REGISTRATION DOCUMENT

2016

www.actia.com

MESSAGE

From the Chairman of the Executive Board of ACTIA Group

Jean-Louis Pech

2016 has been a landmark year. As announced, ACTIA Group surpassed the €400 million mark, with revenue of €431.3 million, an increase of more than 13%.

These results were ahead of expectations as we benefited from a variety of particularly favorable factors:

- a solid performance by our telematics business;
- an Aftermarket sector that was particularly dynamic in a number of segments: technical inspection, connected vehicles, and diagnostics, but also Aftermarket on-board equipment;
- significant progress in the aeronautics and space related business.

From the geographic point of view, whereas growth in China has slowed down a little, our subsidiary and portfolio of customers saw their sales increase following an indifferent 2015. Our American subsidiary made good progress, as did Mexico, where the Group enjoyed brisk trading after three difficult years, and our Brazilian subsidiary returned to growth despite the continued deterioration in the overall situation in the country.

Europe continued to over-perform with very sustained growth, driving more than 80% of sales.

A source of particular satisfaction was the substantial growth in the Telecommunications Division, with a good performance from its historical Satcom and network infrastructure businesses, but also major commercial successes in areas of diversification, such as the rail and energy segments.

These results are an indication of our ability to consolidate the major growth that we have enjoyed over the past few years. Indeed, it is important to emphasize the fact that from 2013 to 2016 our revenue jumped from €303.7 to €431.3 million, an increase of 42.2% in three years. This growth has been achieved while we also improved our margins, despite two unfavorable factors: exchange rate fluctuations and the product mix. The operating margin improved from 5.4% in 2013 to 6.1% in 2016.

Once again, these results give us faith in the ACTIA business model, based on a few key technological sectors; diagnostics for electronic systems, telecommunications, power electronics, the complete mastery of the industrialization process, from design to production with an integrated approach, combined with a wide range of commercial diversification and a lot of agility.

Our Group is something of an exception in a rapidly changing, globalized industrial landscape marked not only by a major movement towards consolidation, but also important social and technological upheavals, driving deep changes in the field of terrestrial mobility.

All this has been made possible thanks to the commitment of our people, our ability to innovate, and currently, a solid experience in the industrialization processes that constitute just so many assets enabling us to face the future with confidence.

Jean-Louis Pech
Chairman of the Executive Board
ACTIA Group

1. PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

1.1 Person responsible for the Registration Document

Jean-Louis Pech – Chairman of the Executive Board
ACTIA Group
5, Rue Jorge Semprun - BP 74215 - 31432 Toulouse Cedex 4
Tel: +33 (0)5 61 17 61 98

1.2 Responsibility statement

I declare, after having taken all reasonable measures in this regard that to the best of my knowledge the information presented in this Registration Document is accurate and there are no omissions likely to alter its import.

I declare, to the best of my knowledge, that the financial statements have been prepared in accordance with applicable accounting standards and are a fair reflection of the assets, and income of the Company and of all the companies included in the scope of consolidation, and that the Management Report on page 13 presents an accurate picture of the business, results and financial situation of the Company and of all the companies included in the scope of consolidation and that it describes the principal risks and uncertainties that they face.

I received a completion of work letter from the Statutory Auditors confirming that they have verified the information relating to the financial position and the financial statements set out in this Registration Document and read the whole Registration Document.

Jean-Louis Pech
Chairman of the Executive Board

2. STATUTORY AUDITORS

2.1 Statutory Auditors

- **KPMG AUDIT** – a department of KPMG S.A., Rue Carmin - BP 17610 – 31676 Labège Cedex

  Appointed by the Ordinary General Meeting of May 22, 2012 for a term of office of six financial years that will expire at the end of the General Meeting called to approve the financial statements for the financial year ended December 31, 2017.

  Date of commencement of first term of office: Combined Ordinary and Extraordinary General Meeting of May 26, 2000.

- **Eric Blache** - 11, Rue Laborde - 75008 Paris

  Appointed at the Combined Ordinary and Extraordinary General Meeting of May 28, 2013 for a term of office of six financial years that will expire at the end of the General Meeting called to approve the financial statements for the financial year ended December 31, 2018.

  Date of commencement of first term of office: Combined Ordinary and Extraordinary General Meeting of May 28, 2013.

2.2 Alternate Auditors

- **Christian Liberos** – Rue Carmin – BP 17610 – 31676 Labège Cedex

  Appointed by the Ordinary General Meeting of May 22, 2012 for a term of office of six financial years that will expire at the end of the General Meeting called to approve the financial statements for the financial year ended December 31, 2017.

  Date of commencement of first term of office: Ordinary General Meeting of 30 April, 2001.

- **Muriel Correia** – 4, Impasse Henri Pitot – 31500 Toulouse

  Appointed at the Combined Ordinary and Extraordinary General Meeting of May 28, 2013 for a term of office of six financial years that will expire at the end of the General Meeting called to approve the financial statements for the financial year ended December 31, 2018.

  Date of commencement of first term of office: Combined Ordinary and Extraordinary General Meeting of May 28, 2013.

3. INFORMATION RELATING TO THE ISSUER

3.1 Statutory information

3.1.1 Legal and commercial name

Legal name: ACTIA Group

3.1.2 Place of registration and registration number

The issuer is registered with the Toulouse Companies Register under number: 542 080 791.

3.1.3 Date of incorporation and term

Article 5 of the Articles of Association

"The Company's term, initially set at fifty years from September 27, 1907, the date of its incorporation, was extended, by a resolution of the Extraordinary General Meeting of December 18, 1956, for 99 years, from September 27, 1957, unless dissolved before that or extended by the Extraordinary General Meeting."

3.1.4 Registered office and legal form

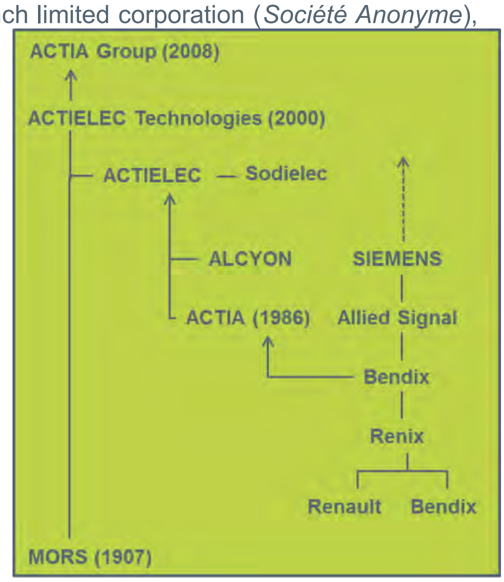
Registered office: 5, Rue Jorge Semprun – Toulouse (Haute-Garonne)
Legal structure: A French corporation with an Executive Board and a Supervisory Board
Share capital: €15,074,955.75
Legislation governing the issuer's activities: French law
Country of origin: France
Postal address: 5, Rue Jorge Semprun - BP 74215 - 31432 Toulouse Cedex 4
Tel: + 33 (0)561 176 198

3.2 History of the Company

ACTIA Group originated from the acquisition in 1986 by ACTIA, a French limited corporation (*Société Anonyme*), created for this purpose, of the "Special Products" Division of Bendix Electronics S.A., itself originating from Renix S.A., a joint venture created in the early 1970s by Renault and Bendix to invent a solid-state electronic ignition, a precursor of on-board electronics on light vehicles.

The original funding round for ACTIA S.A. included Louis Pech and Pierre Calmels, prominent business figures from the Midi-Pyrenees Region, the current Chairman and Vice-Chairman of the Supervisory Board of ACTIA Group S.A., who directly and indirectly hold a majority interest, and Eric Chabrerie, an industry executive from the automobile sector.

To lay foundations for future growth, in a first phase of development ACTIA S.A. acquired majority interests in regional companies like Alcyon Production System S.A. (Electronics Manufacturing) and Sodielec S.A. (Telecommunications). In 1991, the bulk of what was to become ACTIA Group had been formed: at that time, it had 315 employees, consolidated turnover of €26.8 million, and free cash flow of €1.2 million.



In 1992, following the very rapid development of ACTIA S.A. and its subsidiaries, through a legal reorganization, the role of holding company was transferred to ACTIELEC S.A., created for this purpose, and the industrial entities were organized by sector according to their recognized areas of expertise:

- ACTIA S.A., the company at the head of the Automotive Division;
- SODIELEC S.A., the company at the head of the Telecommunications Division;
- ALCYON Production System S.A., the company at the head of the Electronics Manufacturing Division;

The Group continued to develop its businesses in particular through a series of acquisitions, creations and organizational measures, including:

- 1989: MEIGA (France);
- 1990: AIXIA, renamed ACTIA 3E (France) and ACTIA UK (UK);
- 1991: TEKHNE, renamed ACTIA Muller UK (UK), wound up in 2014;
- 1992: VIDEO BUS, renamed ACTIA Systems (Spain) and ATAL, renamed ACTIA CZ (Czech Republic);
- 1993: ACVIBUS, renamed ACTIA de Mexico (Mexico) and I+Me, renamed ACTIA I+Me (Germany);
- 1994: ACTIA Inc. (USA) and DATENO S.A. (France);
- 1996: ATON Systèmes, renamed ACTIA PCs (France);
- 1997: ACTIA Do Brasil (Brazil) and CIPI, renamed CIPI ACTIA (Tunisia);
- 2000: ACTIA Italia (Italy), Advanced Technology Inc. renamed ACTIA Corp. (USA), BERENISCE SAS (France), ACTIA Nederland (Netherlands), merger of ACTIELEC S.A. and MORS S.A., a listed company, and creation of MORS Technologies and OCEANO Technologies;
- 2001: ACTIA Polska (Poland) and EBIM S.A. (France);
- 2002: ACTIA India (India) and merger of ALCYON Production System and ACTIA;
- 2003: ACTIA Shanghai (China), LUDICAR, renamed ACTIA Muller España (Spain), acquisition of MULLER Bem (France) and MEIGA/BERENISCE SAS/MULLER Bem merger to become ACTIA Muller;
- 2004: NIRA Components A.B., renamed ACTIA Nordic (Sweden) and merger of DATENO/MORS Technologies (originating from MORS)/EBIM into SODIELEC;
- 2005: ARDIA (Tunisia);
- 2008: ACTIA Tunisie (Tunisia).

