positions	38	5	43	41	5	46
Technicians and supervisors	19	4	23	17	2	20
Employees	3	8	11	3	7	10
Workers	20	1	21	20	1	21
Apprentices	2	0	3	2	1	3
TOTAL	**83**	**17**	**100**	**83**	**17**	**100**

Distribution by age

(%)	2016	2015
Below 30 years old	14	14
Between 30 and 39 years old completed	29	29
Between 40 and 49 years old completed	28	29
Between 50 and 59 years old completed	26	25
60 years and over	3	2

Recruitments

	2016	2015
Recruitments*	216	210
• including permanent employment contracts	171	150
• including fixed-term employment contracts	33	40
• including apprentices	12	20

* *Excluding transfer between Group entities.*

As regards personnel movements, two of the recruitments involve transfers from a company within the Group that is not part of the set of selected companies.

As the Group is positioned in high-tech activities that most often require its employees to have special know-how and/or expertise, it tends to recruit in the form of permanent contracts, so as to retain knowledge and know-how within the Group. This is so because more than 79% of recruitments are for permanent contracts.

Group Companies regularly recruit interns and apprentices.

	2016	2015
Number of interns	80	54
Number of apprentices	47	29

Reasons for end of employment contracts

The lay-offs entered below include the lay-offs, for all reasons combined, in the Group's Companies for FY 2016 in France.

	2016	2015
Contract terminations*	160	155
• including economic lay-offs		9
• including lay-offs for other reasons	17	27
• including others (end of contract term, retirement, resignation, contractual termination by mutual agreement)	143	119

* *Excluding transfer between Group entities.*

As regards personnel movements, 17 of the departures involve transfers from a company within the Group that is part of the set of selected companies.

Turnover

Turnover in the Group for 2016 (turnover of a company's workforce) is 13.5%. 2015 is the first year that this indicator was included (14.3%).

Remuneration

(In thousands of euros)	2016	2015
Gross remuneration	50,722	46,367
Social security contributions	22,363	20,677
Pension liabilities: compensation paid and IAS 19 provision	386	632
Shareholding plans, profit-sharing	575	690
TOTAL	**74,046**	**68,365**

Each subsidiary has its own wage policy and makes its own independent decisions regarding the wage developments of its employees, depending on its field of business and growth or its own constraints, salary evolution of its employees.

5.2.2 Work Organisation

Each subsidiary directly and independently manages employees work time organisation and employer-employee relations (organisation of social dialogue and collective agreements) within the Company depending on its own constraints and the applicable rules.

In France, for the panel selected, the Group applies an average schedule of 37 hours per week.

Most employees, whose duties preclude following the collective working schedule applicable to the unit to which they belong, come under a block working-hours agreement of 218 working days per year.

Employees receive compensatory time off according to the subsidiary that employs them and their position: non-executives and clerical employees, technicians, and supervisory management; executives on assignment; executives on block working-hours agreements.

5.2.3 Employee relations

Organisation of social dialogue including procedures for notifying, consulting, and negotiating with employees

Most of the Group's companies implement an active policy of dialogue with their employees. Meetings between employee and Management delegates are held each month in all of the Group's subsidiaries.

In addition, the Group opposes any discrimination or pressure on an employee or employee representative due to his membership in or support or opposition of a union.

The communication methods internal to the Group (intranet, internal displays, newsletter, internal memos) make it possible to broadcast local and national information.

Report on collective agreements

The Group's employee policy promotes the conclusion of a number of collective agreements according to the regulatory requirements of those countries where the Group is located. Several collective agreements were signed with the employee representative bodies in 2016 in the following subsidiaries (included in the panel):

- in the ECA EN subsidiary: a profit-sharing agreement and a Mandatory Annual Negotiation agreement;
- in the ECA Faros subsidiary: an equal opportunity action plan, a generation contract action plan, an employee incentive agreement;
- in the ECA CNAi subsidiary: a profit-sharing agreement;
- in the ECA EN subsidiary: a profit-sharing agreement and a Mandatory Annual Negotiation agreement;
- in the COMMERCY Robotique subsidiary: an agreement on mandatory annual negotiations and a rider to the employee incentive agreement;
- in the CIMLEC Industrie subsidiary: a profit-sharing agreement, an agreement on mandatory annual negotiations, and an extension of the contracts with CE and DP;
- in the CLF SATREM subsidiary: a profit-sharing agreement signed in 2013, a complementary health insurance agreement, and a provident fund agreement.

Report on collective health and safety agreements

In health and safety matters, in light of regulations and thresholds set on work hardship and exposure to major risks in France, GROUPE GORGÉ is not exposed and therefore is not bound to formalise any collective agreements in the matter. Nonetheless, as a responsible employer and in an effort to guarantee the health and safety of its employees, individual risk exposure forms are prepared in some of our subsidiaries by the different Committees for Health, Safety and Working Conditions (CHSCT). These forms are used to monitor occupational hazards and implement preventive actions.

5.2.4 Training and promotion of talent

Training

Thanks to a training, development and internal promotion policy, employees can learn a skill while at the same time furthering their personal and professional development. Each subsidiary determines its own training policy.

The human resource management policy on training is focused on two types of training:

- training to adapt to a workstation and/or training related to job advancement and keeping one's job;
- skill development training.

The Group believes that the satisfaction of its clients and consumers is heavily dependent on the skills and talent of its employees. Thus, the Group puts training at the centre of its priorities as an employer: during the 2016 financial year, nearly 14,839 hours of training were administered.

	2016	2015
Number of hours of training	14,839	15,761
Number of persons trained	640	589
Training costs[1]	€468 thousand	€476 thousand

(1) Educational costs, expenses, valuation of training days.

Targeted skill development

- Example in Smart Safety Systems division

Transfer of knowledge and best practices from one subsidiary to another is a priority for the Group. Thus, the Smart Safety Systems division (all of the subsidiaries of the ECA Group) decided to develop a training program for all of its project heads and business managers. These people have a pivotal role in the division in its commitment to its clients, in charge of coordinating the different teams, for the purpose of delivering the best solutions for ensuring the security, precision, reliability, and durability of solutions for clients. In establishing this training program, the Group's aim was to create a common culture and a skills base shared by project heads, in order to:

- gain efficiency in project management;
- share best practices in client management;
- better manage resources, costs, lead times, and quality;
- improve satisfaction of clients' requests.

This training took place over four days and, during the 2016 year, had 55 participants within uniform groups of eight to ten people. In view of the positive feedback, the Group has decided to develop similar training programs for other business-line experts in 2017.

- Example in 3D Printing division

The development of know-how and innovation is a priority in the skills management policy of the 3D Printing division (PRODWAYS GROUP and its subsidiaries) given its rapid evolution in a constantly growing 3D printing market.

The organisation of annual performance reviews once a year between employees and their managers based on a form prepared by the Human Resources Department of the 3D Printing division is of paramount importance in the evaluation of individual employee performance and the setting of objectives for the following year and the means of achieving them.

These reviews are also an opportunity to evaluate the skill development training that took place during the year and to determine the actions to be taken or pursued in order to progress based on or with a view to further development, in particular through training expectations.

5.2.5 Health, safety and improvement of employees' working environment

Workplace health and safety policies are managed within each Company in the Group depending on its field of business and its own constraints.

The assessment of health and safety risks in relation to employees is set out in a document drawn up by each Company. Employees are also informed of these risks through the CHSCT (Committee for Health, Safety and Working Conditions), in companies where such a Committee exists. Employees who work with hazardous or polluting products receive appropriate training according to the risks in relation to these products.

The absenteeism rate as well as the number of accidents at work have been recorded as relevant workplace health and safety indicators.

We have no information relating to occupational diseases.

Absenteeism

	2016	2015
Absenteeism rate[1]	3.44%	2.95%

(1) *Ratio between the number of days of absence and the theoretical number of days' presence.*

Accidents at work

	2016	2015
Number of accidents at work with absence	28	22
Number of days lost	601	499
Frequency rate	12.62	11.69
SEVERITY RATE	**0.27**	**0.27**

Improvement of employee working environment

Because individuals work better when they are in fulfilling, stable, and healthy occupational environments, the Group makes its employees the top beneficiaries of its mission to improve the quality of life at work. Over the past two years, the Group has made substantial investments in its property, plant and equipment. In 2015, the Group inaugurated the fully-restored premises of its historic Mureaux site, housing the PRODWAYS, CLF SATREM, CIMLEC Industrie, NTS, and TENWHIL companies. The building, which dates back to the 70's, was fully restored, and offices were rearranged to improve working space. Meanwhile, several companies in the Smart Safety Systems division (ECA EN, ECA SINTERS, ECA CNAI, and ECA FAROS) moved out of the site and into completely new, more spacious premises with better geographic locations. These new sites were inaugurated in early 2016.

5.2.6 Equal treatment

Each subsidiary must respect the mandatory legal provisions with regard to equal treatment of employees and non-discrimination. The measures taken (if necessary) by the Group subsidiaries to promote equal treatment are not reported at the GROUPE GORGÉ SA level.

The Group offers everyone the same job access, without discrimination as to age, gender, nationality, culture, or individual situation.

Gender parity

Adopted in January 2011, the Copé-Zimmermann Act requires that the Boards of listed companies and unlisted large corporations have 20% women by 2014, and 40% by 2017. GROUPE GORGÉ did not wait until 2017 to introduce balanced representation between men and women on its Board of Directors, which includes three women, *i.e.* 50% of Board members.

In addition, the Group's Board of Directors is concerned to ensure equality of treatment between men and women be in its subsidiaries.

Disabled persons

	2016	2015
Number of disabled employees	23	26

Promotion of and compliance with the ILO (International Labour Organisation) Core Conventions

As all companies of the selected panel are located in France, compliance with French regulations is sufficient to ensure promotion of and compliance with the core conventions of the ILO (prohibition of child labour, freedom of association, abolition of forced labour, etc.).

5.3 ENVIRONMENTAL INFORMATION

The following Grenelle 2 indicators have been discounted:

- measures to prevent, reduce or rectify discharges in the air, water and ground causing significant damage to the environment;
- land use;
- noise pollution;
- measures taken to preserve biodiversity;
- adaptation to the effects of climate change;
- actions to combat food waste.

5.3.1 General environmental policy

The Group is positioned as a designer and assembler for all of its activities, but does not produce anything. For this, it uses outsourcing. Accordingly, its activities do not cause any major environmental hazards.

The Group Companies strive to limit their environmental impact on their sites or those of their clients, while promoting sustainable practices for procuring and optimising natural resources, in compliance with applicable regulations.

The Group Companies with sites that fall under the Installations Classified for the Protection of the Environment (ICPE) regulations have made the required declarations or possess the necessary authorisations. The Group does not have any industrial equipment or machinery that could have a significant impact on the environment.

The water supplies of Group Companies do not pose a problem as they are not located in water stress areas.

Employee training and information actions in environmental protection and the resources used in preventing environmental risk and pollution

GROUPE GORGÉ invites its employees to protect the environment and reduce the impact of its activity on the environment with their day-to-day actions. Here are a few examples:

- within the ECA EN subsidiary, several actions have been put in place, including education in recycling; implementing reduced paper storage; and finally the creation of a booklet on eco-design distributed to all employees;
- within the ECA CNAi subsidiary, employees are educated about hiring by the Quality Department;
- within the ECA SINTERS subsidiary, a chemicals manager has been appointed and is in charge of employee education and information. Every three years, there is a special education campaign for employees who handle chemicals. The next campaign is slated for 2017;
- within the INITIAL subsidiary, employees are educated through internal training according to workstation.

Amount of provisions and guarantees for environmental hazards

The Group has not recorded provisions for environmental risks in its accounts.

Climate change

Greenhouse gas discharges

CO_2 emissions come from the power (electricity) used by the facilities of the Group's subsidiaries (leased or owned).

Reducing the impact of travel

Over the financial year, all of the sites on the panel carried out awareness campaigns targeting employees, to reduce their energy consumption.

A policy has been in place since 2015 to reduce business travel by the Group's employees. Now, internal video conferencing and phone conferencing are commonplace, as well as more widespread use of public transport.

At the PRODWAYS subsidiary, where access to the site is difficult without a vehicle, Management has provided bicycles for those employees who still wish to use public transport, to travel between the train station and the office.

In addition, during the 2015 and 2016 years, several companies in the Smart Safety Systems, Protection of High-Risk Installations, and 3D Printing division moved sites to have access to brand-new or recently-built premises (see 5.2.4). These new buildings, which are compliant with the latest environmental standards in force, are significantly reducing energy consumption.

5.3.2 Sustainable practices to promote waste recycling

The Group Companies determine their own policies on this subject in compliance with applicable regulations.

The operations carried out within the Group do not involve any agricultural land use problems.

Some of the Group's sites acquired equipment and took measures to sort and recycle as much organic and non-organic waste as possible. One of the Group's Companies (ECA ROBOTICS) set up an environmental management system in compliance with ISO 14001 requirements. ISO 14001 v2015 certification is currently under review.

In the majority of subsidiaries on the panel, written procedures on waste management, supported by displays, are distributed by the Quality Department. Within the ECA ROBOTICS subsidiary, the waste chain has been brought fully under control, with indicator monitoring and regular internal audits to ensure its compliance. Within the PRODWAYS and BAUMERT subsidiaries, waste receptacles dedicated to different waste types have been installed. Removal by a specialised company, with the issue of a treatment certificate, has been contracted for both subsidiaries.

5.3.3 Sustainable practices to reduce energy consumption, carbon emissions, and water consumption

Consumption of resources

The coverage rate for data relating to energy consumption and greenhouse gas emissions represents 90% of total surfaces occupied by panel companies.

	From 1/11/2015 to 31/10/2016		From 1/11/2014 to 31/10/2015	
	Volume	Cost (€k)	Volume	Cost (€k)
Water consumption	9,358 m^3	28.0	9,322 m^3	27.0
Electricity consumption(1)	5,429.2 MWh PCS	563.1	4,203 MWh PCS	484.2
Gas consumption(1)	1,015.6 MWh PCS	40.7	958 MWh PCS	73.1
Greenhouse gas emissions (GHG)(2)	483		409	
Direct greenhouse gas emissions (GHG)(2)	189		176	
Indirect greenhouse gas emissions (GHG)(2)	295		233	

(1) Gross Calorific Value.
(2) In tonnes of CO_2 equivalent.