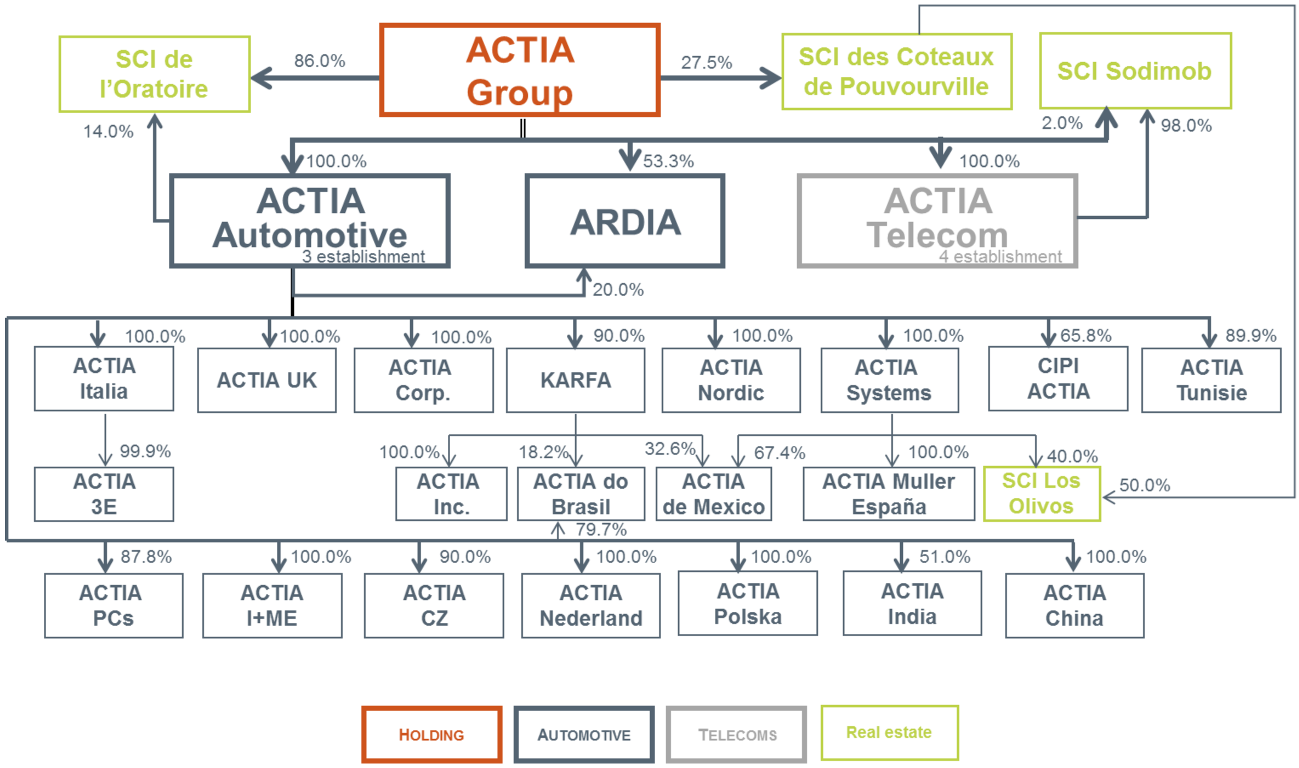
Following the merger of MORS S.A. and ACTIELEC S.A. on May 26, 2000, the Group was renamed ACTIELEC Technologies. On September 15, 2008, the Extraordinary and Ordinary General meeting approved the change of the Company's name to ACTIA Group to organize it under the single banner ACTIA. On that basis, since 2008, the ACTIA brand has been integrated into the company names of Group entities, and namely its main subsidiaries ACTIA S.A. and Sodielec S.A., companies heading the Automotive and Telecommunications Divisions, and renamed respectively ACTIA Automotive S.A. and ACTIA Telecom S.A.

At the General Meeting of July 20, 2015, ACTIA Automotive S.A. merged its subsidiary ACTIA Muller S.A. by absorption in order to group its aftermarket, garage and technical control operations within a single Aftermarket strategic business unit.

4. ORGANIZATIONAL CHART

4.1 Organizational chart

The Group's organizational chart at December 31, 2016 was as follows:



4.2 Group structure

This topic is covered in Note 3.1, “Consolidated companies”.

4.3 Brief description of the Group

ACTIA Group is the publicly traded company of the Group. The notes to the separate annual financial statements of ACTIA Group S.A. in Subsection Notes to the separate financial statements of ACTIA Group S.A. in the “Notes to the financial statements” provide a clearer explanation of its role and balance sheet structure.

The Group is organized as follows:

- **a lead holding company LP2C**, the Group's main shareholder tasked with helping ACTIA Group set out and implement the Group's strategy and to ensure the governance and control of Group companies. It provides support for:
  - management: general organization, steering and management methods, financial planning, economic forecasting,
  - business coordination: definition and management of industrial strategy, searching for information and new technologies for the purpose of adapting the products and winning new markets, monitoring of potential opportunities for acquiring other companies and searching for partners,
  - involvement of ACTIA Group in the regional and national economic fabric: participation in competitive clusters such as "Aeronautics, Space and On-board Systems", management of relations with governmental bodies, especially state owned laboratories on behalf of all ACTIA Group companies, with participation that can go as far as chairing major schools or institutions (INSA, IDEI, IRT, etc.), relations with regional industrial and financial circles (Tompasse, UIMM, MEDEF, Banque de France, Toulouse Place Financière, various banks, with "Action Logement" for building housing, and social housing, etc.),
  - communications,
  - accounting, legal, administrative and financial issues.

ACTIA Group, benefiting from these services, makes them available in turn to its subsidiaries, providing them with support notably in the areas of technology, marketing, organization, quality and information systems.

These dealings result in related party agreements, the scope and financial details of which are set out in Subsection 5.16.3 "Special Report of the Statutory Auditor on regulated agreements and commitments";

- **Two divisions specialized** respectively in:
    - the design, manufacture and diagnostics for embedded electronic systems for small and medium sized production runs (Automotive),
    - the design and production of professional and military equipment using microwave beam technologies (Telecommunications).

  Every subsidiary, under the control of the holding company, has full responsibility in respect of legal, commercial, technological, industrial, economic, financial and labor issues.

5. MANAGEMENT REPORT OF THE EXECUTIVE BOARD INCLUDING THE GROUP'S MANAGEMENT REPORT

5.1 Presentation of resolutions

On May 30, 2017, we will call a Ordinary General Meeting as required by statute and pursuant to the provisions of the Company's Articles of Association, to report on the Company's activities during the financial year ended December 31, 2016, to present the Reports of the Executive Board, of the Supervisory Board and of the Statutory Auditors, and to ask shareholders to approve the financial statements in respect of this financial year, the allocation of earnings and the agreements covered by Articles L.225-86 et seq. of the French Commercial Code.

The following resolutions will be submitted to this Meeting.

5.1.1 Agenda

- Management Report of the Executive Board on the financial year ended December 31, 2016, including the Group's Management Report;
- Reports of the Statutory Auditors on the performance of their assignments for the period ended December 31, 2016;
- Report of the Executive Board on the use of authorizations to proceed with capital increases;
- Report of the Supervisory Board;
- Report of the Chairman of the Supervisory Board provided for in Article L.225-68 of the French Commercial Code;
- Report of the Statutory Auditors on the Report of the Chairman on Internal Control and approval of agreements;
- Approval of the separate financial statements for the year ended December 31, 2016, approval of non-tax deductible expenses;
- Approval of the consolidated financial statements for the year ended December 31, 2016;
- Reports of the Statutory Auditors on agreements covered by Articles L.225-86 et seq. of the French Commercial Code;
- Appropriation of earnings for the financial year ended December 31, 2016;
- Grant of authority to the Executive Board for the purchase of Company shares in accordance with the procedures provided for under Article L.225-209 of the French Commercial Code, duration of the authorization, purposes, procedures and maximum amount;
- Approval of the Corporate Officers remuneration policy;
- Powers to be delegated.

5.1.2 Draft resolutions

RESOLUTION I: APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

The General Meeting, having considered the Reports of the Executive Board, the Supervisory Board and the Statutory Auditors on the financial year ended December 31, 2016, approves the separate financial statements adopted on said date, as presented, showing a profit of €2,262,528.76.

The General Meeting also approves the transactions reflected in said financial statements or summarized in these reports.

As provided for in Article 39-4 of the French General Tax Code with respect to corporate income tax, the General Meeting approves the non-deductible expenses of €3,745 for this period relating to surplus depreciation on company cars.

RESOLUTION II: GRANT OF DISCHARGE

Pursuant to the preceding resolution, the General Meeting grants full discharge to the Executive Board and the Supervisory Board with regard to the performance of their duties in respect to this financial year.

RESOLUTION III: APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

The General Meeting, having considered the Reports of the Executive Board (including the Group's Management Report), the Supervisory Board and the Statutory Auditors with respect to the financial year ended December 31, 2016, approves the consolidated financial statements at that date, as presented, showing a profit attributable to the Group of €20,913,875.

RESOLUTION IV: AGREEMENTS COVERED BY ARTICLES L.225-86 ET SEQ. OF THE FRENCH COMMERCIAL CODE

Ruling on the basis of the Special Report of the Statutory Auditors submitted to it on the agreements covered by Articles L225-86 et seq. of the French Commercial Code, the General Meeting approves the new agreements referred to therein.

RESOLUTION V: APPROPRIATION OF EARNINGS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2016

On the proposal of the Executive Board, the General Meeting resolves to appropriate earnings for the year ended December 31, 2016 as follows:

Source		
"Retained earnings" at December 31, 2016		€8,533,809.69
Profit of the period: appropriation		€2,262,528.76
Appropriation		
To "Retained earnings" resulting in a balance of:	€7,781,347.30	
Dividends	€3,014,991.15	
TOTAL	**€10,796,338.45**	**€10,796,338.45**

The gross dividend per share is set at €0.15.

The ex-dividend date will be on September 27, 2017; the dividend will be paid on September 29, 2017.

For individual investors (natural persons) having their tax residence in France, the dividend is eligible for the tax rebate provided for in Article 158-3-20 of the French General Tax Code.

Pursuant to the provisions of Article 243 bis of the French General Tax Code, the General Meeting duly notes the disclosure of dividends paid out by the Company over the past three financial years:

For the period	Income eligible for tax relief		Income not eligible for tax relief
	Dividend per share	Other income distributions	
2013	€0.07		
2014	€0.10		
2015	€0.10		

RESOLUTION VI: GRANT OF AUTHORITY TO THE EXECUTIVE BOARD TO TRADE IN OWN SHARES WITHIN THE FRAMEWORK OF PROVISIONS PROVIDED FOR UNDER ARTICLE L.225-209 OF THE FRENCH COMMERCIAL CODE

The General Meeting, having considered the report of the Executive Board, grants an authorization for 18 months in accordance with the provisions of Articles L.225-209 et seq. of the French Commercial Code, to acquire, on one or more occasions at times of its choosing, up to 2% of the shares of the Company comprising the share capital, where applicable adjusted to take into account increases or reductions in the share capital that may be carried out during the period the share buyback authorization is in force.

Acquisitions under this authorization that may not increase the total number of treasury shares held to more than 10% of the share capital may be made for the following purposes:

- to support the secondary market or the liquidity of the stock through a market maker (French PSI) under a liquidity agreement that complies with the French Financial Markets Association (AMAFI) Code of Ethics as recognized by the AMF;

- the retention of shares for future use for payment or exchange in connection with acquisitions, it being specified that the total amount of shares acquired for this purpose may not exceed 5% of the Company's share capital;
- set aside shares for bonus share plans, stock option plans and other forms of share grants for employees and/or officers of the group in accordance with the conditions and procedures provided for by law, notably for the purpose of employee profit sharing schemes in connection with a Company Savings Plan or under Bonus Share Grants;
- set aside shares to meet applicable securities regulations with respect to securities giving rights to grants of the Company's shares.

These purchases may be carried out by any means including through the acquisition of blocks of shares and at times of the Executive Board's choosing. However, these transactions may not be carried out while public tender offers are pending.

The maximum purchase price is €14 per share. In the case of equity transactions including stock splits or reverse stock splits or bonus share grants, the amount indicated above will be adjusted in the same proportions (by the application of a multiplier factor equal to the ratio between the number of shares comprising the share capital before and after the transaction).

The maximum amount for the purchase of shares under this authorization is €5,627,972.

The shareholders grant all powers to the Executive Board to proceed with these transactions, set the terms and conditions and procedures, conclude all agreements and fulfill all formalities.

This authorization cancels the authorization granted to the Executive Board by the sixth resolution of the previous General Meeting of May 30, 2016.

RESOLUTION VII: APPOINTMENT OF CATHERINE CASAMATTA AS A NEW MEMBER OF THE SUPERVISORY BOARD

The General Meetings, having read the Executive Board's report, hereby appoints Catherine Casamatta, residing at 10, Rue Ernest Mérimée, 31000 Toulouse, as a new member of the Supervisory Board for a term of six years, meaning until the end of the Ordinary General Meeting to be held in 2023 to approve the financial statements for the year ended December 31, 2022.

RESOLUTION VIII: APPOINTMENT OF LAURA PECH AS A NEW MEMBER OF THE SUPERVISORY BOARD

The General Meetings, having read the Executive Board's report, hereby appoints Laura Pech, residing at 43, Rue des Tourneurs, 31000 Toulouse, as a new member of the Supervisory Board for a term of six years, meaning until the end of the Ordinary General Meeting to be held in 2023 to approve the financial statements for the year ended December 31, 2022.

RESOLUTION IX: APPROVAL OF THE REMUNERATION POLICY FOR MEMBERS OF THE EXECUTIVE BOARD

The General Meeting, voting pursuant to the terms of Article L.225-82-2 of the French Commercial Code, hereby approves the principles and criteria for determining, allocating and attributing the fixed, variable and exceptional component parts of the total remuneration and benefits of all kinds attributable, due to the offices they hold, to the members of the Executive Board, as set out in the report appended to the report mentioned under Articles L.225-100 and L225-102 of the French Commercial Code, presented in the Registration Document.

RESOLUTION X: APPROVAL OF THE REMUNERATION POLICY FOR MEMBERS OF THE SUPERVISORY BOARD

The General Meetings, voting pursuant to the terms of Article L.225-82-2 of the French Commercial Code, hereby approves the principles and criteria for determining, allocating and attributing the fixed, variable and exceptional component parts of the total remuneration and benefits of all kinds attributable, due to the offices they hold, to the members of the Supervisory Board, as set out in the report appended to the report mentioned under Articles L225-100 and L.225-102 of the French Commercial Code, presented in the Registration Document.

RESOLUTION XI: POWERS FOR FORMALITIES

The General Meeting grants all powers to the holder of an original, a short-form certificate or a copy of these minutes to carry out all the publication, filing and other formalities that may be required by law.

This General Meeting was called in the proper manner and the documentation provided for under applicable regulations was sent to shareholders or made available to them within the prescribed deadlines.

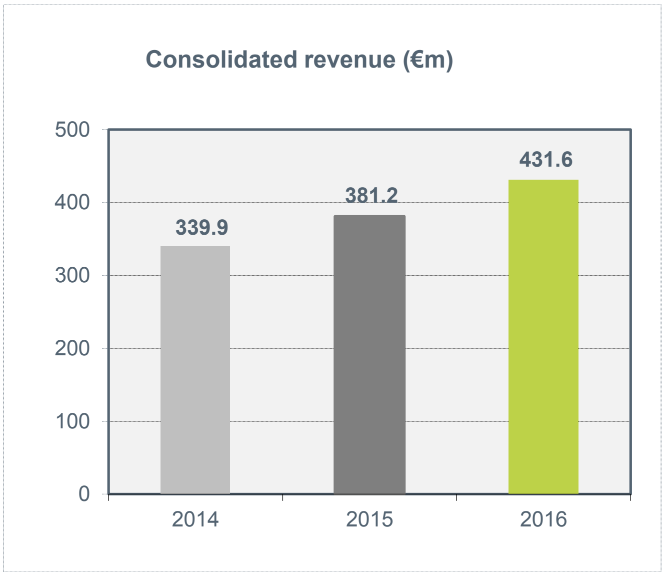
This Management Report aims to provide complete information on the various resolutions to permit shareholders to make informed decisions. It is also meant to present the position of the Company and the Group.

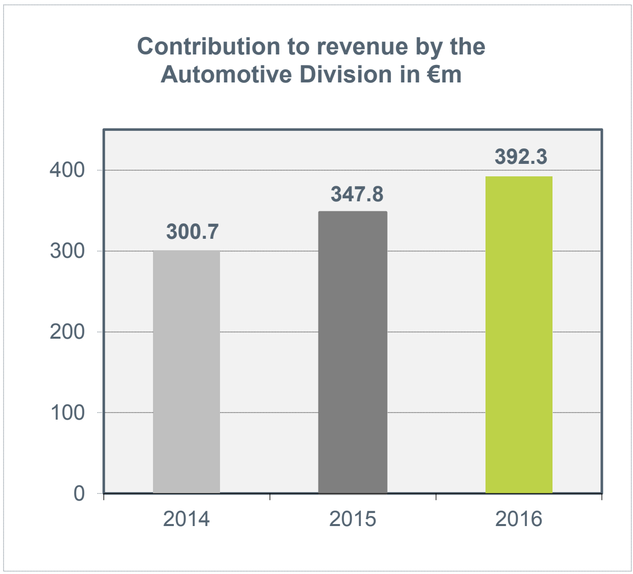
5.2 Selected financial information for the period

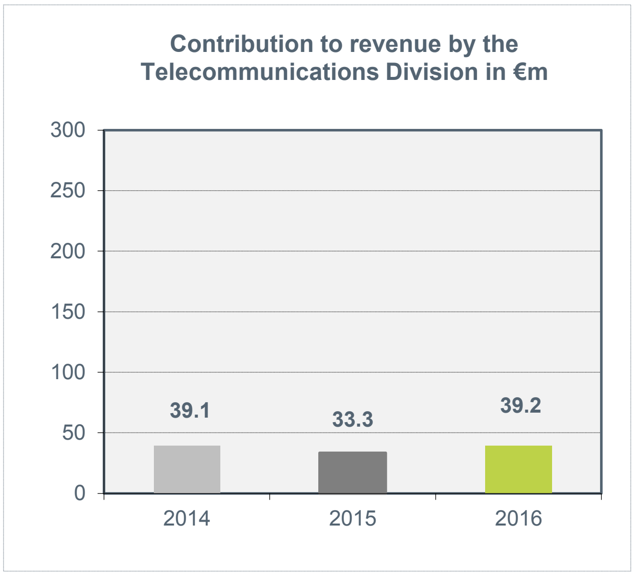
The following tables and charts represent audited figures. To facilitate the reader's understanding, in the presentation of data in the management report, we have given preference to figures for contributions by division as an alternative to the divisions' consolidated figures. The differences between these two figures are minor, though we believe that it was important to harmonize the presentation of data throughout this Registration Document.

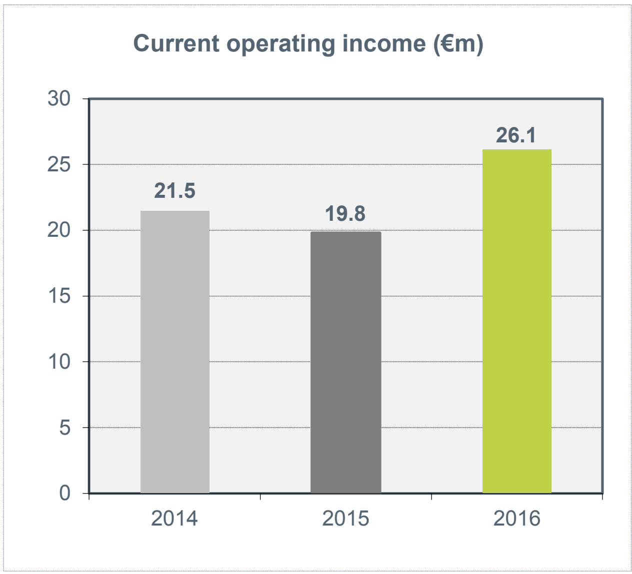
The separate annual and consolidated financial statements as of December 31, 2016 were approved by the Executive Board on March 27, 2017.