Direct GHG emissions are related to natural gas consumption. The emission factor used for the period is 185 g CO_2 equivalent per kWh.

Indirect GHG emissions are related to electricity consumption. The emission factor selected for the period is either the EDF average (48 g CO_2 equivalent per kWh) or the French average (72 g CO_2 equivalent per kWh).

In 2016, there was a sharp decrease in consumption as far as direct emissions, primarily because of companies moving into new buildings. These new buildings are compliant with RT 2012, a stricter thermal regulation that limits energy consumption.

Example of water footprint reduction

In addition, a simple measure to limit water waste has been taken in several of the Group's Companies, namely the installation of water-saving equipment.

Consumption of raw materials and waste production

Given the wide diversity of businesses in which the Group's subsidiaries are active, it is impossible for us to present results representative of the consumption of raw materials and waste production at the Group level. Efforts to classify these raw materials and waste are currently underway and the Group should be able to present results next year.

Year ended 31 December 2016

BAUMERT: steel, cardboard, wood

ECA Faros: cardboard, packaging wood, packaging products

ECA Sinters: Paperboard 47,520 litres, Untreated wood: 1.18 tonnes, Metals: 1 tonne

ECA EN: hazardous waste: water mixed with hydrocarbons from water/hydrocarbon separators in the storm drain (2.5 tonnes) and sludge from water/hydrocarbon separators (0.9 tonne).

Internet sources:

ADEME 7.1 carbon reporting

5.4 SOCIETAL INFORMATION

The Group is aware that it is part of an ecosystem of stakeholders, with whom it is incumbent on the Group to organise balanced, ethical, law-abiding, and inspiring relationships. Thus, participants in the Group's current and future success are: employees, clients, subcontractors and other suppliers, schools, state and local government, actors in civil society, and shareholders.

Territorial, economic and social impact of the business activity – local relationships

Our subsidiaries are often located in business zones. Some of them have been in the same region for many years and in general contribute towards maintaining local employment and developing their region through their economic activity.

Concrete examples of the mobilisation of local companies (joiners, plumbers, masons, architects, among others) are the many requests for site relocations and site renovations.

Subcontracting and suppliers

Each Group company selects its suppliers and subcontractors according to their reputation, performance and reliability to ensure that they are able to help the Group to meet its business objectives.

In the medium term, the Group aims to include CSR criteria in its purchasing terms and conditions.

Fair business practices

Each Group Company is responsible for applying anti-corruption regulations. Each is responsible for defining its own procedures.

Each Group Company applies its know-how to offer reliable products to its customers. Products are generally subjected to internal quality control procedures.

In the short term, the Group has set itself the aim of preparing a formal document on fair business practices.

Other initiatives taken to promote human rights

To our knowledge, the Group Companies have not taken any specific initiatives to promote human rights.

Stakeholder relations

Stakeholder identification and dialogue is essential to address the organisation's social structure.

Increase frequency of meetings with the Group's shareholders

The relationship of trust between the Group and its shareholders, investors and analysts is built over the long term and is nourished daily by providing them with clear, continuous information and regular contact. That is why management strives as far as possible to arrange regular meetings throughout the year with the Company's investors and shareholders. Visits to the Group's major trade shows were organised during the year, through three brokers under contract with the Group (GILBERT DUPONT, ODDO & Cie, and KEPLER CHEUVREUX). These meetings were held during trade shows that were significant for the Group in France and Europe (specifically Formnext in Germany and Eurosatoroy and Euronaval in France). Site visits were also held, mainly focused on 3D printing (at the Mureaux Tech Center and on the INITIAL site in Annecy).

Development of an "employer brand"

To retain its leadership in its activities, the Group wishes to attract and retain tomorrow's talent. More than half of the Group's employees are engineering graduates. To highlight its innovative activities, the Group now has a social-media presence through several of its subsidiaries using LinkedIn and Twitter. With this presence, it can relay important information about the markets in which it operates, share trends, communicate about the latest contracts awarded to it, announce new solutions or trade-show attendance, publish a job offer, and more. This volume of news reflects the dynamism of the Group, which is aiming to raise its profile worldwide as an employer.

Along with this web presence, development of the employer's brand involves building partnerships with schools. The Group has identified several schools (specifically engineers) where the syllabus of tuition for students is totally suited to the Group's needs. Accordingly, the Group attends a number of student forums, including the one at the École Centrale Marseille, to approach engineering students seeking to join the Group for internships of three to seven months. Since 2014, several engineering students who had spent their final-year internship in the Group have been offered permanent contracts on completion of their internships.

Sharing the Group's knowledge

Beyond the enhancement of its visibility to potential applicants, the Group is seeking, through meetings, conferences and round tables, to initiate the sharing of knowledge about its business lines with non-profit associations, entrepreneur clubs and any other audience that is likely to have an interest in the Group's activities. Thus, in 2015, the Group attended many events (through various representatives): at the École Centrale Marseille, for the Vogue Fashion Festival hosted by Vogue magazine; at "Journée des Décideurs" (Decision-Makers' Day), hosted by Leaders League magazine; during the Tech&Co broadcast on BFM Business; and during Digital Transformation Days held by broker ODDO & Cie.

By attending this type of events, the Group seeks to promote the role of middle-market companies in France and support French innovation.

The Group also attends many technical conferences during the trade shows, thereby positioning itself as an expert in its various fields. Take, for example, the ECA Group's successful initiative to hold more than 15 conferences on maritime security issues at its booth throughout the trade show.

Partnership and sponsorship

The Group has been a significant partner of the École Centrale Marseille since 2014. In fact, Raphaël GORGÉ, the Group's CEO, has become a sponsor of the 2014 graduating class. Accordingly, he decided to support several student associations within this school, which is conveying the values of innovation and entrepreneurship that are so valuable to the Group.

Thus, in 2016, the Group decided to financially support several athletic organisations, all of which promote a spirit of conviviality paired with competition and surpassing one's limits, in both preparing for and holding the event.

The Group also set up a course module fully dedicated to entrepreneurship, in partnership with the administration of the École Centrale Marseille. In this course module, phased over two years of study, groups of students with a keen entrepreneurial flair compete to propose a viable business plan to a jury made up of venture-capital professionals and instructors from the school. At the end of those two years, the winning Group will be awarded €35,000 (subsidised by GROUPE GORGÉ), which it will use to launch its venture, if it wishes. The Group that comes in second will win €15,000. Operating costs for this module come to €20,000 and are also subsidised by GROUPE GORGÉ.

5.5 METHODOLOGY – PANEL OF SELECTED COMPANIES

It was not possible to communicate all of the information listed in Article R. 225-105-1 of the French Commercial Code.

We have selected only the information provided by the Companies of the Group which is centralised by GROUPE GORGÉ SA. Insofar as there is no overall unified policy on social, societal and environmental matters, each subsidiary is responsible for defining its procedures itself and for handling the social and environmental issues related to its business depending on its own constraints and in accordance with the applicable legal provisions. Organisational choices are unique and specific to each subsidiary. These choices are not synthesised nor harmonised at the GROUPE GORGÉ SA level.

The production of CSR indicators requires the setting up of a system for reporting information to the GROUPE GORGÉ Financial Department. A protocol has therefore been created for this purpose.

It describes the procedures and tools used for collecting and reporting the Group's CSR data and performance indicators. The reporting protocol serves as an in-house guide and is distributed, understood and applied at all data preparation and reporting levels. These data are collected directly in our financial consolidation software application (SAP BFC).

The data on gas, electricity, and water consumption cover a 12-month period for all subsidiaries; however, the periods covered do not necessarily correspond to a calendar year (two rolling months maximum).

Human resources data corresponds to a calendar year. The population considered for all these indicators comprises all the Group's employees excluding trainees.

Occupational accidents concern accidents that occur at the workplace and during travelling for work, but do not include commuting accidents. The frequency rate is equal to the number of accidents expressed in millions of hours worked, the severity rate, the number of days not worked (calendar days) expressed in by thousands of hours worked.

5.6 REPORT BY THE INDEPENDENT THIRD-PARTY ENTITY ON THE SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION IN THIS MANAGEMENT REPORT

(Year ended 31 December 2016)

To the Shareholders,

In our capacity as the independent third party entity of GROUPE GORGÉ, accredited by COFRAC under the number 3-1080(1), we hereby present our report on the consolidated social, environmental and societal information relating to the year ended 31 December 2016, provided in the management report (hereinafter the "CSR information"), pursuant to the provisions of Article L. 225-102-1 of the Commercial Code.

Corporate responsibility

The Board of Directors is responsible for preparing a management report that includes CSR Information as set out in Article R. 225-105-1 of the French Commercial Code, prepared in compliance with the definitions and calculation methods chosen by the Company (the "Reporting Standards"), available on request, and of which a summary appears in part 5.5 of the Registration Document entitled "Methodology".

Independence and quality control

Our independence is defined by regulatory documents, our professional Code of Ethics and the provisions set out in Article L. 822-11-3 of the French Commercial Code. In addition, we have implemented a quality control system including documented policies and procedures that aim to ensure respect for ethical rules and the applicable legal and regulatory texts.

Independent third-party entity responsibility

Based on our work, our responsibility is:

- to certify that the required CSR Information is included in the management report or, if omitted, that such omission is explained pursuant to the third paragraph of Article R. 225-105 of the French Commercial Code (Attestation of Disclosure of CSR Information);
- to express limited assurance on the fact that, taken as a whole, the CSR Information is presented fairly, in all significant aspects, in compliance with the reporting guidelines (conclusion on the fair presentation of the CSR Information).

Our work engaged the skills of three people and was performed between December 2016 and March 2017 over a total period of approximately two weeks. We called upon the help of our CSR experts to complete this assignment.

We carried out the work described below in compliance with the professional standards applicable in France and the Order of 13 May 2013 determining the terms and conditions according to which the independent third-party entity conducts its assignment and concerning limited assurance as to its fairness in relation to international standard ISAE 3000 [1].

1. Attestation of disclosure of CSR Information

Nature and scope of work

Based on interviews with the heads of the departments concerned, we have verified that the report presents the strategic priorities for sustainable development as they relate to the social and environmental impacts of the Company's activities and its societal commitments and, where applicable, any resulting measures or programmes.

We compared the CSR Information in the management report with the list provided in Article R. 225-105-1 of the French Commercial Code.

In the event of omission of certain consolidated information, we have verified that explanations are provided, in compliance with the third paragraph of Article R. 225-105 paragraph 3 of the French Commercial Code.

We verified that the CSR Information covered the consolidated scope, i.e., the Company and its subsidiaries within the meaning of Article L. 233-1 and the companies that it controls within the meaning of Article L. 233-3 of the French Commercial Code, subject to the limits set forth in part 5.1 of the Registration Document entitled "Our CSR approach".

(1) For which the scope of accreditation is available at www.cofrac.fr

(2) ISAE 3000 – Assurance Engagements Other than Audits or Reviews of Historical Financial Information..

Conclusion

On the basis of this work and subject to the limits mentioned above, we certify the presence in the management report of the required CSR Information, with the exception of the information relating to the consumption of raw materials and the measures taken to improve the efficiency of their utilisation, and measures for the prevention, recycling and removal of waste that are not presented and not accompanied by the required explanations.

2 Reasoned opinion on the fair presentation of the CSR information

Nature and scope of work

We conducted interviews with the persons responsible for preparing the CSR Information in the departments in charge of the CSR Information collection process and, where appropriate, those responsible for internal control and risk management procedures, in order to:

- ascertain whether the Reporting Standards are appropriate in terms of relevance, completeness, reliability, neutrality and understandability, taking best practices for the sector into consideration as necessary;
- verify that the Company had set up a process for the collection, compilation, processing and control to ensure the completeness and consistency of the CSR Information. We also familiarised ourselves with the internal control and risk management procedures relating to the compilation of the CSR Information.

We determined the nature and scope of our tests and checks based on the type and importance of the CSR Information with respect to the Company's characteristics, the social and environmental issues linked to its activities, its priorities for sustainable development and best practices in the industry.

For the CSR Information that we deemed to be the most important[1]:

- for the consolidating entity, we reviewed the documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), we set up analytical procedures for the quantitative information and verified, using sampling techniques, the consistency of the calculations and data consolidation and we checked their consistency and correspondence with the other information in the management report;
- for a representative sample of entities and sites that we selected(1) according to their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify the proper application of procedures and set up tests using sampling techniques to verify the calculations performed and reconcile data with supporting evidence. The selected sample represents 27% of the employees considered as a characteristic quantity of the social component and between 27% and 67% of the environmental data considered as characteristic quantities of the environmental component.

Regarding the other consolidated CSR Information, we assessed its consistency in relation to our knowledge of the Company.

Lastly, we assessed the relevance of the explanations given in the event of total or partial absence of certain information.

We believe that the sampling methods and sizes of the samples we have used in exercising our professional judgment enable us to express limited assurance; a higher level of assurance would have required more extensive verifications. Due to the use of sampling techniques and the other limits inherent with the operation of any information and internal control system, the risk that a material anomaly is not identified in the CSR Information cannot be totally eliminated.

Conclusion

Based on this work, with the exception of the impact of the unjustified absence of the information mentioned in part 1 of this report, we found no material misstatement that would cause us to believe that the CSR Information is not, as a whole, presented in a fair manner in compliance with the Reporting Standards.