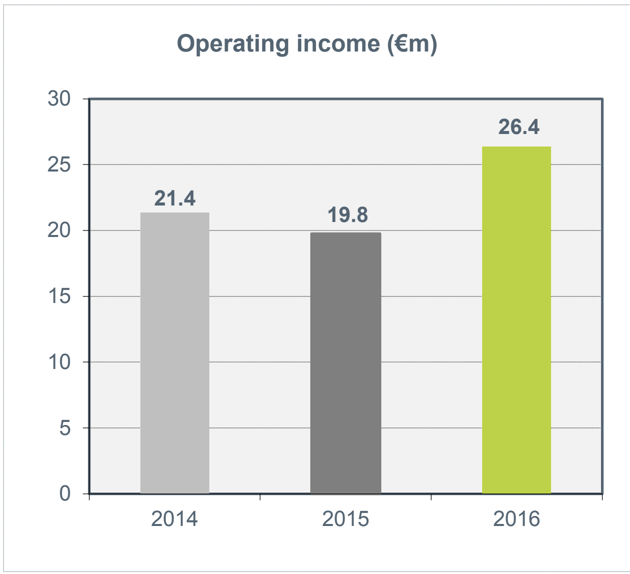
5.2.1 Key figures

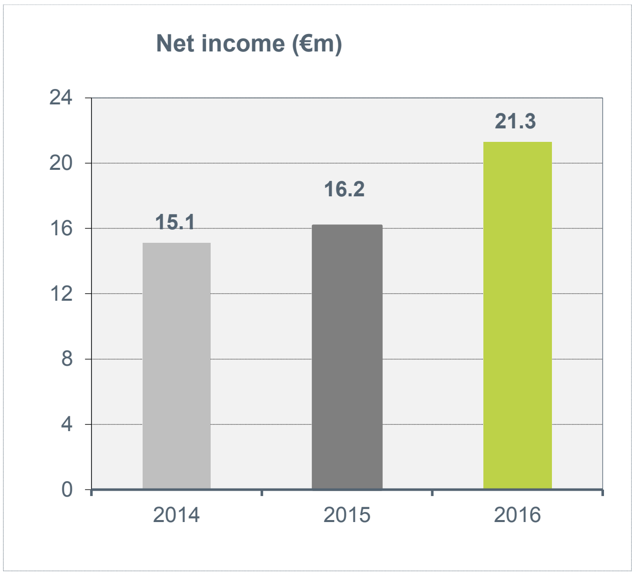


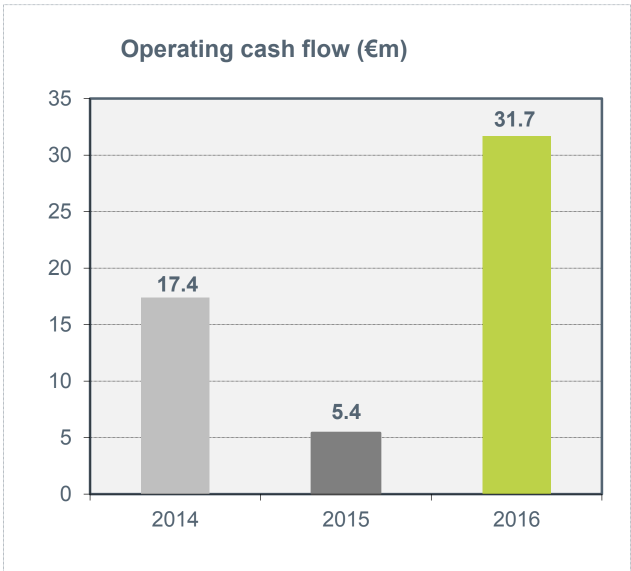


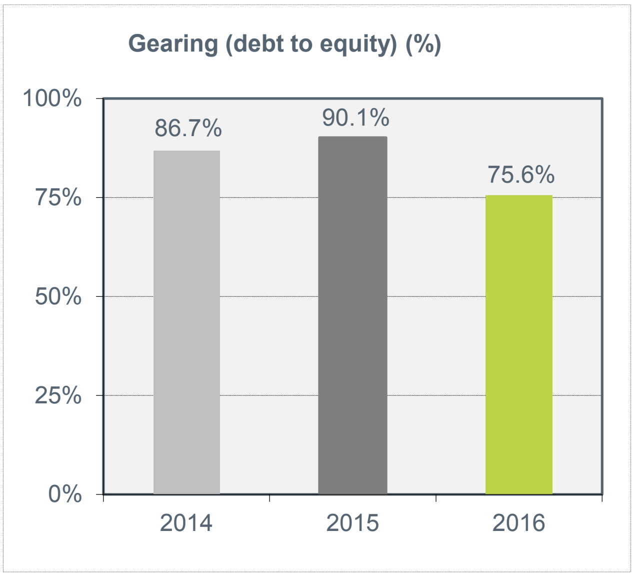


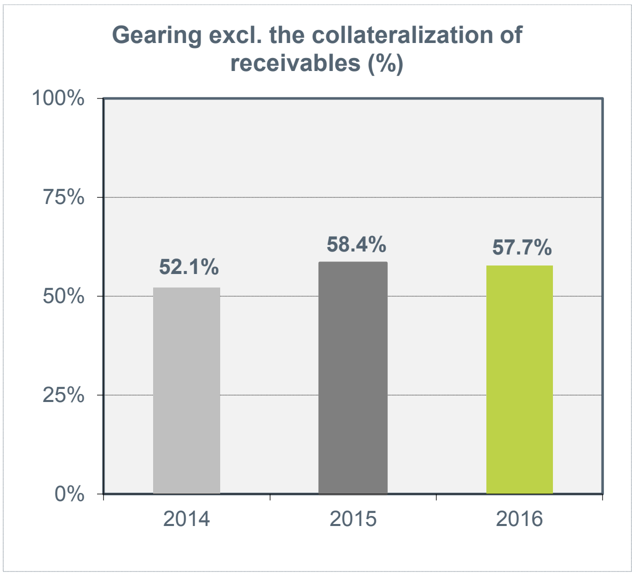

Current operating income (€m)
30
25
20
15
10
5
0
21.5
19.8
26.1
2014
2015
2016


Operating income (€m)
30
25
20
15
10
5
0
21.4
19.8
26.4
2014
2015
2016


Net income (€m)
24
20
16
12
8
4
0
15.1
16.2
21.3
2014
2015
2016


Operating cash flow (€m)
35
30
25
20
15
10
5
0
17.4
5.4
31.7
2014
2015
2016





Details on the calculation for gearing are set out in Note 13 in the Notes to the consolidated financial statements, "Financial liabilities".

5.2.2 Consolidated results

The Group's consolidated financial statements show sales up 13.2% to €431.6 million, and Net Income of €20.9 million compared to €15.3 million in 2015 (+36.8%).

Consolidated results for the 2016 financial year break down as follows:

Group consolidated results (€k)	**2016**	2015	2014
Revenue	**431,648**	381,208	339,893
Current operating income	**26,135**	19,812	21,482
Operating profit/(loss)	**26,361**	19,752	21,351
Net financial income (expense)	**(2,614)**	(2,102)	(1,635)
Net income (A)	**21,285**	16,160	15,126
✓ Attributable to Group shareholders	**20,914**	15,290	14,235
✓ Attributable to non-controlling interests	**371**	870	891
Tax (B)	**2,590**	1,633	4,719
Impairment of goodwill (C)	**0**	118	0
Interest expense and other financial charges (D)	**2,191**	2,620	2,669
Depreciation and amortization (E)	**16,209**	13,685	12,784
EBITDA (A) + (B) + (C) + (D) + (E)	**42,275**	34,216	35,298

We will ask shareholders to approve these consolidated financial statements.

5.2.3 **Summary of the Group's position during the 2016 financial year –** Progress made and difficulties encountered

The information used to prepare the consolidated financial statements is provided in Note 2 "Accounting policies", in the Notes to the consolidated financial statements.

Revenue for the 2016 financial year reached €431.6 million, an increase of 13.2% over 2015. The overall trend for ACTIA Group was as positive in France (+10.8%) as it was internationally (+14.4%). Sales achieved by the international subsidiaries were €238.2 million, equivalent to 55.2% of consolidated revenue, an improvement of 18.3%. International customers represented 67.7% of ACTIA Group's business, a figure that remained relatively stable compared to 2015 (67.0%).

Automotive Division

Representing 90.9% of ACTIA Group sales, the Automotive Division grew by 12.8%, driven since 2012 by the uninterrupted growth in sales of telematic boxes for premium, light vehicles and trucks, and with a growing proportion outside France. Sweden and the United Kingdom were the 2nd and 3rd largest earners after France, pushing Germany and the USA into 4th and 5th position. However, this change was also caused by a slowdown in the heavy and off-road vehicle segments, particularly agricultural vehicles, which suffered in 2016.

After a busy start to the year, sales of power trains for electric vehicles fell away sharply in the second semester, with the launch of a new model of light and commercial vehicle having been postponed by our customers. For this reason, the business decreased by 12.5% over the period, whereas the Group is now in a position to offer a complete range of products to meet the needs of various different markets.

Although the situation in Brazil did not improve in 2016, the decisions taken in 2015 enabled our subsidiary to play its role as a local branch and to make a positive contribution assisted, admittedly, by the positive effect of currency fluctuations. On the other hand, our Mexican subsidiary, after two difficult years, enjoyed exceptional growth of 79.5%, providing a wide range of solutions for our fleet management customers, not only in Mexico but throughout South America. Finally, after a difficult start to the year, our Chinese subsidiary was able to partially make up for the shortfall, and grew by 8.8% over the full year. It should nevertheless be noted that competition is particularly intense in this market where the challenge of urban mobility has become a national cause.

In France, 2016 was affected by a change in the regulations governing technical inspection (OTC LAN protocol), which resulted in strong sales growth in the 1st semester, putting our teams under pressure to deliver before July 1.

Operating profit for the Automotive Division grew to €23.3 million (+23.6%), representing 5.9% of the revenue from this division. Growth in the business and firm control over costs and production capacities contributed to the improved levels of profitability.

Telecommunications Division

The impressive rise in revenue (+17.7%), across all its business units, enabled the Telecommunications Division to achieve revenue of €39.2 million, equivalent to 9.1% of consolidated Group revenue. Thanks to additional invoicing, the Satcom business unit was able to maintain a level of business that was close to historical highs, while the Comcept program entered a phase of Operating Maintenance Services (OMS). The continued deployment of 4G by the mobile telephone operators helped the INT business unit to achieve an exceptional level of business. The actions taken in the area of rail helped to put the business back on a positive trend and the Energy-Aeronautics-Defense (EAD) business unit has now been enjoying growth for a number of years thanks to its expertise in the field of smart grids. Operating profit, at €3.3 million, was therefore significantly up (+87.0%) and represented 8.4% of the division's consolidated revenue. It has benefited from a threshold effect that more than offsets purchases consumed.

It should be noted that the aeronautics, defense and space related activities, present in both divisions, recorded significant growth in 2016 of +19.7% for revenue of €44.0 million.

Therefore, at ACTIA Group level, good management of internal growth, with a product mix still being affected by sales of very long production runs, costs and the means of production, made it possible to generate an operating profit that grew by 33.5% to €26.4 million, equivalent to 6.1% of ACTIA Group revenue, as opposed to 5.2% in 2015. ACTIA managed to limit increases in staff costs (+9.5%) with headcount growth of 201 people (+6.6%). Going from 3,067 to 3,268 people at December 31, 2016, Group recruitments were mainly in the area of R&D with recruitment in Tunisia, China, Spain and Sweden, to prepare the sources of future growth, and in production and sales in France, Mexico and Spain, in support of the ongoing business. ACTIA continues to work on its flexibility, and this is reflected in the controlled increase in external charges (+13.0%).

The lower portion of R&D re-invoiced (35.7% re-invoicing as opposed to 38.4% at 12/31/2015) and the increase in R&D expenditure (€28.7 million vs. €21.6 million at 12/31/2015) are the result, on the one hand, of the tendency of customers to participate less in R&D efforts and, on the other hand, the growing momentum behind self-funded research programs for the purpose of preparing the sources of new growth over the coming years. Consequently, the share of R&D in the income statement grew from 6.8% to 7.8% of revenue, with the capitalized portion at 13.7% of expenditure as opposed to 20.5% in 2015.

It should also be noted that the currency hedges undertaken across the year helped to significantly improve buying prices in Dollars with a positive effect of €2.9 million on operating income. After an increase in corporate tax related proportionately to the different entities and the activation of tax-loss carryforwards for an amount of €0.9 million in 2016, as compared to €1.5 million in 2015 (see Note 20 "Income tax"), net income showed strong growth (+31.7%) at €21.3 million and represented 4.9% of Group revenue compared to 4.2% for 2015.

Financial income stood at -€2.6 million: the valuation at year-end of the currency and interest rate hedging instruments conceals the reduced interest expense (-€0.4 million). This was made possible by the renewal of medium- and long-term debt on more favorable terms, with the average rate of interest being reduced to 1.80% in 2016 compared to 2.16% in 2015, with stable gross debt. ACTIA Group continued to pursue its strategy aiming to consolidate medium- and long-term financing, and maintain short-term facilities, without making excessive use of them, and rebuilding free cash flow so that overall net debt can be reduced while retaining a range of potential tools and improving the financial ratios. Therefore, at December 31, 2016, net indebtedness stood at €94.6 million with gearing of 75.6% as opposed to 90.1% at end 2015. Discounting the collaterization of receivables, gearing was 57.7% as opposed to 58.4% at end 2015, with the Group making less use of the mobilization of customer receivables. Cash from operating activities was very positive at €31.7 million due mainly to the good management of inventories and the consumption of stocks related to the significant 2015 Last Buy Order. Stocks therefore rose slightly across the period. It therefore covered capital expenditure (€21.9 million). Thanks to good medium-term financing, cash flows for the period improved by more than €22.8 million. It should be noted that payment terms for both accounts payable and receivable remained stable, maintaining a significant gap between the two at the expense of the Group.

Subsidiaries and dealings in existing inter-company holdings

This information is further expanded on in Note 3 "ACTIA Group structure", in the Notes to the consolidated financial statements.

5.2.4 Indebtedness

This information is presented in Note 13 in the Notes to the consolidated financial statements, "Financial liabilities”.

5.2.5 Off-balance-sheet commitments

This information is set out in Note 25 “Off-balance sheet commitments”, Note 26 “Encumbered assets” and Note 28 “Other information” in the Notes to the consolidated financial statements.

5.3 Business overview

In 2016, there were no particular changes in ACTIA Group's industrial scope as it was restructured by type of market in 2015 to better address the challenges of its business lines and the Group's natural evolution.

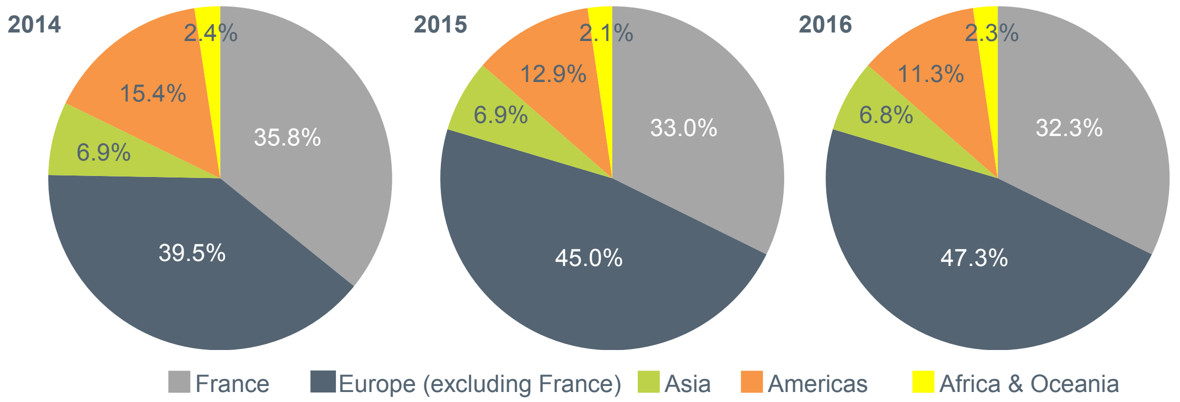
ACTIA Group remains organized around two sectors:

- Automotive Division
- Telecommunications Division

with descriptions provided below.

Finally, over a number of years, the two divisions have developed their own technologies and specific know-how. We continue to implement synergies in the railway and public transport sectors to propose offerings combining telecommunications equipment with different systems developed by the Automotive Division, and also potentially in the energy sector. While a considerable amount of time is required to develop these markets, the initial commercial successes indicate that this is the right strategy. This synergy is starting to result in exchanges between divisions, with a rate of increase of 125.1%, even if the absolute figure is still low (3.2% in 2016, compared to 1.7% in 2015), with each entity being able to invoice customers directly.

To facilitate an understanding of the Group's international activities, figures for revenue trends by region for the last three years are presented below:



5.3.1 Automotive Division

The Automotive Division of the Group is organized into three strategic business units:

- the **OEM** (Original Equipment Manufacturers) business unit for vehicle manufacturers;
- the **Aftermarket** business unit;
- the design and production of electronic cards for third parties and associated services grouped together in the **Manufacturing-Design & Services** business unit (MDS).

Combining expertise in embedded electronics with know-how in electronic manufacturing, this division has been growing since its inception with automakers, manufacturers of heavy vehicles, buses and coaches, specialist vehicles (handling, agriculture, construction...), also in the fields of electric vehicles, aeronautical, and rail.

The Automotive Division's contribution to Group results was as follows:

Contribution to revenue by the Automotive Division (€k)	**2016**	**2015**	**2014**
Revenue	**392,347**	347,808	300,728
Current operating income	**23,144**	19,115	18,880
Operating profit/(loss)	**23,311**	18,859	18,927
Net income (A)	**18,269**	15,083	12,657
Tax (B)	**2,646**	1,388	4,560
Impairment of goodwill (C)	**0**	118	0
Interest expense and other financial charges (D)	**1,988**	2,371	2,377
Depreciation and amortization (E)	**15,048**	12,572	9,951
EBITDA (A) + (B) + (C) + (D) + (E)	**37,950**	31,533	29,545

These figures are presented in accordance with Note 18 in the Notes to the consolidated financial statements, "Operating segments".

Furthermore, the Group's management control reporting systems provide a breakdown for sales between the three departments:

Business activity (€ k)	**2016**	**2015**	**2014**
OEM	289,658	260,558	214,862
Aftermarket	57,310	47,947	46,057
MDS	45,379	39,566	39,807
TOTAL	**392,347**	348,071	300,727

OEM

- ACTIA products and solutions

ACTIA Group is highly diversified in terms of customer base, product portfolio and geographic coverage. In each of these cases, the Group is supported by cutting edge expertise to ensure its competitive position in all its target segments.

In the OEM market, the main products and services may be broken down as follows:

Electronic architecture and multiplexing

One of ACTIA's areas of excellence are designing and manufacturing electronic systems connecting all embedded electrical and electronic parts of a vehicle. These products consist of calculators generating a number of inputs and outputs to control all embedded components and supply them with electricity.

TGU-R

This type of system is referred to as multiplexed because the devices designed by ACTIA constitute nerve centers compared to a design where all the electrical components are connected to the battery and their control system by individual wires. Multiplexing offers considerable benefits:

- for facilitating the design of new vehicles;
- for production savings;
- for facilitating diagnostics and reliability.

ACTIA also provides software applications to customize and configure these systems. In addition, the sale of its equipment is accompanied by a significant level of support for customers who are not necessarily specialists in electronics.

The multiplexing range of ACTIA is at the cutting edge of innovation in the world of vehicles for professionals. The commercial success of the Actimux range for buses and coaches continues and the range is still expanding. In the special vehicles segment, the Actiways range provides control solutions offering a high level of security.

"Instrumentation" and driver cockpit systems

This range includes instrument displays, dashboards and complete driver cockpit systems for all types of professional vehicles. In 2015, ACTIA unveiled PODIUM 2 at the Busworld Trade Fair, the new driver cockpit for buses and coaches, fully integrated within the vehicle's electronic architecture.

Evolution of the technology has made it possible to offer the market new functions:

- more modular dashboards that can be configured as needed;
- dashboards made more flexible through the increasingly intensive use of the screens.

Podium 2

The most was made of 2016 to finalize the product and its various modules/options and to start industrial scale production.

Audio and video systems

In this area, ACTIA supplies professional solutions for:

- CCTV (video) surveillance;
- Infotainment broadcasting systems for passengers to provide information and entertainment such as music, films, radio, Internet, and video-on-demand, etc.;
- radio and audio systems for vehicles, combining professional quality with specialized functions such as audio-guidance, multi-region broadcasting, etc.;

ACTIA is constantly renewing its product ranges to offer ever more multi-media functionalities at the best possible price. In 2016, ACTIA presented a new range of audio and video players, ACT-550.

Telematics systems

ACTIA has a strong technological legacy in the field of telematics based on nearly 15 years of experience both for professional and light vehicles. In addition, the Group's expertise covers safety requirements associated with legal constraints with respect to tachography (certified records documenting driving hours and data).

On this basis, ACTIA develops telematics platforms including global positioning systems (GPS) and telecommunications (GSM, GPRS), a calculator and memory, with the entire system connected to the electronics networks of the vehicle. These features make it possible to deploy different functionalities for the driver or fleet manager:

- optimization of vehicle and driver performance, for example in terms of eco-driving;
- comfort, with remote services, Wi-Fi;
- safety, as with automated emergency calls (E-call);
- diagnostics.

Electric motors

ACTIA has expertise in electric and electronic power engineering which is applied to motors for light electric vehicles, utility vehicles and buses. ACTIA designs and produces complete electric power trains starting from 50 kW for light vehicles up to the 200 kW necessary for buses of over 12 meters in length (under development).

These power trains are integrated into electric vehicle fleets for professionals (last mile delivery services) and rental companies.

In 2016, R&D efforts concentrated on improving the performance and flexibility of our motors to provide ever more efficient solutions.

In addition, ACTIA is also a designer and manufacturer of batteries for vehicles. The Group is present in markets specialized in providing a high level of customization with batteries ranging from low-power fuel cells to 600V batteries for public transport vehicles.

Vehicle diagnostics

ACTIA engineers possess expertise in electronic diagnostics. This covers the collection, preparation and exploitation of technical data for the electrical and electronic systems of a vehicle.

On this basis, we offer manufacturers three types of services:

- a digital diagnostics chain, making it possible to manage the data cycle from the engineering services firm that designed the vehicle right up to diagnostics systems that communicate with the vehicle in repair workshops. In addition to providing the necessary design tools, ACTIA is also able to offer development services to create specific software systems, as well as provide assistance for creating, formatting and managing the data that the manufacturer needs;
- complete systems for diagnostics for vehicles on the assembly chains, referred to as End of Line systems. These include equipment for communicating with the vehicle incorporating specialized software contributing to the process of validating the proper functioning of the manufactured vehicle. Furthermore, the system's operation increasingly involves downloading software applications embedded in the vehicle. The service proposed by ACTIA is not limited to the system but also covers installing and commissioning it on the automobile production line;

- diagnostic systems for the brand's workshops consisting of vehicle connection interfaces (VCI) and a diagnostic tool for rugged PCs or tablets. This application includes a knowledge base provided by the automobile manufacturer and may use model or case-based (experience) reasoning to diagnose a breakdown and assist in the repair. In addition, services may be proposed to support these products in the form of hotlines, training teams and monitoring equipment.

❖ The market

Each product targets a specific market with geographic boundaries characterized by regular expansion.

Multiplexing, initially focused on coaches and buses, is now used in all commercial vehicles, particularly high end and military vehicles.

With the driver cockpit products with which it can be combined and increased research on safety, respect for the environment and comfort, and the control and optimization of costs, growth areas are concentrated in the developed markets of Europe, the United States and Asia. However, solutions better adapted to emerging countries are currently under development.