Neuilly-sur-Seine, 31 March 2017

Independent third-party entity

French member of GRANT THORNTON INTERNATIONAL	**Partner**
Grant THORNTON	Vincent PAPAZIAN

(1) ***Company quantitative information:*** *total headcount and breakdown by gender, age and geographical region; recruitments; departures; number of accidents involving time off work; number of days lost for accidents with time off work; theoretical number of hours worked; number of training hours.* ***Quantitative environmental information:*** *water consumption; electricity consumption; gas consumption; direct emissions of CO_2; indirect emissions of CO_2.*

(2) *ECA CNAI; ECA FAROS; BAUMERT and PRODWAYS.*

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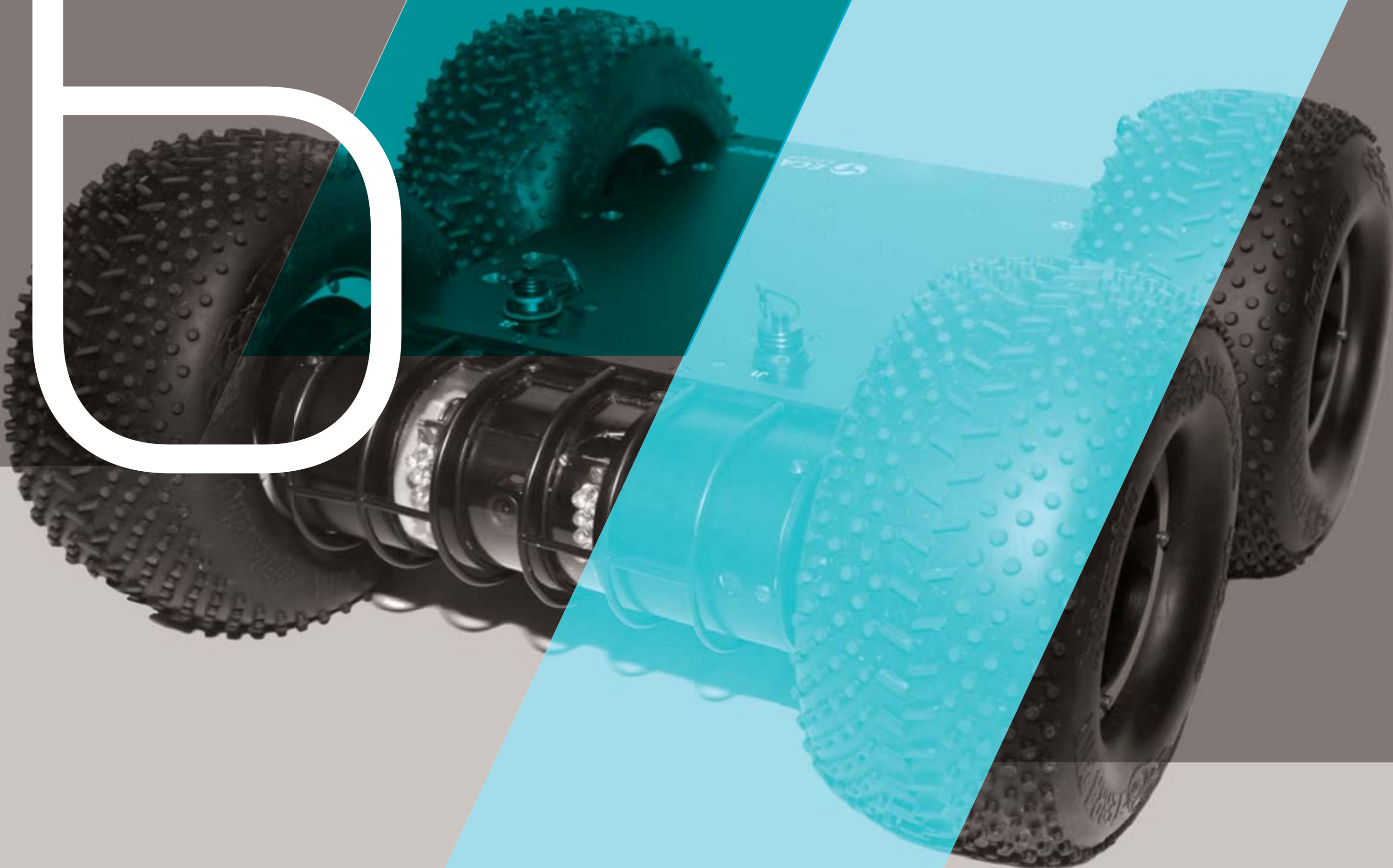

INFORMATION ON THE SHAREHOLDERS' MEETING OF 16 JUNE 2017

6.1 REPORT OF THE BOARD OF DIRECTORS PRESENTING THE RESOLUTIONS SUBMITTED TO THE COMBINED SHAREHOLDERS' MEETING OF 16 JUNE 2017

1. Approval of the separate and consolidated financial statements for the year ended 31 December 2016 – Approval of non-tax-deductible expenses and charges (first and second resolutions)

We ask you to approve the separate financial statements for the year ended 31 December 2016, showing a profit of €5,181,090.28, and the consolidated financial statements for the year ended 31 December 2016 returning a profit (Group share) of €172 thousand.

We also ask you to approve the total amount of the expenses and charges referred to in Article 39-4 of the French General Tax Code, namely the sum of €18,667 and the corresponding tax.

2. Appropriation of income for the year (third resolution)

The appropriation of the Company's income that we are proposing complies with the law and our bylaws.

We suggest that you allocate the profit for the 2016 year in the following way:

- Origin:
  - Income for the period €5,181,090.28;
- Allocation:
  - Legal reserve €12,900.00,
  - Retained earnings €5,168,190.28.

We therefore ask you not to resolve on the payment of any dividend.

In accordance with the provisions of Article 243 *bis* of the French General Tax Code, we remind you that the dividends paid in the three last financial years were as follows:

For financial year	Income eligible for the reduction: Dividends	Income eligible for the reduction: Other distributed income	Income not eligible for the reduction
2013	€4,154,189.76* or €0.32 per share	-	-
2014	€4,218,189.76* or €0.32 per share	-	-
2015	None		

* *Including the unpaid amount of the dividend corresponding to treasury shares, which is allocated to the retained earnings account.*

3. Approval of regulated agreements (fourth resolution)

No regulated agreement was entered into during the past year. The special report by the Statutory Auditors on regulated agreements and commitments mentions the absence of new regulated agreements and presents the old agreements that continued during the 2016 year. We ask you to take note of the absence of new regulated agreements.

4. Reappointment of a Director (fifth resolution)

Sylvie LUCOT's term of office as Member of the Board of Directors expires at the end of the meeting.

We suggest that you reappoint her for a further term of six years expiring in 2023, at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements of the preceding financial year.

As a reminder, Ms. LUCOT is an Independent Director and Chairperson of the Company's Audit Committee. Her biography is described in Section 2.2 of the Registration Document.

5. Approval of the remuneration policy for executive corporate officers – "Say on pay *ex ante*" (sixth resolution)

Pursuant to the new Article L. 225-37-2 of the French Commercial Code, your Board has prepared a special report of the Board of Directors on the remuneration policy for executive corporate officers for the 2017 year (see Section 2.5 of the Registration Document).

After reviewing this report, we ask you to approve the principles and criteria for determining, distributing, and assigning the fixed, variable, and exceptional components making up the total remuneration and benefits of all kinds that may be allocated to the Chairman and Chief Executive Officer.

6. Proposal to renew the authorisation for implementing the share repurchase programme (seventh resolution) and authorisation for the correlated share capital reduction (eighth resolution)

We propose that you authorise the Board of Directors, for a period of 18 months, to purchase shares of the Company, on one or more occasions, at the times it will determine, within the limit of 10% of the number of shares comprising the share capital, adjusted where appropriate in order to take account of any increase or reduction of capital that may occur during the term of the programme.

This authorisation would cancel the authorisation granted to the Board of Directors by the Shareholders' Meeting of 14 June 2016 in its sixth ordinary resolution.

Acquisitions may be made to:

- stimulate the secondary market or the liquidity of Company shares through the intermediary of an investment service provider under a liquidity contract that complies with the Code of Ethics as recognised by the French Financial Markets Authority (AMF);
- retain the purchased shares and subsequently allocate them in payment or exchange in potential external growth transactions, in respect of market practices approved by the French Financial Markets Authority;
- provide coverage for stock option plans and/or bonus share allotments (or similar plans) for Group employees and/or corporate officers as well as all share allotments to Group or Company savings plans (or similar plans), under profit-sharing schemes and/or all other forms of share allotment to Group employees and/or corporate officers;
- allot shares upon the exercise of rights linked to securities giving access to the share capital through reimbursement, conversion, exchange, presentation of a warrant or by any other method;
- cancel shares purchased, subject to the authorisation granted by a Shareholders' Meeting;
- more generally, operate for any purpose that is authorised by law or any market practice approved by market authorities.

These share purchases may be carried out by any means, including by acquisition of blocks of shares, and at times that the Board deems appropriate.

The Company reserves the right to use option mechanisms or derivatives in line with applicable regulations.

We propose that you set a maximum purchase price of €50 per share and consequently, that you set the maximum amount of the operation at €67,514,215.

In view of the cancellation target, we ask you to authorise the Board of Directors, for a period of 24 months, to cancel, at its sole discretion, on one or more occasions, within the limit of 10% of the capital, calculated on the day of the cancellation decision, excluding any shares cancelled during the preceding 24 months, the shares that the Company holds or may hold as a result of repurchases under its programme to repurchase shares, and to reduce the share capital accordingly, in accordance with the legal and regulatory provisions in force.

The description of the share repurchase programme set out in Article 241-2 of the General Regulations of the French Financial Markets Authority is published in the terms set out in Article 221-3 of said regulations and contains all useful additional information for your information about this repurchase programme.

7. Renewal of financial delegations

The Board of Directors wishes to have the necessary powers to make all issues, should it think fit, that may be required for the development of the Group's activities.

That is why shareholders are asked to renew the delegations the Board had and which will soon expire per the terms set out hereinafter:

7.1 Delegation of authority to increase the share capital by incorporation of reserves, profits and/or premiums (ninth resolution)

Delegation of authority to increase the share capital by incorporation of reserves, profits and/or premiums due to expire in the second half of 2017, we propose that you renew it.

Consequently, we ask you to please grant to the Board of Directors, for another 26-month period, the authority to increase the capital by incorporation of reserves, profits, bonuses, or other sums of which capitalisation is permitted, by the issue and free allocation of shares, by raising the nominal value of existing ordinary shares, or by a combination of these two procedures.

The amount of the share capital increase resulting from issues made under this delegation would not exceed the nominal amount of €5,000,000. This amount would not include the overall nominal value of the additional ordinary shares to be potentially issued to maintain, in accordance with the law, the rights of holders of marketable securities giving entitlement to shares. This ceiling would be independent of all ceilings set out by the other delegations of the Shareholders' Meeting.

This delegation would cancel and replace any prior delegation given for the same purpose.

7.2 Delegations of authority to issue ordinary shares and/or securities, maintaining or cancelling pre-emptive subscription rights

Delegations of authority to increase the share capital (immediately or eventually) by a cash contribution, maintaining or cancelling pre-emptive subscription rights due to expire in the second half of 2017, we propose that you renew them in the conditions detailed below.

The purpose of these delegations is to give the Board of Directors all latitude for issuing the following, at the times of its choosing, during a 26-month period:

- ordinary shares;
- and/or ordinary shares giving rights to allocation of other ordinary shares or debt securities;
- and/or marketable securities giving access to ordinary shares to be issued by the Company.

In accordance with Article L. 228-93 of the French Commercial Code, the securities to be issued may give access to ordinary shares to be issued by any company directly or indirectly owning more than half of its capital or of which it owns directly or indirectly more than half of the capital.

7.2.1 Delegation of authority to issue ordinary shares and/or securities giving access to share capital and/or ordinary shares giving rights to the allocation of debt securities, with maintenance of pre-emptive subscription rights (tenth resolution)

We propose that you set the maximum overall nominal amount of shares that may be issued under this delegation at €5,000,000. The nominal amount of the share capital increases that could be made pursuant to the eleventh, twelfth, and fifteenth resolutions would be charged against this ceiling. To this ceiling would be added, where applicable, the nominal value of the ordinary shares to be issued, in accordance with the law and, where applicable, the contractual provisions regarding other adjustment cases, in order to maintain the rights of holders of transferable securities giving access to the Company's capital.

The nominal amount of the Company's debt securities that may be issued pursuant to this delegation of powers cannot exceed €50,000,000. The nominal amount of the securities representing debts that could be issued using the eleventh and twelfth resolutions would be charged against this ceiling.

Under this delegation, the issuances would be made, maintaining the shareholders' pre-emptive subscription rights.

If the subscriptions on an irreducible-excess or, as appropriate, reducible-excess basis fall below the total number of shares or securities issued, the Board of Directors may use the following options:

- limit the issuance to the amount of the subscriptions, within the limits laid down by the regulations where applicable;
- freely allocate all or part of the unsubscribed securities;
- offer all or part of the unsubscribed securities to the public.

This new delegation would cancel and replace any prior delegation given for the same purpose.

7.2.2 Delegations cancelling pre-emptive subscription rights

7.2.2.1 Delegation of authority to issue ordinary shares and/or securities giving access to share capital and/or ordinary shares giving rights to the allocation of debt securities, cancelling pre-emptive subscription rights (eleventh resolution)

By virtue of this delegation, the issuances would be made by way of a public offer.

The pre-emptive subscription rights of the shareholders to ordinary shares and/or securities giving access to the share capital and/or debt securities will be cancelled, with the option for the Board of Directors to give shareholders the option of priority subscription.

The overall nominal amount of the shares which may be issued cannot exceed €5,000,000. To this ceiling would be added, where applicable, the nominal value of the ordinary shares to be issued, in accordance with the law and, where applicable, the contractual provisions regarding other adjustment cases, in order to maintain the rights of holders of transferable securities giving access to the Company's capital.

This amount will be charged against the limit set on share capital increase in the tenth resolution.

The nominal amount of the Company debt securities which may be issued cannot exceed €50,000,000.

This amount will be charged against the limit on the nominal amount of debt securities that may be issued, as set by the tenth resolution.

The amount due or that will be due to the Company for each of the ordinary shares issued, after taking into account, in the event of an issuance of warrants, the subscription price of the warrants, will be determined in accordance with the legal and regulatory provisions and will therefore be at least equal to the minimum required by the provisions of Article R. 225-119 of the French Commercial Code at the time the Board of Directors uses the delegation (currently the weighted average of the Company share price of the last three stock exchange sessions before it is set, reduced by a maximum discount of 5%).

In case of a securities issuance needed to remunerate securities contributed under a public exchange offer, the Board of Directors would have, within the limits defined above, the necessary powers to record the list of securities contributed to the exchange; define the terms of issuance and exchange parity as well as, where appropriate, the amount of the balancing payment in cash to be made; and set the issuance procedures.

If the applications fall below the total number of shares or securities issued, the Board of Directors may use the following options:

- limit the issuance to the amount of the subscriptions, within the limits laid down by the regulations where applicable;
- freely allocate all or part of the unsubscribed securities.

This new delegation would cancel and replace any prior delegation given for the same purpose.