The telematics market covers all vehicle types including light vehicles which naturally involve very significant production volumes.

The audio and video products (Infotainment) address the needs of an important growth market in Latin America where travel by road is more widely used by people than air or rail.

This market has also been expanded to include the railway segment where the Group is successfully developing a position by providing an increasingly global offering.

❖ Customers

OEM customers consist of companies who design and manufacture vehicles which always have specific requirements. Consequently, these markets are based on specifications created by the customers. These markets are generally subject to allocation by tender.

The vehicle manufacturers cover a very large range of customers:

- small production runs; planes, military vehicles, agricultural machinery, trains and tramways;
- medium production runs; trucks, buses, coaches, specialist vehicles, boats;
- long production runs: light vehicles.

Business volumes vary significantly with runs ranging from dozens of parts for planes to several hundred thousand parts for light vehicles.

In the area of diagnostics, it is appropriate to note that the PSA Group has acknowledged ACTIA as a "major supplier". This very close technical partnership is set to continue. ACTIA supports PSA Peugeot Citroën Group through a complete range of hardware and software solutions as well as services for both industrial sites and the aftermarket networks of the French automaker throughout the world.

❖ The competition

The division enjoys a clear technological advantage for its product families and relative protection from major equipment makers who find this market less attractive because of the small size of some production runs.

With the exception of specific cases such as Continental and Stoneridge in the bus and truck sector as well as Blaupunkt (Europe) and Rey (South America) for Audio & Video, its competitors are generally smaller than the Group and do not have its international presence, which increasingly represents a major competitive advantage.

In the light vehicle segment, the market leaders are the major automotive part manufacturers, considerably larger than ACTIA in terms of size. However, this segment has also seen new arrivals coming from the world of telephony, such as LG and Samsung.

❖ Operating highlights

In 2016, revenue from the OEM business once again registered strong growth, increasing 11.1% from €260.6 million to €289.7 million. This performance reflects first the production ramp up for new generation telematics products, both for light vehicles and trucks.

In the area of trucks, buses and coaches, the sales performance was negative overall, following a record year in 2015. Concerning the individual countries, the situation in India and Brazil remains difficult, while sales in Mexico have bounced back strongly.

In the area of diagnostics, 2016 was a good year with a number of successes in China, which helped to compensate for lower product prices due to technological advances and the renewal of the range.

The maritime business stabilized following an exceptional year in 2015 and a very strong first semester. The slowdown in the second semester saw a slight decrease for sales of electric vehicles, and the launches of some products may be delayed by our customers. However, these two areas very definitely remain solid businesses for the ACTIA Group

Aftermarket Business Unit

The Aftermarket business unit groups together the activities for automotive customers that are not manufacturers, i.e.:

- after-sales networks;
- garages;
- transport equipment lessors and operators.

with an Aftermarket and related services approach.

❖ ACTIA solutions

Certain products proposed in the Aftermarket sector are of the same type as those proposed to OEM manufacturers. These nevertheless consist of products distributed under the ACTIA brand rather than specific systems developed within the framework of calls for tenders according to the specifications of a given manufacturer. Equipment concerned includes:

- telematics systems (ACTIA TGU 2, SAMi, iCAN);
- physically embedded systems (SAM ATOM, PES) and Intelligent Human Machine Interaction (IHMI) screens;
- on- and off-board telecommunications products;
- on-board audio and video systems.

Certain hardware and software have been developed specifically for the Aftermarket business unit.

<u>Multi-make diagnostic systems</u>

Technicians of the Aftermarket business unit maintain an up-to-date proprietary knowledge base for the electric and electronic configuration and operation of different car models. This knowledge base allows ACTIA to market diagnostics systems covering different brands of vehicles to be used in repair workshops through its Multi-Diag range.

Multi-Diag

The latest development in 2016 was the launch of the Multi-Diag 360 product, focused on services and assistance for repairs.

This product covers nearly 85% of multi-make vehicles sold in Europe (internal sources). Considered by industry professionals to be one of the best products on the market, the Group has applied all its know-how to making a very complex tool simple. The Group also distributes a line of multi-make diagnostic tools specifically designed for trucks, buses and utility vehicles.

<u>Workshop equipment</u>

ACTIA has been providing technical inspection and repair equipment for light vehicles, utility vehicles or trucks for a long time. The main tools provided for garages include wheel balancers, alignment testing equipment, vehicle lifts and complementary products to equip garages.


4G Geometric

ACTIA entered into the new field of the "connected workshop" a number of years ago, by developing solutions integrating diagnostics solutions within the garage's information system, making it possible to either improve interactions with other repair tools or optimize the management of the garage or network of garages. This technological development brings customers improvements in performance, productivity and quality for their workshops.

In 2016, the 4G geometrics vehicle inspection system by 3D image analysis entered the commercial launch phase.

Technical inspection solutions

With a target market also including technical inspection centers, the Group has developed applications for the pre-inspection diagnostics segment as well as diagnostics for aftermarket inspections for distribution worldwide. These represent comprehensive solutions integrating precision equipment around a software package and secure communications channel. Equipment included covers break testers, suspension, tire scrubbing, headlamp control equipment and exhaust emission test units for all types of vehicles, (motorbikes, light vehicles and trucks). Paying close attention to local needs, ACTIA has been marketing for several years a mobile station for testing light vehicles or trucks ideally suited for regions with low population densities. Henceforth, the Group's multi-make diagnostic solutions are also for vehicle technical inspection operations for access to the pollution data – on-board diagnostic (OBD) systems – in several European countries.

As with all multi-make diagnostic systems and workshop equipment, service quality is decisive. ACTIA Group benefits from a very positive image and aims at innovation, installation and commissioning on-site, while including training, software updates, a hotline, remote assistance, after-sales service and maintenance. Innovative service offerings have met with a positive response from customers such as the online repair solution, the "ACTIA Connect" connected vehicle solution for owners of Multi-Diag®, or the "courtesy" service for tire changers.

The area of technical inspection is in a state of constant change to meet the needs of society, and deliver safer systems that are more respectful of the environment. After the emissions scandal that highlighted the inadequacy of certain tests, ACTIA is one of the equipment manufacturers working on the future generation of testing equipment. In this respect, the ACTIA Group has developed a new load test bench to test for polluting emissions in conditions that are representative of actual operation of the motor.

Technical test bench

Vehicle fleet management solutions

ACTIA offers vehicle management and remote diagnostics systems and services. These are based on embedded equipment and cloud-based solutions.

The embedded equipment consists of an electronic unit linked to the vehicle computer, while ensuring a remote connection, either by Wi-Fi or, more often, GSM. For buses and trucks, ACTIA proposes SAMI and TGU gateway solutions.

For light vehicles, the iCAN product has had its first significant commercial successes. This compact box facilitates the management of fleets of light or utility vehicles of all sizes, including for rental purposes. This moderately priced, easy-to-install unit concentrates ACTIA's expertise and features:

- a level of professional quality;
- recognition of the vehicle and an automatic configuration ensuring easy installation of the iCAN product;
- access to reliable operating data of the vehicle based on a multiple diagnostics approach.

In all cases the on-board communications unit is connected with a management information system platform. For this cloud-based feature, ACTIA proposes several complementary solutions:

- the ACTIA Fleet management system;
- the ECOFleet system for buses, with a significant presence in the UK market;

- the DMT system for managing buses in China.

These systems provide multiple benefits for operators, passengers and the environment.

- For passenger transport, needs related to developing intermodal passenger transport solutions are multiplying with central transit hubs, real-time passenger information, single transit passes, internet or mobile phone ticketing and optimized connections requiring increasingly complex solutions. In this way, ACTIA's market position is as a provider of innovative solutions for measuring and reducing vehicle consumption, measuring and improving passenger comfort and preventive maintenance for vehicles.
- Freight transport is demanding both in terms of safety criteria and regulations governing driving times, traceability and deadlines. The number of projects to reduce CO² emissions is increasing. With personnel, fuel, the vehicle and maintenance representing the main costs, productivity is sought at every level. Connected systems offers solutions in these different areas.

Finally, the Group has developed an embedded information technology solution built around “EasyTach” services that has opened up the market of managers of transport fleets for goods.

- The market

The diagnostics market demands continuous adaptation to keep pace with the sustained growth in the amount of embedded electronic equipment in vehicles along with their associated software and their constant renewal. With embedded electronics occupying an increasingly important place in the vehicle ecosystem, diagnostic functions are a strategic issue for manufacturers. They require the highest levels of quality and service to give their after-sales network a competitive edge.

Furthermore, express repair service networks and independent garages required to adapt to changes both with respect to vehicles and regulations, notably European, today represent a large market for the line of Multi-Diag® solutions.

The technological evolutions offered by solutions developed within the framework of the "connected garage" by ACTIA Group are also a factor behind international development both for the networks of automobile manufacturers and independent repair service providers.

Technical inspections represent a growing worldwide market bolstered by the adoption of regulations in certain regions such as Africa, South America or the Middle East. Our global offering includes notably management software applications and fixed or mobile station solutions perfectly adapted to the needs of these countries to test their fleets of vehicles and thereby improve road safety.

ITxPT Information Technology for Public Transport by EBSF

Finally, the standardization introduced by the European Bus System of the Future project (EBSF) represents an important development in the public transport fleet segment. By harmonizing specifications and communications protocols, EBSF will make it possible to offer open solutions and more enhanced services. ACTIA is a member of the ITxPT (Information Technology for Public Transport) initiative and is anticipating these developments for its offering.

- Customers

Multi-make diagnostics, heavy garage equipment and testing devices are marketed through Group subsidiaries and a network of distributors and agents organized in 140 countries. In this way, the strength of this organization combined with high quality products has made it possible to meet the needs of express repair networks such as Feu Vert, Midas and Euromaster, etc.

In the technical inspection segment, ACTIA responds to calls for tenders in countries adopting regulations, either directly, or in partnership with large international groups operating in this area, tasked with managing these inspection centers.

For vehicle fleets, customers may include the transport operators themselves (bus, coach and truck operators). They may also be integrators, i.e. companies that use ACTIA services through complementary equipment and software applications to offer operators specialized functions. Finally, the iCAN product provides a way to approach the market for rental companies and managers of major fleets.

- The competition

Competition is divided into compartmentalized markets such as manufacturers, independent garages, repair service networks or networks dedicated to technical inspections.

In all cases, the main barrier to entry is the level of technological sophistication and in consequence the high cost of developing a new diagnostics system, which can run into millions of Euros. Sharing R&D for technological building blocks makes it possible to maintain the quality and performance of products at a lower cost. This gives ACTIA Group a competitive advantage.

For repair workshop equipment, there is the additional requirement of access to a distribution network and the appropriate services along with brand name recognition.

The competitors of ACTIA include:

- for "multi-make" diagnostics, the main competitors are Swedish, German and Italian. The Group has taken several initiatives to produce ergonomically designed equipment and adapted to capacity requirements for general maintenance while proposing an offering of complementary services, some of which are now accessible through the ACTIA Connect functionality rolled out in 2014;
- in the technical inspection segment, the major competitor is German;
- the fleet segment is highly competitive and ACTIA occupies a position focusing on market niches. For equipment, key players include in particular Continental, Transics, Elocom, Oleane-Martec or Faiveley. For data processing, a number of players coexist, including large generalists, data specialists, and small, opportunistic competitors.

- Operating highlights

The 2016 financial year has been a very good one for the Aftermarket business.

In multi-make diagnostics, the sales drive has borne fruit, and is set to continue with the Multi-Diag 360 product for both independent workshops and the major repair networks.

This year, the technical inspection business has once again benefited in France from the application of the new OTC LAN regulations, which require the setting up of a secure communication protocol, but this business will not be recurrent.

In the area of the technical inspection of vehicles, the partnerships with the big inspection groups - SGS, Opus, etc. - have facilitated further international expansion.

Revenue from fleets progressed thanks to the good results of ACTIA Automotive in France and ACTIA Mexico (Central and Latin America).

Altogether, the Aftermarket business was up from €49 to €58 million, which was a very solid performance.

The Manufacturing-Design & Services Business Unit (MDS)

- Products

The MDS business unit designs and manufactures cards and electronic systems for third parties. ACTIA Group focuses on its expertise in segments for embedded electronics. The main customers naturally include manufacturing companies and systems manufacturers in the railway, aeronautics sectors, etc.

ACTIA's manufacturing capabilities meet the most stringent quality criteria both in the automotive sector (medium-sized and long production runs) and aeronautics, railway and healthcare sectors (small production runs).

Through its two-pronged manufacturing operations in France and Tunisia, the Group is able to meet all internal production needs in line with the highest quality standards, as well as the needs of customers for whom quality control is a strategic factor.

ACTIA Group in this way offers a series of services ranging from the design to the manufacturing of electronic cards, not to mention testing and integration.

ACTIA also possesses specific expertise in long-term maintenance for complex electronic systems with a team of experts with a platform for monitoring component obsolescence. On this basis, it is able to:

- monitor systems;
- propose alternative solutions on a predictive basis;
- make any necessary changes;
- carry out functional validations;
- manage related documentation.

This business is built directly on expertise acquired from providing Operating Maintenance Services (OMS) for our own products, ranging from in-depth knowledge of systems that need to operate for many more years, to redesigning sub-assemblies in order to add new components, to repairing defective parts, and in-depth and constantly updated studies on the obsolescence of electronic components including the recommendations with respect to their eventual replacement.

With continued focus on improving industrial performances and best quality, the Group was rewarded for its efforts in 2008 by the first NADCAP certification (National Aerospace on Defense Contractors Accreditation Program) in Europe for special assembly processes for electronic cards for which certification has since been renewed. The Toulouse plant has also been certified IRIS (railways) and ISO TS 16949 (automotive). The aircraft equipment activity has also been covered by Part 145 certification for repair stations.

This striving to improve performance is regularly rewarded by prizes such as that of the PFA (automotive and transport industry association) for the best progress in the Industrial Efficiency category.

❖ The market

ACTIA Group addresses the market for small and medium production runs, with facilities capable of meeting the most stringent quality criteria.

Focused on its own products, the Group is strengthening services to automotive, aeronautic, railway or even home automation and healthcare sector customers in order to satisfy their own requirements both in terms of cost and quality, and to apply these standards to its own products.

In the area of long-term maintenance, the market is concentrated on companies with products and equipment having very long life cycles with replacement costs that are much higher than the cost of Operating Maintenance Services (OMS), notably for the nuclear and civil and military aeronautic sectors.

❖ Customers

In 2016, Airbus was once again the largest contributor to revenue, though the customer base remains large and diversified.

Electronics manufacturing services are offered to all industrial operators looking for high quality, small and medium production runs. The Toulouse site services in particular the aeronautics industry, railway and healthcare segments. The Tunisian sites produce medium- and long production runs, and are more specifically focused on the automotive and home automation sectors.

In the field of long-term maintenance, our main customers are major industrial users of systems with very long life cycles (up to 30 or more years).

❖ The competition

Apart from the major large-scale Asian manufacturers, there are fewer and fewer competitors in Europe.

❖ Operating highlights

In 2016, ACTIA continued with its program of modernizing and extending its production facilities. The high capacity SMD (Surface Mounted Devices) line in Toulouse is fully operational in line with the planned schedule.

In 2016, the business grew by 15% to €45.4 million versus €39.4 million in 2015.

5.3.2 Telecommunications Division

The Telecommunications Division operates in four markets:

- Satcom (SAT);
- Energy/Aeronautics/Defense (EAD);
- Broadcast/Railways/Transport (BRT);
- Infrastructure/Networks/Telecom (INT).

The Telecommunications Division's contribution to Group results was as follows:

Telecommunications Division contribution to results (€k)	**2016**	**2015**	**2014**
Revenue	**39,196**	33,313	39,088
Current operating income	**3,217**	1,538	3,327
Operating profit/(loss)	**3,284**	1,757	3,149
Net income (A)	**3,304**	1,554	2,851
Tax (B)	**(160)**	150	92
Impairment of goodwill (C)	**0**	0	0
Interest expense and other financial charges (D)	**75**	85	100
Depreciation and amortization (E)	**1,157**	1,110	2,827
EBITDA (A) + (B) + (C) + (D) + (E)	**4,373**	2,898	5,871

These figures are presented in accordance with Note 18 in the Notes to the consolidated financial statements, "Operating segments".

The Group's management control reporting provides the following breakdown for sales between the four businesses:

Business activity (€k)	**2016**	**2015**	**2014**
SAT (Satcom)	**19,226**	18,156	20,870
EAD (Energy/Aeronautics/Defense)	**9,250**	7,864	7,888
BRT (Broadcast/Railways/Transport)	**5,464**	2,755	5,251
INT (Infrastructure/Networks/Telecom)	**5,257**	4,538	5,079
TOTAL	**39,196**	33,313	39,088

The Telecommunications Division (9.1% of Group sales) with revenue up by 17.7% achieved operating profit and a profit for the period greater than in 2015.

Satcom Business Unit (SAT)

- Products

Using technologies developed in the power amplifier and signal processing sector, the Telecommunications Division has established itself in the field of satellite telecommunications earth stations, creating complete, easily transportable systems that meet the needs primarily of the military sector for armed forces deployed in foreign theaters of operation but also of civilian telecommunications markets.

ACTIA Group also offers related products, such as amplifiers, transmission/reception sub-assemblies, and products and solutions for monitoring earth stations, to various systems manufacturers in markets in which it cannot provide a full service.

- The market

This market is above all national. For nearly 15 years, the Group has supported the different programs of the French defense procurement agency (DGA) relating to the military telecommunications segment, through multi-year contracts. These also include Operating Maintenance Services (OMS) for stations for periods of more than 10 years after delivery. The last contract signed in partnership with Airbus Defense & Space began in early 2013, through the COMCEPT program.

Addressing these same telecommunications needs, the Group has also developed relations at the European level, winning its first contract with NATO in 2008, which has been regularly supplemented by annual amendments.

The civilian sector is split between several carriers as well as leading systems manufacturers.

- Customers

The armed forces, whose requirements are classified, are the main customers of this segment, directly or indirectly via large private or semi-state companies, leading systems manufacturers in the Telecommunications or Broadcast sectors.

In the civilian or TV/radio sector, customers are satellite telecommunications operators or service bundlers in France and abroad.

Efforts to acquire new customer base should focus on effectively leveraging the successes achieved in France.

Recent opportunities have arisen with customers in Russia and the Middle East looking for an alternative to American products. The ability to deal with export license issues and classification as 'dual-use items' has become an essential part of our drive for international growth.

- The competition

The competitive picture is very complex, especially in the satellite telecommunications sector, due to the size of the competitor companies, the projects and political and economic factors.

In the area of integration of earth stations, competition is represented by major telecommunications groups. THALES is both a customer in France and is often also a competitor in export markets. ACTIA's production facilities are in competition with their own factories.

In the area of equipment, the main competitors are American (CPI, XICOM) and, until 2014, they benefited from a particularly favorable Dollar exchange rate. A more favorable exchange rate currently makes our offer of amplifiers more competitive (recent success in Egypt). Spain, with the assistance of Europe, has been able to develop a very competitive space-based telecommunications industry (ACCORDE for amplifiers).

In the area of the installation of fixed stations, the Group faces companies like Metracom in France, GDSatcom in Germany, Pals in Turkey, S3 in the United Kingdom, and Indra in Spain.

- Operating highlights

The 2016 financial year for the Satcom Business Unit was marked by the following highlights:

  - continued production of COMCEPT ground segment terminals with ongoing manufacturing of Ka band stations for the French Defense Procurement Agency (DGA) and new orders received at the beginning and end of 2016, which will keep the production lines busy until mid-2017. The contractual phase of OMS for these stations is running smoothly with positive initial feedback concerning the stations already deployed;
  - the setting up of demonstrations of our Ka terminals for the Ministry of the Interior, during the EURO 2016 football tournament, for example, to provide an emergency communications network resistant to saturation affecting terrestrial systems (mobile telephony);

- the successful move from the factory acceptance milestone for very large trailer-based stations for a very important satellite operator in the United Arab Emirates;
- a new contract was concluded with Eutelsat for a station in Australia;
- the delivery of stations in Morocco, just in time to be used for the general election in Morocco and during the COP22;
- the finalization of negotiations for new amplifier contracts with TCS, TAS and AIRBUS;
- finally, ACTIA was selected by AIRBUS for the industrialization and production of embedded boards for satellites for the ONE WEB constellation project.

Energy/Aeronautics/Defense (EAD) Business Unit

❖ Products

- Energy: with experience of more than 40 years in control units and supervision of electricity networks, the Group provides a full range of equipment for electrical power transmission and distribution.

  The Group accordingly proposes a complete range of products and systems adapted to smart grid networks in France and international markets, including:

  - remote control systems;
  - digital command and control unit systems for source substations;
  - Advanced Network Functions (ANF) for delivery point substations;
  - high capacity managed stations (RTU);
  - event recorders;
  - communications gateways;
  - high-voltage switch boxes;
  - IP modems, SIGFOX, etc.;
  - remote security systems for renewable energy installations (photovoltaic, wind power);
  - Turnkey solutions: control rooms, communications networks...
- Aeronautics - Defense The Group designs and provides long-term equipment maintenance in addition to offering a full range of services, on-board products and systems for different applications.
  - Aeronautics: passenger telephony, wireless multimedia, on-board calculators, test benches, etc.;
  - Defense: design and durability of transmission, telephony, data, image video products, radio navigation equipment, calculators, optronics, test benches, etc.

❖ The market

- Energy: the introduction of new smart grid-related digital technologies, the integration of renewable energies, and the implementation of networks to operate future electric vehicles increasingly require reinforced digital capabilities and the digitization of source substations, a core field of the Group's Energy, Aeronautics, Defense (EAD) business unit.
- Aeronautics - Defense: The defense market is based mainly on providing Operating Maintenance Services (OMS) for equipment and the provision of specific transmission systems and test bench services.