7.2.2.2 Delegation of authority to issue ordinary shares and/or securities giving access to share capital and/or ordinary shares giving rights to the allocation of debt securities, cancelling pre-emptive subscription rights by private placement (twelfth resolution)

By virtue of this delegation, the issues would be made by way of an offer referred to in Article L. 411-2, paragraph II of the French Monetary and Financial Code.

The pre-emptive subscription rights of the shareholders to ordinary shares and/or securities giving access to the share capital will be waived.

The overall nominal amount of the shares which may be issued cannot exceed €3,000,000. It should be noted that it would be further limited to 20% of the capital per year. To this ceiling would be added, where applicable, the nominal value of the ordinary shares to be issued, in accordance with the law and, where applicable, the contractual provisions regarding other adjustment cases, in order to maintain the rights of holders of transferable securities giving access to the Company's capital.

This amount will be charged against the limit set on share capital increases in the tenth resolution.

The nominal amount of the Company debt securities which may be issued cannot exceed €30,000,000.

This amount will be charged against the limit on the nominal amount of debt securities that may be issued, as set by the tenth resolution.

The amount due or that will be due to the Company for each of the ordinary shares issued, after taking into account, in the event of an issuance of warrants, the subscription price of the warrants, will be determined in accordance with the legal and regulatory provisions and will therefore be at least equal to the minimum required by the provisions of Article R. 225-119 of the French Commercial Code at the time the Board of Directors uses the delegation (currently the weighted average of the Company share price of the last three stock exchange sessions before it is set, reduced by a maximum discount of 5%).

If the applications fall below the total number of shares or securities issued, the Board of Directors may use the following options:

- limit the issuance to the amount of the subscriptions, within the limits laid down by the regulations where applicable;
- freely allocate all or part of the unsubscribed securities.

This new delegation would cancel and replace any prior delegation given for the same purpose.

7.2.2.3 Determining the procedures for setting the subscription price where pre-emptive subscription rights are waived, subject to the annual limit of 10% of the share capital (thirteenth resolution)

We hereby propose, pursuant to Article L. 225-136-1, sub-paragraph 2 of the French Commercial Code, to authorise the Board of Directors, which decides on an issuance of ordinary shares or securities giving access to the share capital with cancellation of the preferential subscription right *via* public offer and/or private placement (eleventh and twelfth resolutions) to derogate, within the limit of 10% of the Company's share capital per year, from the pricing conditions set out in the aforementioned procedures, and to set the price for issuance of the equivalent shares of stock to be issued per the following procedures: the issuance price of equivalent capital stock to be issued on an immediate or deferred basis cannot, at the Board of Directors' option, be less than the lowest of the following two averages:

- the average of the five consecutive share prices chosen from among the last 30 trading days preceding the setting of the issuance price, potentially minus a maximum discount of 10%;
- the average of the five share prices during the six months preceding the setting of the issuance price, potentially minus a maximum discount of 10%.

This derogation rule on pricing could allow the company some flexibility in choosing the reference average for calculating the issuance price, specifically in case of a fluctuation in price.

7.2.3 Authorisation to increase the amount of issuances in case of excess demand (fourteenth resolution)

We hereby propose, under the delegations with maintenance and cancellation of the aforementioned preferential subscription right (tenth to twelfth resolutions), to give the Board of Directors the option of increasing the number of shares set out in the initial issuance, under the conditions and limits set out by the laws and regulations.

7.3 Delegation of authority to increase the share capital as consideration for non-cash contributions of securities and transferable securities (fifteenth resolution)

Delegation conferred on the Board to increase the share capital as consideration for non-cash contributions of securities and transferable securities ending in the second half of 2017, we propose that you renew it.

Thus, to facilitate external growth operations, we ask you to please give the Board of Directors a new delegation to increase the share capital by issuance of ordinary shares and/or transferable securities giving access to the capital, as consideration for non-cash contributions made to the company composed of capital stock or transferable securities giving access to share capital.

This delegation would be for a period of 26 months.

The total nominal value of the ordinary shares that may be issued under this delegation cannot be greater than 10% of the share capital, without regard to the nominal value of the ordinary shares to be issued to maintain, in accordance with the law and, where applicable, the contractual provisions regarding other adjustment cases, the rights of holders of transferable securities giving access to the Company's share capital. The total nominal amount of the share capital increase resulting from the issuances made by virtue of this delegation would be charged against the limit set on capital increases in the tenth resolution.

This new delegation would cancel and replace any prior delegation given for the same purpose.

7.4 Delegation of authority to increase the share capital for the benefit of members of a Company savings plan (sixteenth resolution)

We submit this resolution for your approval, in order to comply with the provisions of Article L. 225-129-6 of the French Commercial Code, pursuant to which the Extraordinary Shareholders' Meeting must also vote on a resolution to increase the share capital under the conditions laid down by Articles L. 3332-18 *et seq*. of the French Labour Code, when it delegates its authority to carry out a capital increase in cash. As the meeting is called to vote on several delegations for share capital increases in cash, it must therefore also vote on a delegation for the benefit of members of a Company savings plan, with the observation that inclusion on the agenda of this delegation for the benefit of members of a Company savings plan also allows the Company to satisfy its three-year obligation included in the aforementioned provisions.

As part of this delegation, we propose that you authorise the Board of Directors to increase the share capital, on one or more occasions, by the issuance of ordinary shares or securities giving access to Company capital for the benefit of members of one or more Company or Group savings plans set up by the Company and/or the French or foreign companies related to it under the conditions of Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labour Code.

Pursuant to the provisions of Article L. 3332-21 of the French Labour Code, the Board of Directors may decide on the allocation, free of charge, to beneficiaries of shares to be issued or already issued or other securities giving access to the Company's share capital to be issued or already issued, in connection with (i) the matching contribution that may be paid pursuant to Company or Group savings plan regulations, and/or (ii), where applicable, the discount.

In accordance with the law, the Shareholders' Meeting would remove shareholders' pre-emptive subscription rights.

The maximum nominal amount of share capital increases that may be made by using the delegation is 1% of the amount of share capital reached upon the Board's decision to realise this increase, where this amount is independent of any other limit set on delegating a capital increase. To this amount would be added, where applicable, the additional amount of the ordinary shares to be issued to maintain, in accordance with the law and with any applicable contractual provisions regarding other adjustment cases, the rights of holders of marketable securities giving entitlement to the Company's capital securities.

This delegation would be for a period of 26 months.

It should be noted that, in accordance with the provisions of Article L. 3332-19 of the French Labour Code, the price of the shares to be issued cannot be more than 20% (or 30% when the non-availability provided for by the plan pursuant to Articles L. 3332-25 and L. 3332-26 of the French Labour Code is greater than or equal to ten years) less than the average of the opening prices quoted for the share during the 20 trading sessions prior to the decision of the Board of Directors relating to the capital increase and the corresponding issuance of shares, nor higher than this average.

The Board of Directors would have, within the limits defined above, the necessary powers to set the conditions for the issuance(s), acknowledge completion of the resulting capital increases, make the corresponding changes to the bylaws, charge, at its sole initiative, the costs of the capital increases to the amount of related premiums and withdraw from this amount the sums necessary to bring the legal reserve to one-tenth of the new capital after each increase, and more generally, do all that is necessary in such matters.

However, insofar as this delegation seems to it neither relevant nor appropriate, the Board of Directors suggests that you reject it.

7.5 Authorisations for individual employee shareholding

Since the authorisations the Board uses to grant stock options and bonus shares are still valid, we propose that you renew them at a later Shareholders' Meeting.

Your Board invites you to approve, by your vote, the text of the proposed resolutions, with the exception of the sixteenth resolution.

20 March 2017

The Board of Directors

6.2 DRAFT RESOLUTIONS FOR THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF 16 JUNE 2017

Agenda

Ordinary resolutions

1) Approval of the annual financial statements for the financial year ended 31 December 2016 – approval of non-tax-deductible expenses and charges.
2) Approval of the consolidated financial statements for the financial year ended 31 December 2016.
3) Allocation of income for the year.
4) Special report of the Statutory Auditors on regulated agreements and commitments and approval of those agreements.
5) Renewal of Sylvie LUCOT's appointment as Director.
6) Approval of the remuneration policy for the Chairman and Chief Executive Officer (say on pay *ex-ante*).
7) Authorisation to be given to the Board of Directors for the Company to repurchase treasury shares pursuant to Article L. 225-209 of the French Commercial Code (share repurchase programme), duration of the authorisation, objectives, term and conditions, ceiling.

Extraordinary resolutions

8) Authorisation to be given to the Board of Directors with the aim of cancelling shares repurchased by the Company pursuant to Article L. 225-209 of the French Commercial Code.
9) Delegation of authority to increase the share capital by incorporation of reserves, profits and/or premiums.
10) Delegation of authority to the Board of Directors to issue ordinary shares giving, as applicable, access to ordinary shares or the allocation of debt securities (of the Company or a Group company), and/or transferable securities giving access to ordinary shares to be issued (by the Company or a Group company), with maintenance of pre-emptive subscription rights.
11) Delegation of authority to the Board of Directors to issue ordinary shares giving, as applicable, access to ordinary shares or the allocation of debt securities (of the Company or a Group company) and/or transferable securities giving access to ordinary shares to be issued (by the Company or a Group company), with cancellation of shareholders' pre-emptive subscription rights, by a public offer.
12) Delegation of authority to the Board of Directors to issue ordinary shares giving, as applicable, access to ordinary shares or the allocation of debt securities (of the Company or a Group company), and/or transferable securities giving access to ordinary shares to be issued (by the Company or a Group company), with maintenance of pre-emptive subscription rights *via* an offer set out in II of Article L. 411-2 of the French Monetary and Financial Code.
13) Determining the procedures for setting the subscription price where pre-emptive subscription rights are waived, subject to the annual limit of 10% of the share capital.
14) Authorisation to increase the amount of issuances in case of excess demand.
15) Delegation to be given to the Board of Directors to increase the share capital by issuance of ordinary shares and/or transferable securities giving access to the share capital, within a maximum of 10% of the share capital, as consideration for non-cash transfers of securities giving access to share capital.
16) Delegation of authority to be given to the Board of Directors to increase capital by issuing ordinary shares and/or securities giving access to share capital with cancellation of shareholders' pre-emptive subscription rights in favour of members of a Company savings plan pursuant to Articles L. 3332-18 *et seq.* of the French Labour Code.

Ordinary resolutions

17) Powers for formalities.

Draft resolutions

Ordinary resolutions

First resolution – Approval of the annual financial statements for the financial year ended 31 December 2016 - Approval of non-tax-deductible expenses and charges

The Shareholders' Meeting, ruling under the quorum and majority conditions for Ordinary Shareholders' Meetings, after having taken note of the reports by the Board of Directors, the Chairman of the Board of Directors and Statutory Auditors for the year ended 31 December 2016 approves, as they were presented, the annual financial statements as of this date, returning a profit of €5,181,090.28.

The Shareholders' Meeting specifically approves the total, amounting to €18,667, of the expenses and charges referred to in Article 39-4 of the French General Tax Code, and the corresponding tax.

Second resolution – Approval of the consolidated financial statements for the financial year ended 31 December 2016

The Shareholders' Meeting, ruling under the quorum and majority conditions for Ordinary Shareholders' Meetings, after having taken note of the reports by the Board of Directors, the Chairman of the Board of Directors and Statutory Auditors on the consolidated financial statements as at 31 December 2016, approves those financial statements as they were presented, returning a profit (Group share) of €172 thousand.

Third resolution – Allocation of income for the financial year

The Shareholders' Meeting, ruling under the quorum and majority conditions for Ordinary Shareholders' Meetings, on the proposal of the Board of Directors, decides to allocate the income for the year ended 31 December 2016, as follows:

- Origin:
  - Income for the period €5,181,090.28;
- Allocation:
  - Legal reserve €12,900.00,
  - Retained earnings €5,168,190.28.

In accordance with the provisions of Article 243 *bis* of the French General Tax Code, you are reminded that the dividends paid in the last three financial years were as follows:

	Income eligible for the reduction		
For financial year	Dividends	Other distributed income	Income not eligible for the reduction
2013	€4,154,189.76* or €0.32 per share	-	-
2014	€4,218,189.76* or €0.32 per share	-	-
2015	None		

* *Including the unpaid amount of the dividend corresponding to treasury shares, which is allocated to the retained earnings account.*

Fourth resolution – Statutory Auditors' special report on regulated agreements and commitments and approval of those agreements

Ruling under the quorum and majority conditions for Ordinary Shareholders' Meetings on the special report by the Statutory Auditors on the regulated agreements and commitments as presented, the Shareholders' Meeting notes the absence of new agreements.

Fifth resolution – Renewal of Sylvie LUCOT's appointment as Director

The Shareholders' Meeting, ruling under the quorum and majority conditions for Ordinary Shareholders' Meetings, decides to reappoint Sylvie LUCOT as Director for a term of six years, ending at the close of the Shareholders' Meeting to be held in 2023 and convened to approve the financial statements for the year ending 31 December 2022.

Sixth resolution – approval of the remuneration policy for the Chairman and Chief Executive Officer (say on pay *ex ante*)

The Shareholders' Meeting, ruling in the conditions of a quorum and majority for Ordinary Shareholders' Meetings, after reviewing the special report of the Board of Directors on the remuneration policy on executive corporate officers established in application of Article L. 225-37-2 of the French Commercial Code, approves the principles and criteria for determining, distributing, and assigning the fixed, variable, and exceptional components making up the total remuneration and benefits of all kinds that may be allocated to the Chairman and Chief Executive Officer in view of his office, as presented in this report.

Seventh resolution – Authorisation to be given to the Board of Directors for the Company to buy in its own shares pursuant to Article L. 225-209 of the French Commercial Code

The Shareholders' Meeting, ruling under the quorum and majority conditions for Ordinary Shareholders' Meetings, noting the report of the Board of Directors, authorises the latter, for a period of 18 months, in accordance with Articles L. 225-209 *et seq.* of the French Commercial Code to purchase, on one or more occasions, at times it will determine, shares in the Company, up to a maximum of 10% of the number of shares comprising the share capital, adjusted where appropriate to take account of any capital increase or reduction that may occur during the term of the program.

This authorisation cancels the authorisation granted to the Board of Directors by the Shareholders' Meeting of 14 June 2016 in its seventh ordinary resolution.

Acquisitions may be made to:

- stimulate the secondary market or the liquidity of Company shares through the intermediary of an investment service provider under a liquidity contract that complies with the Code of Ethics as recognised by the French Financial Markets Authority (AMF);
- retain the purchased shares and subsequently allocate them in payment or exchange in potential external growth transactions, in respect of market practices approved by the French Financial Markets Authority;

- provide coverage for stock option plans and/or bonus share allotments (or similar plans) for Group employees and/or corporate officers as well as all share allotments to Group or Company savings plans (or similar plans), under profit-sharing schemes and and/or all other forms of share allotment to Group employees and/or corporate officers;
- allot shares upon the exercise of rights linked to securities giving access to the share capital through reimbursement, conversion, exchange, presentation of a warrant or by any other method;
- cancel shares purchased, subject to the authorisation granted by a Shareholders' Meeting;
- more generally, operate for any purpose that is authorised by law or any market practice approved by market authorities.

These share purchases may be carried out by any means, including by acquisition of blocks of shares, and at times that the Board deems appropriate.

The Company reserves the right to use option mechanisms or derivatives in line with applicable regulations.

The maximum purchase price is set at €50 per share. In case of operations on the capital, including division or grouping of shares or a free allocation of shares, the aforementioned amount will be adjusted in the same proportions (multiplier coefficient equal to the ratio of the number of shares composing the capital before the operation and the number of shares after the operation).

The maximum amount of the operation is thus set at €67,514,215 (corresponding to 10% of the share capital as at 21 March 2017, at a maximum price of €50 per share).

The Shareholders' Meeting grants all powers to the Board of Directors for the purpose of carrying out these operations, to approve the terms and conditions, to conclude all agreements and execute all formalities.

Extraordinary resolutions

Eighth resolution – Authorisation to be given to the Board of Directors with the aim of cancelling shares repurchased by the Company pursuant to Article L. 225-209 of the French Commercial Code

The Shareholders' Meeting, having noted the report by Board of Directors and the report by the Statutory Auditors:

1) authorises the Board of Directors to cancel, at its sole discretion, on one or more occasions, within the limit of 10% of the capital, calculated on the day of the cancellation decision, excluding any shares cancelled during the preceding 24 months, the shares that the Company holds or may hold as a result of repurchases under Article L. 225-209 of the French Commercial Code, and to reduce the share capital accordingly, pursuant to the laws and regulations in force;
2) sets the period of validity of this authorisation at 24 months starting from the date of this meeting;
3) gives the Board of Directors all powers to carry out the operations required for such cancellations and the related reductions in share capital, amend the Company bylaws as a result, and complete all required formalities.

Ninth resolution – Delegation of authority to increase the share capital by incorporation of reserves, profits and/or premiums

The Shareholders' Meeting, ruling under the quorum and majority conditions for Ordinary Shareholders' Meetings, having noted the report by the Board of Directors, and in accordance with the provisions of Articles L. 225-129-2 and L. 225-130 of the French Commercial Code:

1) confers on the Board of Directors the authority to decide to increase the share capital in one or more increments, at its own discretion regarding the timing and procedures, by incorporation of reserve capital, profits, bonuses, or other sums of which capitalisation is permitted, by the issue and free allocation of shares, by raising the nominal value of existing ordinary shares, or by a combination of these two procedures;
2) decides that, if the Board of Directors makes use of this delegation, pursuant to Article L. 225-130 of the French Commercial Code, in the event of a share capital increase in the form of a free share allocation, the fractional rights will be neither tradable nor assignable, and the corresponding capital stock will be sold; the proceeds from the sale will be allotted to those holding the rights, within the period provided under regulations;
3) sets the period of validity of this delegation of powers at 26 months starting from the date of this Shareholders' Meeting;
4) decides that the amount of the share capital increase resulting from issuances made under this resolution shall not exceed the nominal amount of €5,000,000, not including the amount needed to maintain the rights of bearers of transferable securities giving rights to shares, pursuant to law;
5) this ceiling is independent of all ceilings set out by the other resolutions of this Shareholders' Meeting;
6) confers on the Board of Directors all powers for the purpose of implementing this resolution and, generally, take all measures and carry out all formalities required for the success of each share capital increase, record its completion, and make any related amendment to the bylaws;
7) notes that this delegation supersedes any prior delegation of powers having the same purpose, as from this date, up to and including, as appropriate, the unused portion.

Tenth resolution – Delegation of authority to the Board of Directors to issue ordinary shares giving, as applicable, access to ordinary shares or the allocation of debt securities (of the Company or a Group company), and/or transferable securities giving access to ordinary shares to be issued (by the Company or a Group company), with maintenance of pre-emptive subscription rights

The Shareholders' Meeting, having noted the report by the Board of Directors and the special report by the Statutory Auditors, and pursuant to the provisions of the French Commercial Code and in particular its Articles L. 225-129-2, L. 228-92, and L. 225-132 *et seq.*:

1) delegates to the Board of Directors its powers to issue, in one or more instalments, in the proportions and at times that it deems appropriate, in either euros or foreign currencies, or in any other unit of account established by reference to a set of currencies:
   - ordinary shares;
   - and/or ordinary shares giving rights to allocation of other ordinary shares or debt securities;
   - and/or marketable securities giving access to ordinary shares to be issued by the Company.

   In accordance with Article L. 228-93 of the French Commercial Code, the securities to be issued may give access to ordinary shares to be issued by any company directly or indirectly owning more than half of its capital or of which it owns directly or indirectly more than half of the capital;
2) sets the period of validity of this delegation of powers at 26 months starting from the date of this Shareholders' Meeting;
3) decides to set, as follows, the limits on the amounts of authorised issuances, in case the Board of Directors makes use of this delegation of authority:
   - the total nominal amount of the ordinary shares that may be issued pursuant to this delegation shall not exceed €5,000,000, it being specified that the nominal amount of share capital increases that could be carried out pursuant to the eleventh, twelfth, and fifteenth resolutions will be charged against this ceiling,
   - to this ceiling will be added, where applicable, the nominal value of the ordinary shares to be issued, in accordance with the law and, where applicable, the contractual provisions regarding other adjustment cases, in order to maintain the rights of holders of transferable securities giving access to the Company's capital,
   - the total nominal amount of the Company debt securities that may be issued pursuant to this delegation shall not exceed €50,000,000, it being specified that the nominal amount of share capital increases that could be carried out pursuant to the eleventh and twelfth resolutions will be charged against this ceiling;
4) in case the Board of Directors makes use of this delegation of authority for the issuances mentioned in 1) above:

   a/ decides that the issuance(s) of ordinary shares or transferable securities giving access to the share capital will be reserved by preference for shareholders who can subscribe on an irreducible-excess basis,

   b/ decides that if the subscriptions on an irreducible-excess or, as appropriate, reducible-excess basis fall below the total number of shares or securities to be issued per 1), the Board of Directors may use the following options:
   - limit the issuance to the amount of the subscriptions, within the limits laid down by the regulations where applicable,
   - freely allocate all or part of the unsubscribed securities,
   - offer all or part of the unsubscribed securities to the public;
5) decides that the Board of Directors shall, within the limits defined above, enjoy the necessary powers to set the conditions for the issuance(s) as well as the issuance price(s), as applicable; formally record the completion of the resulting share capital increases; make the corresponding changes to the bylaws; charge, at its sole initiative, the costs of the capital increases to the amount of related premiums, and withdraw from this amount the sums necessary to bring the legal reserve to one-tenth of the new capital after each increase; and, more generally, do all that is necessary in such matters;
6) notes that this delegation cancels and replaces any prior delegation of powers having the same purpose.

Eleventh resolution – Delegation of authority to the Board of Directors to issue ordinary shares giving, as applicable, access to ordinary shares or the allocation of debt securities (of the Company or a Group company) and/or transferable securities giving access to ordinary shares to be issued (by the Company or a Group company), with cancellation of shareholders' pre-emptive subscription rights, by a public offer

The Shareholders' Meeting, having noted the report by the Board of Directors and the special report by the Statutory Auditors, and pursuant to the provisions of the French Commercial Code and in particular its Articles L. 225-129-2, L. 225-136, L. 225-148 and L. 228-92:

1) delegates to the Board of Directors its powers to issue, in one or more instalments, in the proportions and at times that it deems appropriate, on the French and/or international market, by a public offer in either euros or foreign currencies, or in any other unit of account established by reference to a set of currencies:
   - ordinary shares;
   - and/or ordinary shares giving rights to allocation of other ordinary shares or debt securities;
   - and/or marketable securities giving access to ordinary shares to be issued by the Company.

These securities may be issued for the purpose of remunerating securities contributed to the Company under a public exchange offer on securities that meets the conditions set by Article L. 225-148 of the French Commercial Code.

In accordance with Article L. 228-93 of the French Commercial Code, the securities to be issued may give access to ordinary shares to be issued by any company directly or indirectly owning more than half of its capital or of which it owns directly or indirectly more than half of the capital;

2) sets the period of validity of this delegation of powers at 26 months starting from the date of this Shareholders' Meeting;

3) the total nominal amount of the ordinary shares that may be issued pursuant to this delegation shall not exceed €5,000,000.

To this ceiling will be added, where applicable, the nominal value of the ordinary shares to be issued, in accordance with the law and, where applicable, the contractual provisions regarding other adjustment cases, in order to maintain the rights of holders of transferable securities giving access to the Company's capital.

This amount is charged against the amount of the share capital increase set in the tenth resolution.

The nominal amount of the Company's debt securities that may be issued pursuant to this delegation of powers cannot exceed €50,000,000.

This amount is charged against the nominal amount of the debt securities set in the tenth resolution;

4) decides to waive shareholders' pre-emptive subscription rights to the ordinary shares and transferable securities giving access to share capital and/or debt securities which are the subject of this resolution, yet leaving the Board of Directors the option to grant shareholders a preferred right, pursuant to law;

5) decides that the amount due or that will be due, to the Company for each of the ordinary shares issued under this delegation of authority, after taking into account, in the event of an issuance of individual share subscription warrants, the subscription price of these warrants, will be at least equal to the minimum required by legal and regulatory provisions applicable at the time when the Board of Directors implements the delegation;

6) decides, in case of a securities issuance needed to remunerate securities contributed under a public exchange offer, the Board of Directors would have, in the conditions set in Article L. 225-148 of the French Commercial Code and within the limits defined above, the necessary powers to record the list of securities contributed to the exchange; define the terms of issuance and exchange parity as well as, where appropriate, the amount of the balancing payment in cash to be made; and set the issuance procedures;

7) that, if the number of subscriptions fails to reach the total number of shares or securities in an issue as referred to in paragraph 1), the Board of Directors may exercise the following options:

- limit the issuance to the amount of the subscriptions, within the limits laid down by the regulations, where applicable,
- freely allocate all or part of the unsubscribed securities;

8) decides that the Board of Directors shall, within the limits defined above, enjoy the necessary powers to set the conditions for the issuance(s) as applicable, formally record the completion of the resulting capital increases, make the corresponding changes to the bylaws, charge, at its sole initiative, the costs of the capital increases to the amount of related premiums and withdraw from this amount the sums necessary to bring the legal reserve to one-tenth of the new capital after each increase, and more generally, do all that is necessary in such matters;

9) notes that this delegation cancels and replaces any prior delegation of powers having the same purpose.

Twelfth resolution – Delegation of authority to the Board of Directors to issue ordinary shares giving, as applicable, access to ordinary shares or the allocation of debt securities (of the Company or a Group company), and/or transferable securities giving access to ordinary shares to be issued (by the Company or a Group company), with maintenance of pre-emptive subscription rights *via* an offer set out in II of Article L. 411-2 of the French Monetary and Financial Code

The Shareholders' Meeting, having noted the report by the Board of Directors and the special report by the Statutory Auditors, and pursuant to the provisions of the French Commercial Code and in particular its Articles L. 228-129-2, L. 225-136, and L. 228-92:

1) delegates to the Board of Directors its powers to issue, in one or more instalments, in the proportions and at times that it deems appropriate, on the French and/or international market, by an offer referred to in Article L. 411-2, paragraph II of the French Monetary and Financial Code, in either euros or foreign currencies, or in any other unit of account established by reference to a set of currencies:

- ordinary shares;
- and/or ordinary shares giving rights to allocation of other ordinary shares or debt securities;
- and/or marketable securities giving access to ordinary shares to be issued by the Company.

In accordance with Article L. 228-93 of the French Commercial Code, the securities to be issued may give access to ordinary shares to be issued by any company directly or indirectly owning more than half of its capital or of which it owns directly or indirectly more than half of the capital;

2) sets the period of validity of this delegation of powers at 26 months starting from the date of this Shareholders' Meeting;

3) the total nominal amount of the ordinary shares that may be issued pursuant to this delegation shall not exceed €3,000,000, it being specified that it will be further limited to 20% of the share capital each year.

   To this ceiling will be added, where applicable, the nominal value of the ordinary shares to be issued, in accordance with the law and, where applicable, the contractual provisions regarding other adjustment cases, in order to maintain the rights of holders of transferable securities giving access to the Company's capital.

   This amount is charged against the amount of the share capital increase set in the tenth resolution.

   The nominal amount of the Company's debt securities that may be issued pursuant to this delegation of powers cannot exceed €30,000,000.

   This amount is charged against the nominal amount of the debt securities set in the tenth resolution;

4) decides to waive shareholders' pre-emptive subscription rights to the ordinary shares and transferable securities giving access to capital and/or debt securities which are the subject of this resolution;

5) decides that the amount due or that will be due, to the Company for each of the ordinary shares issued under this delegation of authority, after taking into account, in the event of an issuance of individual share subscription warrants, the subscription price of these warrants, will be at least equal to the minimum required by legal and regulatory provisions applicable at the time when the Board of Directors implements the delegation;

6) decides that, if the number of subscriptions fails to reach the total number of shares or securities in an issue as referred to in paragraph 1), the Board of Directors may exercise the following options:

   - limit the issuance to the amount of the subscriptions, within the limits laid down by the regulations, where applicable,
   - freely allocate all or part of the unsubscribed securities;

7) decides that the Board of Directors shall, within the limits defined above, enjoy the necessary powers to set the conditions for the issuance(s), as applicable, formally record the completion of the resulting capital increases, make the corresponding changes to the bylaws, charge, at its sole initiative, the costs of the capital increases to the amount of related premiums and withdraw from this amount the sums necessary to bring the legal reserve to one-tenth of the new capital after each increase, and more generally, do all that is necessary in such matters;

8) notes that this delegation cancels and replaces any prior delegation of powers having the same purpose.

Thirteenth resolution – Determining the procedures for setting the subscription price where pre-emptive subscription rights are waived, subject to the annual limit of 10% of the share capital

The Shareholders' Meeting, having noted the report of the Board of Directors and the special report of the Statutory Auditors, and pursuant to Article L. 225-136-1, sub-paragraph 2, of the French Commercial Code, hereby authorises the Board of Directors, which decides on an issuance of ordinary shares or transferable securities giving access to the share capital as per the eleventh and twelfth resolutions, to derogate, within the limit of 10% of the Company's share capital per year, from the pricing conditions set out in the aforementioned resolutions, and to set the price for issuance of the equivalent shares of stock to be issued per the following procedures:

The issuance price of equivalent capital stock to be issued on an immediate or deferred basis cannot, at the Board of Directors' option, be less than the lowest of the following two averages:

- the average of the five share prices chosen from among the last 30 trading days preceding the setting of the issuance price, potentially minus a maximum discount of 10%;
- the average of the five prices of the share during the six months preceding the issuance price, potentially minus a maximum discount of 10%.

Fourteenth resolution – Authorisation to increase the amount of issuances in case of excess demand

The Shareholders' Meeting, having noted the report of the Board of Directors, decides that, for each issuance of ordinary shares or transferable securities giving access to the share capital decided pursuant to the eleventh and twelfth resolutions, the number of shares to be issued may be increased in the conditions set out by Articles L. 225-135-1 and R. 225-118 of the French Commercial Code and within the limit of the ceilings set by the Shareholders' Meeting, if the Board of Directors observes excess demand.

Fifteenth resolution – Delegation to be given to the Board of Directors to increase the share capital by issuance of ordinary shares and/or transferable securities giving access to the share capital, within a maximum of 10% of the share capital, as consideration for non-cash transfers of securities giving access to share capital

The Shareholders' Meeting, having noted the report by the Board of Directors and the special report by the Statutory Auditors, and pursuant to the provisions of Articles L. 225-147 and L. 228-92 of the French Commercial Code:

1) authorises the Board of Directors to proceed, based on the report of the Statutory Auditors, with the issuance of ordinary shares or transferable securities giving access to ordinary shares as consideration for non-cash contributions made to the Company composed of capital stock or transferable securities giving access to share capital, if the provisions of Article L. 225-148 of the French Commercial Code are not applicable;

2) sets the period of validity of this delegation of powers at 26 months starting from the date of this Shareholders' Meeting;

3) decides that the total nominal value of the ordinary shares that may be issued under this delegation cannot be greater than 10% of the share capital on the date of this Shareholders' Meeting, without regard to the nominal value of the ordinary shares to be issued to maintain, in accordance with the law and, where applicable, the contractual provisions regarding other adjustment cases, the rights of holders of transferable securities giving access to the Company's share capital. The total nominal amount of the share capital increase resulting from the issuances made by virtue of this delegation will be charged against the limit set on capital increases in the tenth resolution;

4) delegates all powers to the Board of Directors for the purposes of proceeding with approval of the valuation of contributions; deciding on the resulting share capital increase; recording its completion; charging all costs and duties incurred by the share capital increase against the contribution premium, as applicable; deducting, from the contribution premium, the sums needed to bring the legal reserve to one-tenth of the new share capital after each increase; and to proceed with the related amendment to the bylaws, and do what is required in such matters;

5) notes that this delegation cancels and replaces any prior delegation of powers having the same purpose.

Sixteenth resolution – Delegation of authority to be given to the Board of Directors to increase capital by issuing ordinary shares and/or securities giving access to share capital with cancellation of shareholders' pre-emptive subscription rights in favour of members of a company savings plan pursuant to Articles L. 3332-18 *et seq.* of the French Labour Code

The Shareholders' Meeting, having noted the report of the Board of Directors and the special report of the Statutory Auditors pursuant to Articles L. 225-129-6, L. 225-138-1 and L. 228-92 of the French Commercial Code, and L. 3332-18 *et seq.* of the French Labour Code:

1) delegates its powers to the Board of Directors, if the latter sees fit and at its sole discretion, to increase the share capital on one or more occasions, by issuing ordinary shares or transferable securities giving access to capital securities to be issued by the Company to members of one or more Company or Group savings plans set up by the Company and/or French or foreign companies related to it under the terms of Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labour Code;

2) waives in favour of these individuals the pre-emptive subscription rights to shares which may be issued pursuant to this delegation;

3) sets the period of validity of this authorisation at 26 months starting from the date of this meeting;

4) limits the maximum nominal amount of share capital increases that may be made by using this delegation to 1% of the amount of share capital reached upon the Board's decision to effectuate this increase. This amount is independent of any other limit set on delegating a capital increase. To this amount will be added, where applicable, the additional amount of the ordinary shares to be issued to maintain, in accordance with the law and with any applicable contractual provisions regarding other adjustment cases, the rights of holders of marketable securities giving entitlement to the Company's capital securities;

5) decides that the price of the shares to be issued, pursuant to paragraph 1/ of this delegation of powers, shall not be more than 20% lower – or 30% lower if the lock-in period prescribed by the plan pursuant to Articles L. 3332-25 and L. 3332-26 of the French Labour Code is greater than or equal to ten years – than the average of the opening prices quoted for the share during the 20 trading sessions prior to the decision of the Board of Directors relating to the capital increase and the corresponding issue of shares, nor shall that price be higher than this average;

6) decides, pursuant to the provisions of Article L. 3332-21 of the French Labour Code, that the Board of Directors may resolve to allocate free of charge, to the beneficiaries defined in the first paragraph above, shares to be issued or already issued, or other securities giving access to the Company's share capital to be issued or already issued, for (i) the bonus payment that may be made under Company or Group savings plan rules, and/or (ii), where applicable, the discount;

7) notes that this delegation cancels and replaces any prior delegation of powers having the same purpose.

The Board of Directors may or may not implement this delegation, take all measures and carry out all necessary formalities.

Ordinary resolutions

Seventeenth resolution – Powers for formalities

The Shareholders' Meeting, ruling under the quorum and majority conditions for Ordinary Shareholders' Meetings, grants all powers to the bearer of an example, a copy or an extract of these minutes in order to accomplish all filing and publicity formalities required by law.

6.3 REPORTS OF THE STATUTORY AUDITORS PRESENTED TO THE SHAREHOLDERS' MEETING

Statutory Auditors' report on regulated agreements and commitments

See Section 2.7.2. of the Registration Document.

Statutory Auditors' report on capital reduction

(Shareholders' Meeting dated 16 June 2017 - 8th resolution)

To the Shareholders,

As Statutory Auditors of your Company and pursuant to the assignment set forth in Article L. 225-209 of the Commercial Code in case of capital reduction through the cancellation of shares purchased, we have drawn up this report intended to inform you of our assessment of the causes and conditions of the proposed capital reduction.

Your board of directors proposes that you delegate to it, for a period of 24 months from the date of this meeting, all powers to cancel, up to a limit of 10% of its capital, per 24-month period, the shares purchased pursuant to the implementation of a purchase authorisation by your company for its own shares within the framework of the provisions of the aforementioned article.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement. These procedures require us to examine whether the causes and conditions of the proposed capital reduction, of a nature not to impair the equality of shareholders, are regular.

We have no matters to report on the causes and conditions of the proposed capital reduction.

Neuilly-sur-Seine and Courbevoie, 31 March 2017

The Statutory Auditors

PRICEWATERHOUSECOOPERS AUDIT	MAZARS
DAVID CLAIROTTE	DANIEL ESCUDEIRO

Statutory Auditors' report on the issuance of ordinary shares and/or securities, with and/or without preferential subscription rights

Extraordinary Shareholders' Meeting dated 16 June 2017 (Tenth to fifteenth resolutions)

To the Shareholders,

As Statutory Auditors of your Company and pursuant to the assignment set forth in Articles L. 228-92 and L. 225-135 et seq. of the French Commercial Code (Code de commerce), we hereby present our report on the proposed delegation of authority to your Board of Directors for various issues of shares and/or securities, a transaction that you are being asked to approve.

Your Board of Directors proposes on the basis of its report:

- grant it full powers, for a period of twenty-six months commencing the date of this shareholders' meeting, to decide issues of shares or securities granting access to the share capital, with cancellation of your preferential subscription rights:
  - issue with preferential subscription rights (10th resolution), of ordinary shares and/or ordinary shares giving access to the allocation of other ordinary shares or debt securities, and/or transferable securities giving access to ordinary shares to be issued by the Company:
    - it being specified that, in compliance with Article L. 228-93 paragraph 1 of the French Commercial Code, the securities to be issued may give access to ordinary shares to be issued by any company directly or indirectly owning more than half of its capital or of which it owns directly or indirectly more than half of the capital;
  - issue without preferential subscription rights through a public offering (11th resolution) of ordinary shares and/or ordinary shares giving access to the allocation of other ordinary shares or debt securities, and/or transferable securities giving access to ordinary shares to be issued by the Company, it being specified:

    - that these securities may be issued for the purpose of remunerating securities contributed to the Company under a public exchange offer on securities that meets the conditions set by Article L. 225-148 of the French Commercial Code,
    - that, in compliance with Article L. 228-93 paragraph 1 of the French Commercial Code, the securities to be issued may give access to ordinary shares to be issued by any company directly or indirectly owning more than half of its capital or of which it owns directly or indirectly more than half of the capital;
  - issue without preferential subscription rights through offerings referred to in II of Article L. 411-2 of the Monetary and Financial Code and within the limit of 20% of the share per year (12th resolution) of ordinary shares and/or ordinary shares giving access to the allocation of other ordinary shares or debt securities, and/or transferable securities giving access to ordinary shares to be issued by the Company:
    - it being specified that, in compliance with Article L. 228-93 paragraph 1 of the French Commercial Code, the securities to be issued may give access to ordinary shares to be issued by any company directly or indirectly owning more than half of its capital or of which it owns directly or indirectly more than half of the capital;
- authorise it, with the 13th resolution and as part of the implementation of the delegation referred to in the 11th and 12th resolutions, to set the issue price within the annual limit of 10% of the share capital;
- to delegate to it, for a period of 26 months from the date of this meeting, the powers necessary for the issue of ordinary shares or transferable securities giving access to the capital, as consideration for non-cash contributions made to the Company composed of capital stock or transferable securities giving access to share capital, (15th resolution), within the limit of 10% of the capital.

The maximum overall nominal amount of the share capital increases likely to be carried out, immediately or in the future, may not, as per the 10th resolution, exceed €5,000,000 pursuant to the 10th, 11th, 12th and 15th resolutions, it being specified that the maximum nominal amount of capital increases likely to be carried out immediately or in the future may not exceed €5,000,000 pursuant to each of the 10th and 11th resolutions, and €3,000,000 pursuant to the 12th resolution.

The maximum overall nominal amount of debt securities that could be issued may not, as per the 10th resolution, exceed €50,000,000 pursuant to the 10th, 11th and 12th resolutions, it being specified that the maximum nominal amount of debt securities that could be issued may not exceed €50,000,000 pursuant to each of the 10th and 11th resolutions and €30,000,000 pursuant to the 12th resolution.

If you adopt the 14th resolution, the number of securities set out pursuant to the 10th, 11th and 12th resolutions may be increased, within the limit of the ceilings set by the Shareholders' Meeting, in compliance with the provisions of Articles L. 225-135-1 and R. 225-118 of the French Commercial Code.

It is the responsibility of the Board of Directors to prepare a report in compliance with Articles R. 225-113 et seq. of the French Commercial Code. Our role is to report to you on the fairness of the financial information extracted from the financial statements, on the proposal to waive the preferential subscription rights and on certain other information concerning these transactions, set out in this report.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement. This work consisted in checking the content of the report prepared by the Board of Directors on these transactions and the process for determining the issue price of the future securities.

Subject to reviewing at a future date the terms and conditions of any issues of shares or securities granting access to the share capital that may be decided upon, we have no matters to report on the process for determining the issue price of the future securities, set out in the report of the Board of Directors pursuant to the 11th and 12th resolutions.

In addition, the report of the Board of Directors makes the following comment: this report justifies the exceptional terms for determining the issuance price of the capital securities to be issued, within a limit of 10% of the share capital per year, provided for in the 13th resolution, out of a desire to allow the Company some flexibility in choosing the reference average for calculating the issuance price, specifically in case of a fluctuation in price. We cannot state out opinion on the calculation of the issuance price.

Furthermore, since this report does not specify the process for determining the issue price of the future securities under the implementation of the 10th and 15th resolutions, we cannot give our opinion on the choice of elements for calculating such issue price.

As the issue price of the future securities has not been set, we do not express any opinion on the definitive terms and conditions of the issues that would be carried out and, accordingly, on the proposal put to you to waive your preferential subscription right in the 11th and 12th resolutions.

Pursuant to Article R. 225-116 of the French Commercial Code, we will prepare an additional report, as required, when the Board of Directors makes use of this authorisation in case of the issue of transferable securities that are capital securities giving access to other capital securities or giving access to the allocation of debt securities, in case of the issue of transferable securities giving access to capital securities to be issued, and in case of issue of ordinary shares without the preferential subscription right.

Neuilly-sur-Seine and Courbevoie, 31 March 2017

The Statutory Auditors

PRICEWATERHOUSECOOPERS AUDIT	MAZARS
DAVID CLAIROTTE	DANIEL ESCUDEIRO

Report of the Statutory Auditors on the issue of shares and/or transferable securities giving access to the capital reserved for subscribers to company savings plans

Extraordinary Shareholders' Meeting dated 16 June 2017 (Sixteenth resolution)

To the shareholders

As Statutory Auditors of your Company and pursuant to the assignment set forth in Articles L. 228-92 and L. 225-135 et seq. of the French Commercial Code (Code de commerce), we hereby present our report on the proposed delegation of authority to your Board of Directors to decide an increase in the share capital, through issues of shares or securities granting access to the share capital, with cancellation of preferential subscription rights, reserved for subscribers to one or more company savings plans implemented within the Group, comprising the Company and the French and foreign companies falling within the consolidation scope of the Company's financial statements pursuant to Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labour Code (Code du travail), a transaction that your are being asked to approve.

The maximum nominal amount of the capital increase likely to result from this issue is set at 1% of the amount of the share capital reached upon the Board's decision to carry out this increase.

This share capital increase is subject to your approval pursuant to the provisions of Article L. 225-129-6 of the French Commercial Code and Articles L. 3332-18 et seq. of the French Labour Code.

Based on its report, your Board of Directors is asking that you grant it full powers, for a period of twenty-six months commencing from the date of this shareholders' meeting, to decide an issue with cancellation of your preferential subscription rights to the transferable securities to be issued. When appropriate, it will set the final terms and conditions of these issues.

It is the responsibility of the Board of Directors to prepare a report in compliance with Articles R. 225-113 et seq. of the French Commercial Code. Our role is to express an opinion on the fair presentation of the quantified financial information drawn from the accounts, on the proposal to cancel preferential subscription rights and on certain other information concerning this issue, contained in this report.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement. These procedures consisted in verifying the contents of the report from the Board of Directors on this transaction and the process for setting the issue price of the future securities.

Subject to reviewing at a future date the terms and conditions of any issues of shares or securities granting access to the share capital that may be decided upon, we have no comments to make on the process for setting the issue price of the future securities, set out in the report of the Board of Directors..

As the definitive terms and conditions of the share capital increase have not been set, we do not express an opinion thereon and, as such, on the proposed cancellation of preferential subscription rights on which you are asked to decide.

Pursuant to Article R. 225-116 of the French Commercial Code, we will prepare an additional report, as required, when the Board of Directors makes use of this authorisation.

Neuilly-sur-Seine and Courbevoie, 31 March 2017

The Statutory Auditors

PRICEWATERHOUSECOOPERS AUDIT	MAZARS
DAVID CLAIROTTE	DANIEL ESCUDEIRO

6.4 OTHER REPORTS BY THE BOARD OF DIRECTORS PRESENTED TO THE SHAREHOLDERS' MEETING OF 16 JUNE 2017

Management report

See concordance table in Section 7.3.3 of the Registration Document

Special report by the Board of Directors prepared pursuant to the provisions of Article L. 225-37-2 of the French Commercial Code (say on pay *ex ante*)

See Section 2.5.2 of the Registration Document.

Special report by the Board of Directors prepared pursuant to the provisions of Article L. 225-197-4 of the French Commercial Code

Dear Shareholders,

Pursuant to Article L. 225-197-4 of the French Commercial Code, we are pleased to make available to you the information relating to the allocations of bonus shares to the employees and Directors of the Group during the financial year ended 31 December 2016.

At its meeting on 12 May 2014, the Board of Directors, in accordance with the authorisation granted to it by the Combined Shareholders' Meeting of 8 June 2012, allocated free of charge a maximum total number of 30,000 bonus shares with a nominal value of €1 each to two employees of a subsidiary of GROUPE GORGÉ, neither of whom is a corporate officer, as set out below:

Beneficiary	Number of new shares	Value of the shares on the basis of the share price on 12 May 2014 (the closing price)
Employee A, an employee of a GROUPE GORGÉ subsidiary, who is not a corporate officer	15,000, of which 7,500 are subject to performance conditions	€21.42
Employee B, an employee of a GROUPE GORGÉ subsidiary, who is not a corporate officer	15,000, of which 7,500 are subject to performance conditions	€21.42

The Board set the terms and criteria for allocating said bonus shares by making the final allocation of said shares to their beneficiaries contingent upon their continued employment with the Group and, for a part of the shares, performance conditions as well as their continued employment with the Group.

Under this plan, both employees acquired 7,500 shares apiece in May 2016; these shares were subject only to their still being present in the Group at 12 May 2016. The bonus shares thus acquired are subject to a holding period of two years.

7,500 shares subject to performance conditions based on targets for the 2015 financial year were not vested, due to the failure to achieve performance targets for 2015.

7,500 shares subject to performance conditions based on targets for the 2016 financial year were not vested, due to the failure to achieve performance targets for 2016.

The shares remitted to beneficiaries in 2016 are new shares. There are no more potential shares to be remitted under the plan.

Paris,

20 March 2017

The Board of Directors

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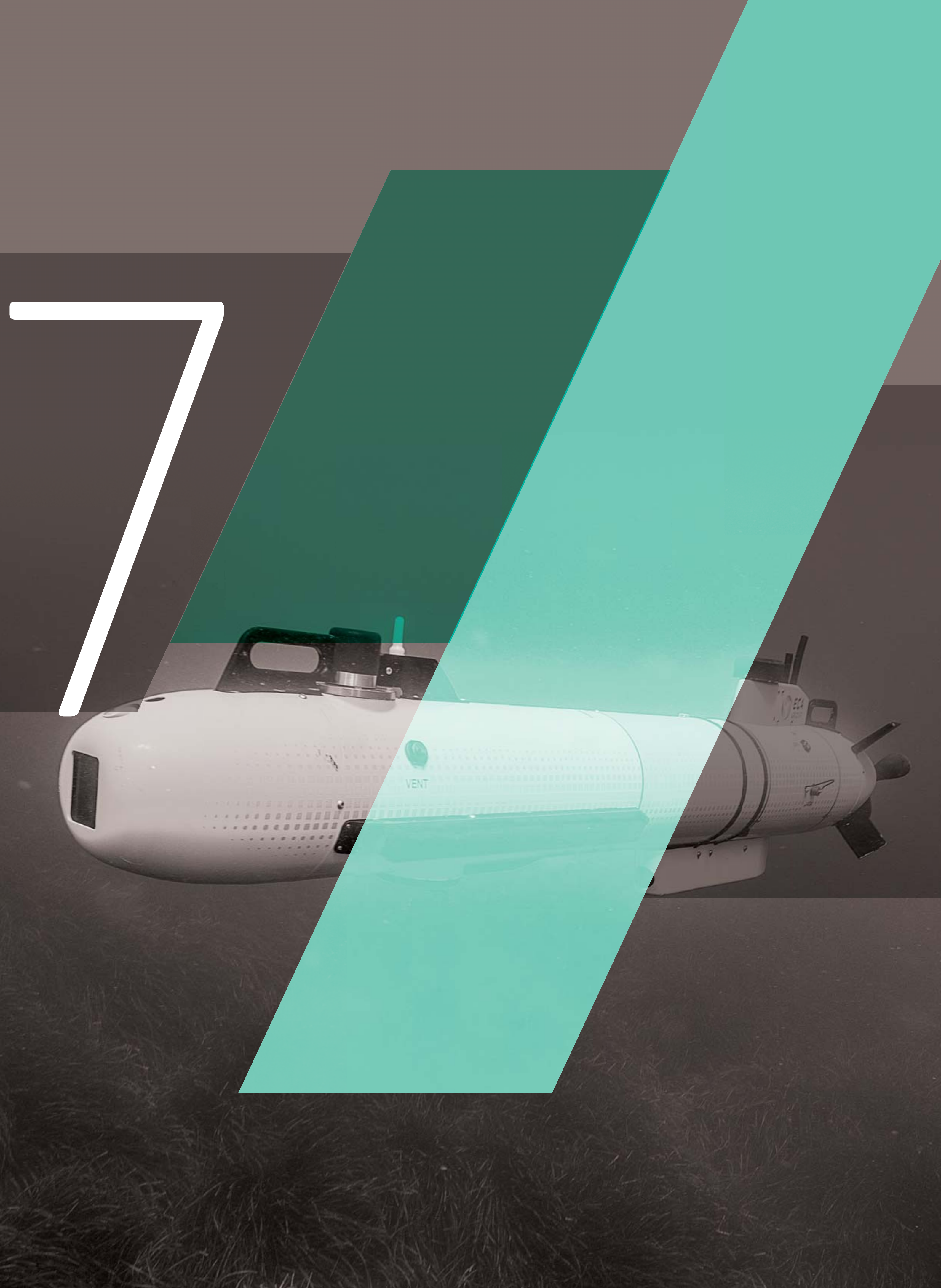

ADDITIONAL INFORMATION

7

7.1 INFORMATION CONCERNING THE STATUTORY AUDITORS

Principal Statutory Auditors

PRICEWATERHOUSECOOPERS AUDIT

Member of the Versailles Regional Association of Statutory Auditors

Represented by David CLAIROTTE
63, rue de Villiers - 92200 Neuilly-Sur-Seine
Statutory Auditor of the Company appointed by the Combined Shareholders' Meeting of 17 June 2015 for a term of six financial years to expire at the end of the Shareholders' Meeting convened to approve the financial statements for the financial year ending 31 December 2020 (first appointment).

MAZARS

Member of the Versailles Regional Association of Statutory Auditors

Represented by Daniel ESCUDEIRO
61, rue Henri-Régnault - 92400 Courbevoie
Statutory Auditor of the Company appointed by the Combined Shareholders' Meeting of 8 June 2012 for a term of six financial years to expire at the end of the Shareholders' Meeting convened to approve the financial statements for the financial year ending 31 December 2017 (third appointment).

Alternate Statutory Auditors

Jean-Christophe GEORGHIOU

63, rue de Villiers - 92200 Neuilly-Sur-Seine Cedex
Alternate Statutory Auditor of the Company appointed by the Combined Shareholders' Meeting of 17 June 2015 for a term of six financial years to expire at the end of the Shareholders' Meeting convened to approve the financial statements for the financial year ending 31 December 2020 (first appointment).

David CHAUDAT

61, rue Henri-Régnault - 92400 Courbevoie
Alternate Statutory Auditor of the Company appointed by the Combined Shareholders' Meeting of 8 June 2012 for a term of six financial years to expire at the end of the Shareholders' Meeting convened to approve the financial statements for the financial year ending 31 December 2017 (first appointment).

7.2 PERSON RESPONSIBLE FOR THE INFORMATION

7.2.1 Person responsible for the Registration Document containing the annual financial report

Raphaël GORGÉ as Chairman and Chief Executive Officer of GROUPE GORGÉ SA.

7.2.2 Statement of the person responsible for the Registration Document

"After taking all reasonable measures for this purpose, I hereby certify that all the information contained in this Registration Document is, to my knowledge, in accordance with the facts and that no information liable to affect its significance has been omitted.

I certify that, to my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial situation and earnings of the Company and of all the companies included in the scope of consolidation, and that the management report (incorporated by reference in the Registration Document, according to the cross-reference tables on pages 172 to 174) fairly presents the business trends, earnings and financial situation of the Company and of all the companies included in the scope of consolidation, as well as a description of the main risks and uncertainties they face.

The Statutory Auditors have issued reports for the financial information which was incorporated by reference into this Registration Document for the 2015 and 2014 financial years and is to be found on pages 102 and 114 (2015) and pages 76 and 86 (2014) of the respective Registration Documents. The reports on the consolidated financial statements contained observations."

Paris, 5 April 2017

Chairman and Chief Executive Officer

7.3 CONCORDANCE TABLES

7.3.1 Concordance table – Registration Document (Annex I of European Union regulation No. 809/2004)

"This concordance table presents the main categories required by European Commission regulation No. 809/2004 dated 29 April 2004 (the "Regulation") and refers readers to the relevant sections or chapters of this document, where they will find information relating to each of the categories."

N°.	*Entries in Appendix 1 of European regulation No. 806/2004*	Chapter/Section	Page
1.	**Persons responsible**		
1.1	Information on persons responsible	7.2.1	168
1.2	Declaration of persons responsible	7.2.2	168
2.	**Statutory Auditors**		
2.1	Name and address of the Statutory Auditors	7.1.1	168
2.2	Information on the resignation of the Statutory Auditors	N/A	-
3.	**Selected financial information**		
3.1	Historical financial information	1.1, 1.5.5	8-9, 34-35
3.2	Interim financial information	N/A	-
4.	**Risk factors**	1.6	35-39
5.	**Information about the issuer**		
5.1	History and development of the Company		
5.1.1	Legal and commercial name of the issuer	4.1.1	124
5.1.2	Place of registration and registration number of the issuer	4.1.1	124
5.1.3	Date of incorporation and term of the issuer	4.1.1	124
5.1.4	Head office, legal status and law governing Company business, country of origin, address and telephone number of the head office	4.1.1	124
5.1.5	Significant events in the development of the issuer's businesses	1.2.1	10
5.2	Investments		
5.2.1	Principal investments	1.3.3	27-29
5.2.2	Principal investments in progress	1.3.3	27-29
5.2.3	Issuer's principal future investments	1.3.3	27-29
6.	**Business overview**		
6.1	Principal activities		
6.1.1	Nature of operations carried out by the issuer and principal activities	1.2.2	10-22
6.1.2	New products and/or services	1.2.2, 1.2.4, 1.3.1	10-22, 24-25, 25-27
6.2	Principal markets	1.2.2	10-22
6.3	Exceptional events	Note 12.1 to the consolidated financial statements	104
6.4	Dependence on patents, licences, contracts and manufacturing processes	1.6.1	35-36
6.5	Basis for any statements regarding the competitive position	1.2.2	10-22
7.	**Organisational structure**		
7.1	Summary description of the Group	1.2.3, 1.5.1	23-24, 32
7.2	List of significant subsidiaries	1.2.3, Note 2.2 to the consolidated financial statements and Note 6 to the separate financial statements	23-24, 71-73, 119

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N°	Entries in Appendix 1 of European regulation No. 806/2004	Chapter/Section	Page
8.	**Property, plant and equipment**		
8.1	Substantial property, plant and equipment	1.3.3, Note 6.3 to the consolidated financial statements	27-29, 88-89
8.2	Environmental issues that may affect the use of property, plant and equipment	1.3.3, 1.6.4, 5.3	27-29, 38, 142-143
9.	**Review of financial position and results**		
9.1	Financial position	1.4.2	32
9.2	Operating results		
9.2.1	Major factors having a significant effect on operating income	1.4.1, 1.6	29-32, 35-38
9.2.2	Explanation of significant changes to net sales or revenue	1.4.1	29-32
9.2.3	Strategy or factor that has significantly affected or could significantly affect the issuer's operations, directly or indirectly	1.3.1	25-27
10.	**Capital resources**		
10.1	Issuer's capital resources	1.4.2, 3.1.1, Note 10.1 to the consolidated financial statements	32, 62, 102
10.2	Sources and amounts of cash flows	1.4.2, 3.1.1, Note 7 to the consolidated financial statements	32, 62, 91-93
10.3	Borrowing requirements and funding structure	1.4.2, Note 8 to the consolidated financial statements	32, 94-99
10.4	Restrictions on the use of capital resources	Note 8.3 to the consolidated financial statements and Note 5.3 to the separate financial statements	97-98, 118
10.5	Expected sources of finance	1.4.2, Note 8 to the consolidated financial statements	32, 94-99
11.	**Research and development, patents and licences**	1.3.3, 1.6.1, Note 6.2 to the consolidated financial statements	27-29, 35-36, 86-88
12.	**Trend information**		
12.1	The most significant trends in production, sales, inventory, costs and selling prices since the end of the last financial year	1.3.2	27
12.2	Known trends, uncertainties, demands, commitments or events that would be reasonably likely to have a material impact on the issuer's prospects	Chairman and CEO's Message, 1.3.2	4, 27
13.	**Profit forecasts or estimates**	N/A	-
13.1	Statement setting out the main assumptions on which the issuer based its forecast or estimate	N/A	-
13.2	Report prepared by the Statutory Auditors	N/A	-
13.3	Preparation of forecasts or estimates	N/A	-
13.4	Statement on the validity of a forecast previously included in a prospectus	N/A	-
14.	**Administrative, management, and supervisory bodies and senior management**		
14.1	Composition - disclosures	2.1, 2.2, 2.5.1	42, 43-46, 50-51
14.2	Conflicts of interest	2.1	42
15.	**Remuneration and benefits**		
15.1	Remuneration and benefits in kind	2.4	47-50
15.2	Pensions and similar benefits	2.4, Note 5.3 to the consolidated financial statements	47-50, 83-84
16.	**Operation of administrative and executive bodies**		
16.1	Positions held by members of the Board of Directors	2.2	43-46
16.2	Service agreements binding members of administrative bodies	1.5.1, 2.4	32, 47-50
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16.4	Corporate governance statement	2.5.1	50-51

N°	*Entries in Appendix 1 of European regulation No. 806/2004*	Chapter/Section	Page
17.	**Employees**		
17.1	Number of employees	1.1, 5.2, Note 5.1 to the consolidated financial statements	8-9, 138-142
17.2	Interests in the issuer's share capital and stock options	2.3, Note 5.4 to the consolidated financial statements	83
17.3	Agreement providing for interesting employees in the issuer's capital	4.2.1, 4.3.5, Note 5.4 to the consolidated financial statements	46, 84-85, 126, 132, 138-142
18.	**Major shareholders**		
18.1	Identity of main shareholders	4.3.1, 4.3.2	131
18.2	Existence of different voting rights	4.3.2	131
18.3	Control of the issuer	4.3.3	132
18.4	Agreement whose implementation could lead to a change in control	N/A	-
19.	**Related party transactions**	2.6, Note 4 to the consolidated financial statements	52-56, 79-82
20.	**Financial information on the issuer's portfolio, financial position and earnings**		
20.1	Historical financial information	3.1, AMF boxed Section	62-108, 1
20.2	Pro forma financial information	N/A	-
20.3	Financial statements	3.2	109-121
20.4	Auditing of historical annual financial information		
20.4.1	Statement that the historical financial information has been audited	3.1.7, 3.2.5, 7.2.2 AMF boxed Section	108, 120-121, 168, 1
20.4.2	Indication of other information audited by the Statutory Auditors	2.5.2, 2.6.2	51-56
20.4.3	Where financial data in the Registration Document is not extracted from the issuer's audited financial statements, indication of the source with the statement that the data has not been audited	N/A	-
20.5	Date of latest financial information	31/12/2014	
20.6	Interim and other financial information		
20.6.1	Half-yearly or quarterly financial information	N/A	-
20.6.2	Interim financial information	N/A	-
20.7	Dividend policy	4.4.2	133
20.7.1	Amount of dividends	1.5.3, 4.4.2, 6.1	33, 133, 150-154
20.8	Legal and arbitration proceedings	1.6.1	35-36
20.9	Significant changes in the financial or trading position	1.3.4, Note 12 to the consolidated financial statements and Note 7 to the separate financial statements	24, 104-105, 174
21.	**Additional information**		
21.1	Share capital		
21.1.1	Total subscribed share capital	4.2.1	126
21.1.2	Shares not representing capital	N/A	-
21.1.3	Shares held by the issuer	4.2.2	126-127
21.1.4	Convertible or exchangeable securities or securities with warrants	4.2.1	126
21.1.5	Information on the conditions governing any right to purchase and/or any obligation attached to the capital subscribed but not paid-up, or on any undertaking to increase the capital	N/A	-
21.1.6	Information on the capital of any member of the Group which is under option or has agreed conditionally or unconditionally to be put under option	4.2.1	126
21.1.7	History of the share capital	4.2.3	128-130

N°	*Entries in Appendix 1 of European regulation No. 806/2004*	Chapter/Section	Page
21.2	Memorandum and bylaws		
21.2.1	Description of the issuer's corporate purpose	4.1.2	124-125
21.2.2	Summary of any provision contained in the issuer's memorandum or bylaws concerning the members of its administrative, management and supervisory bodies	4.1.2	124-125
21.2.3	Description of rights, privileges and restrictions attached to each share class	4.1.2	124-125
21.2.4	Description of steps necessary to change shareholders' rights	4.1.2	124-125
21.2.5	Description of the conditions governing the manner in which Annual General Meetings and Extraordinary General Meetings are called	2.5.1, 4.1.2	50-51, 124-125
21.2.6	Description of any provision that could delay, postpone or prevent a change of control	N/A	-
21.2.7	Details of any provision setting the threshold above which any equity interest must be disclosed	4.1.2	124-125
21.2.8	Description of conditions concerning modifications to share capital which are more restrictive than those provided under the law	4.1.2	124-125
22.	**Material contracts**	N/A	-
23.	**Third party information and statements by experts and declarations of interest**	N/A	-
23.1	Statement or report attributed to a person as an expert	N/A	-
23.2	Third-party information	N/A	-
24.	**Publicly available documents**	4.4.3	134
25.	**Information on equity interests**	1.2.3, Note 13 to the consolidated financial statements and Note 6 to the separate financial statements	23-24, 106-107, 119

7.3.2 Concordance table – Annual financial report

This Registration Document includes all sections of the annual financial report listed under Article L. 451-1-2 of the French Monetary and Financial Code, as well as Article 222-3 of the French Financial Markets Authority (*Autorité des Marchés Financiers* – AMF) General Regulations. The documents referred to in Article 222-3 of the aforementioned regulations and the corresponding sections of this Registration Document are specified below:

	Annual financial report (Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the General Regulations of the AMF)	Chapter/Section	Page
1.	Separate financial statements	3.2	09-121
2.	Consolidated financial statements	3.1	62-108
3.	Management report (See concordance table to the management report on page 134)		
4.	Statement by the person responsible for the annual financial report	7.2.2	168
5.	Statutory Auditors' report on the separate financial statements	3.2.5	120-121
6.	Statutory Auditors' report on the consolidated financial statements	3.1.7	108
7.	Statutory Auditors' report on regulated agreements and commitments	2.6.2	56
8.	Statutory Auditors' fees	Note 2.2 to the separate financial statements, 7.1.2	112
9.	Report of the Chairman of the Board on corporate governance, internal control and risk management (Article L. 225-37 of the French Commercial Code)	2.5.1	50-51
10.	Statutory Auditors' report on the Chairman's report	2.5.2	51

7.3.3 Concordance table – Management report pursuant to Articles L. 225-100 *et seq.* of the French Commercial Code

	Management report French Commercial Code Article L. 225-100	Chapter/Section	Page
	Activity report		
1.	Position and activity of the Company over the past year	1.5	32-35
2.	Results of the activity of the Company, its subsidiaries and companies under its control	1.4	29-32
3.	Key financial performance indicators	1.1	6-9
4.	Analysis of changes to the business, its results and financial position	1.4.1, 1.4.2	29-32
5.	Significant events occurring between the closing of the financial year and the date the management report was drawn up	1.3.4, Note 12 to the consolidated financial statements and Note 7 to the separate financial statements	29, 104-105, 119
6.	Trends and outlook	Chairman and CEO's Message, 1.3.2	4, 27
7.	Research and development activities	1.3.3, 1.6.1, Note 6.2 to the consolidated financial statements	27-29, 35-36, 86-88
8.	Payment times for trade payables	1.5.4	33
9.	Changes in the presentation of the separate financial statements and in the valuation methods	Notes 1 and 2.1 to the consolidated financial statements and Note 1 to the separate financial statements	68-70, 71, 112
10.	Description of the main risks and uncertainties	1.6	35-39
11.	Information on installations classified as high-threshold Seveso	N/A	-
12.	Information on the use of financial instruments	Note 8 to the consolidated financial statements and Note 5.7 to the separate financial statements	94-99, 118
13.	Investments made in the last three financial years	1.3.3	27-29
14.	Significant new shareholdings or controlling interests acquired over the financial year in companies with head offices on French territory	1.2.3, 1.2.4, 1.3.1, Note 2.2 to the consolidated financial statements	23-25, 25-27, 71-73
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18.	List of all offices and functions held in any company by each of these corporate officers during the past financial year	2.2	43-46
19.	Total remuneration and all benefits paid to each company officer during the past financial year	2.4	47-50
20.	Distinction between fixed, variable and exceptional components making up these remunerations and benefits, together with the criteria used in their calculation	2.4	47-50
	Commitments of any kind benefiting senior managers	2.4, Note 5.3 to the consolidated financial statements	47-50, 83-84
22.	Conditions governing the disposal of bonus shares awarded to senior managers during their term of office	N/A	-
23.	Trading in Company shares by senior managers and persons with close ties to them	2.3	46
	Shareholders and share capital		
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26.	Repurchase and resale by the Company of its own shares	4.2.2	126-127
27.	Name of companies controlled and interest held in the Company's share capital	Note 13 to the consolidated financial statements	106-107
28.	Transfers of shares to regularise cross-shareholdings	N/A	-

	Management report French Commercial Code Article L. 225-100	Chapter/Section	Page
29.	Total dividends and other income paid out over the previous three financial years	1.5.3, 4.4.2, 6.1	33, 133, 150-154
30.	Information liable to have an impact in the event of a public offer	4.3.4	132
	Other information		
31.	Sumptuary expenses	1.5.2	33
32.	Table of results for the last five financial years	1.5.5	34-35
33.	Orders or financial penalties for anti-competitive practices	N/A	-
34.	Information on stock option plans granted to corporate officers and employees	2.4, Note 5.4 to the consolidated financial statements	47-50, 84-85
35.	Information on bonus shares allocated to corporate officers and employees	2.4, Note 5.4 to the consolidated financial statements	47-50, 84-85

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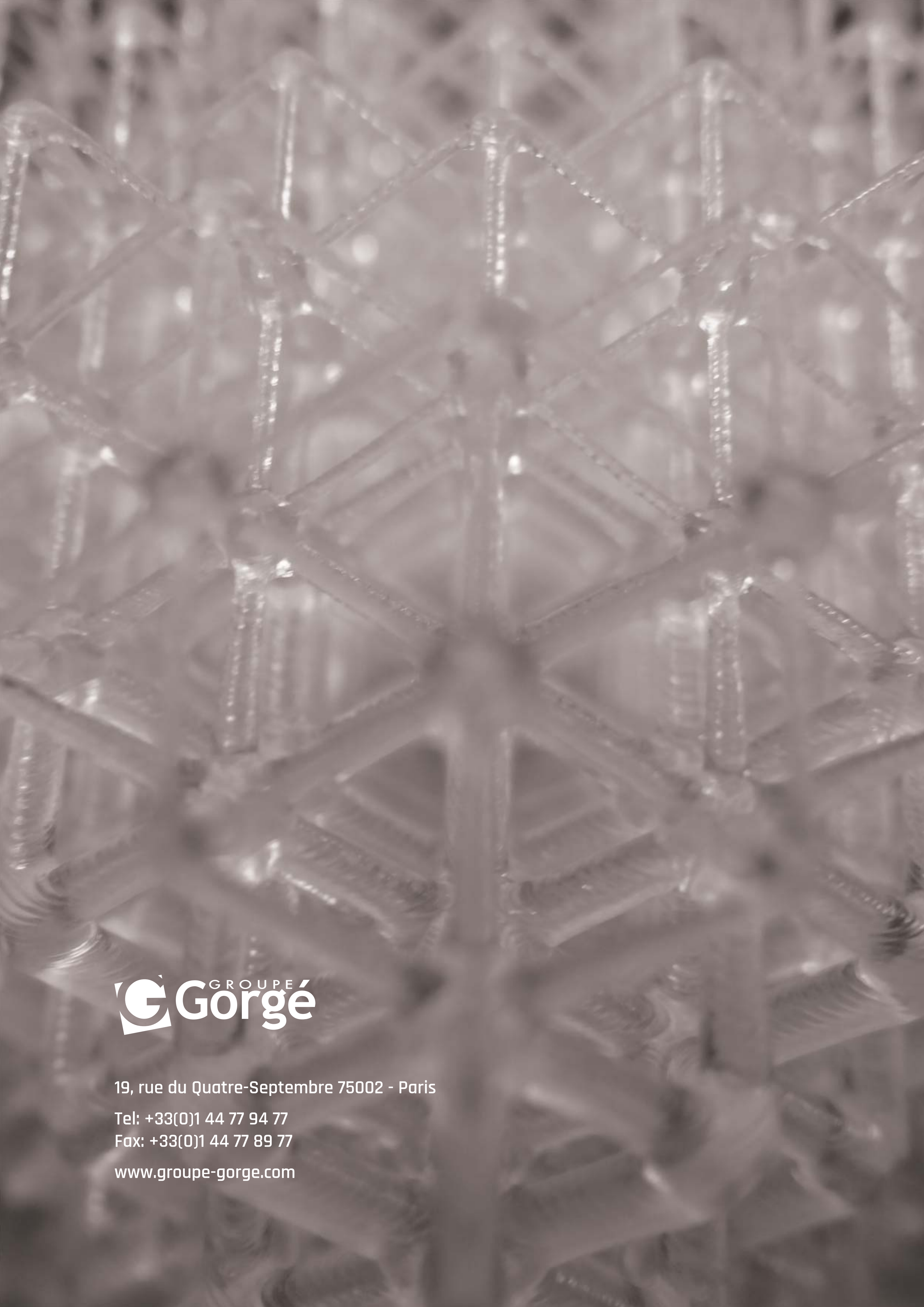

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