❖ Customers

Primarily focused on French speaking markets, the major customers are:

- Energy: ENEDIS, RTE, SNCF for the French market, and for export markets, Electricité du Burundi, ONCF and ONE in Morocco, Togo, Benin, Luxembourg and a strong position in the segment for insular networks (Tahiti, Mayotte, etc.).
- Aeronautics: leading integrators and airlines.

❖ Partners

- Siemens for the PCCN contract for digital substation equipment (ENEDIS).
- ICE for the PCCN and Electre contracts (RTE and ENEDIS).
- Fournié Grospaud for the remote control system contract for the high-speed train in Morocco.

❖ The competition

In the Energy sector, our competitors consist mainly of French or foreign companies, significantly larger than us, such as ENGIE, General Electric Grid and Schneider.

Certain major groups may also be both competitors and partners as, for example, Siemens for the digital control centre (PCCN) contract for digital substation equipment.

For our Aeronautics/Defense activities, competition is more fragmented and involves specific projects through close relationships with our customers.

❖ Operating highlights

- Energy: this activity continues to be driven by the development of the digitization of source substations for energy transmission or distribution and monitoring electrical power networks. Work has been pursued to address the arrival of new ranges of equipment devoted to the smart grid networks.

  2016 enabled us to strengthen our position with RTE by winning the next Smart Electre phase which will be deployed from 2020. ACTIA also successfully completed the Advanced Network Functions project with ENEDIS as a complement to our Mini-PCCN solution.

Supervision units and PCCN automation

- Aeronautics - Defense: As part of our strategy to strengthen our positions in this market, we decided to boost our test bench business.

Broadcast/Railways/Transport (BRT) Business Unit

❖ Products

- Broadcast

  ACTIA Telecom offers products, systems and services to broadcast operators who wish to measure the quality of their digital radio broadcast service, and to companies operating wind farms in order to test the impact of their deployment on DTT broadcasting.

  Thanks to its two-fold experience as a designer of both broadcasting products and monitoring solutions, ACTIA Telecom offers expertise as a system architect and expertise on site.

  Our solutions:

  - flagship station;
  - broadcast transmission;
  - broadcast contribution;
  - wireless transport (satellite, Wi-Fi…);
  - live video-over-IP.

  Signal processing, Radio Frequency (RF) transmission and High-Frequency (HF) installation and setup are also part of the expertise deployed in the industrial activity where the BRT BU proposes solutions for industrializing and manufacturing HF equipment.

- Railways – Transport

  In early 2015, building on expertise in developing railway safety products, RF and HF transmissions and also an ability to produce high quality small production runs, ACTIA Group decided to group its railway business in France within ACTIA Telecom in the Broadcast/Railways/Transport operating unit at the Millau site in Aveyron (France). As the logical continuation of this approach, the rail business was organized around the dual hub of Madrid/Millau, thus benefiting from an R&D team specializing in the railways sector with over 50 people and a far larger sales force. As a result, ACTIA Telecom now designs and supplies systems and equipment for the users of transport services, for train to trackside transmissions and trackside safety.

  Our solutions:

  - Visual and audio information systems for passengers, including monitors, LEDS and LCD displays, intercom's, speaker systems, dynamic route maps, servers and ground applications, … (jointly developed with ACTIA Systems in Spain);
  - On-board, real time video-surveillance systems, either autonomous or managed from trackside (jointly developed with ACTIA Systems in Spain);
  - Secure, wireless announcement systems (SIL4) for trackside workers;
  - Specific train to trackside transmission systems adapted to all types of transport environment;
  - High-voltage detection equipment.

❖ The market

- Broadcast

  After the migration to digital radio and television that opened up a new segment where the Group achieved some noteworthy successes, the market is currently focused on maintenance and equipment renewal.

  ACTIA Telecom remains a solutions integrator and supplier of Operating Maintenance Services.

- Railways – Transport

  The development of the **railway market** is driven by urban development and the resulting public transport challenges but also network repairs (aging infrastructure).

  For rolling stock, evolving passenger needs, increasing safety challenges and the requirement for operators to optimize circulation flows is driving a growing demand for the systems proposed by ACTIA Group in terms of passenger information, high-definition video surveillance and the adoption of broadband communications systems for transmitting video, sound and data.

  For infrastructure, the need for network repairs, the challenges with respect to competitiveness and worksite safety, combined with the requirement to maintain traffic result in strong demand for trackside safety systems. Within this framework, ACTIA Telecom provides innovative, rapid to implement and secure wireless announcement systems (SIL4).

❖ Customers

- Broadcast

  The French market is divided into three segments:

  - Broadcasters and infrastructure operators such as TDF, Towercast, etc.
  - Local government in France
  - Content operators with televisions stations

  In export markets, customers are primarily broadcasting operators in Europe and North Africa.

- Railways – Transport

  The market is driven, for on-board equipment in rolling stock, by the regional, national and urban transport manufacturers and operators, and, for trackside safety, by the transport equipment lessors and operators, and the announcers or managers of railway development sites.

  For ACTIA Telecom, the SNCF, the manufacturers ALSTOM (Metro, RER, Trains) and SIEMENS (automatic metro) are currently the principal customers.

- The competition
  - Broadcast

    ACTIA Telecom is positioned in the low-power TV broadcaster market. Its main competitors are similar-sized European companies also leaders in their domestic markets.

    The leading companies in the high-power TV broadcaster market may become competitors in high level tenders.
  - Railways – Transport

    The historic competitors, suppliers of transmission solutions or passenger information systems remain present in the French and European markets. New competitors originating from different sectors (manufacturing, services, etc.) and geographical regions outside Europe are attempting to penetrate these markets.

    The competitors in the market for announcement systems are European. The barrier to entry is high in the European market (stringent requirements and rigorous standards such as SIL4 resulting in costs and approval delays).
- Operating highlights
  - Broadcast

    Sales were driven mainly by monitoring equipment where ACTIA Telecom has a well adapted product offering and good awareness. ACTIA continues to win new export contracts, and the business is fairly stable.
  - Railways – Transport

    The railways business is growing, and highlights in 2016 were:
    - the production of transmission equipment for automatic metros produced by SIEMENS and new generations of high voltage detectors for ALSTOM;
    - sustained R&D activity.

    Thus, in 2016, new products were developed including information systems for passengers and video surveillance in the Paris metro for RATP (MP14 program) on behalf of ALSTOM, as well as high voltage relays and voltage detectors, cabinets for the SNCF, and certified trackside alarm systems.

Infrastructures/Networks/Telecom (INT) Business Unit

- Products

  Over the last 16 years, ACTIA Telecom has developed a broad range of telecommunications network infrastructure solutions for mobile phone, ADSL broadband and also broadcast and railway applications.

  This offering is developed, qualified and manufactured by our Manosque site (France).

  While proposing optimal solutions in terms of functional needs, ACTIA Telecom combines a mix of production and logistics process adapted to rapid response time and seasonal deployment requirements.

  Baie outdoor

  Today this offering ranges from simple electrical powering products up to complex and full systems for the creation of a global broadcasting site incorporating significant innovations and an integrated ecological approach. These include:
  - outdoor units;
  - low voltage power supply systems;
  - continuous power supply systems;
  - rapid deployment telecommunications sites;
  - mobile, truck- or trailer-mounted telecommunications sites;
  - and complementary solutions: fixed or mobile shelters, protection system against lightning, galvanic isolation system, etc.
- The market

  Increasing communications needs offer the ACTIA Group growth opportunities based on ease of implementation and the service quality offered.

- Customers

  Primarily focused on the French market, the major customers are: SFR, Bouygues, Benning and Orange on the deployment of an ambitious national plan for increasing broadband speed. Several new possibilities are opening up in the export market, in particular in Morocco with the unbundling program launched in 2015.

- The competition

  In the market for French developers and carriers for fixed and mobile phone services, our main competitors are companies of intermediate size based in France, which have in many cases adopted a strategy of vertical integration. We also are witnessing the emergence of competition from Eastern Europe and Asia through French subsidiaries.

- Operating highlights

  The supply contract signed with Orange for outdoor units for the deployment of broadband ADSL in scarcely populated areas, in line with government objectives promoting universal digital access remains in force with several sites delivered in 2016 and the same volume expected in 2017. Adjustments to the product offer have enabled us to prolong the contract into 2021 and also to use it for the deployment of optical fiber.

  ACTIA Telecom also delivered products to Bouygues Telecom and SFR/Numéricâble for supply to GSM 4G sites.

5.3.3 Competitive position

In general and for the Group overall, regardless of the division, it should be noted that because of the niche strategy targeted and developed by ACTIA, it is not possible to provide a clear and precise presentation on overall competitive positioning as no official source exists that adequately fits our specific profile.

This strategy has made it possible to position ourselves in product niches that meet certain "specific" customer needs. For this reason, homogeneous segmentation for the purposes of peer group comparisons is difficult to achieve, since competitors cover only a portion of the products developed by ACTIA while the Group does not have the same offering as they do.

In general, market data is difficult to obtain. For example, in our OEM business, ACTIA Group has strong global penetration in the multiplexing field for buses and coaches, but specific data quantifying the "number of buses and coaches" likely to use this technology does not exist. The number of buses and coaches manufactured worldwide can be found but the multiplexing technology only targets top-of-the-range buses and coaches. In addition, certain countries such as China and India have begun to incorporate these technologies and the market share that they represent now and in the near future is not known, all the more so given that these are fast growing markets. Relevant statistics can be found but they are only partial. As such, they do not make it possible to produce quantitative data for the worldwide market in which the Group operates.

5.3.4 Factors materially affecting the operating results

The tables presented below represent audited figures.

	2016			2015			2014
	First semester	**Second semester**	**TOTAL**	First semester	Second semester	TOTAL	
TOTAL Sales (excluding inter-company sales)	**221,772**	**209,876**	**431,648**	183,040	198,168	381,208	339,894
o.w. Automotive	200,139	192,208	392,347	166,144	181,664	347,808	300,728
o.w. Telecommunications	21,591	17,606	39,196	16,858	16,455	33,313	39,088
Current operating income	**12,958**	**13,177**	**26,135**	7,609	12,203	19,812	21,482
o.w. Automotive	11,672	11,472	23,144	7,673	11,442	19,115	18,880
o.w. Telecommunications	1,643	1,573	3,217	407	1,130	1,538	3,327
Operating profit/(loss)	**13,270**	**13,091**	**26,361**	7,521	12,231	19,752	21,351
o.w. Automotive	11,694	11,617	23,311	7,491	11,368	18,859	18,927
o.w. Telecommunications	1,938	1,347	3,284	500	1,256	1,757	3,149
Net income/(loss)	**10,902**	**10,383**	**21,285**	4,676	11,485	16,160	15,126
o.w. Automotive	9,165	9,104	18,269	4,356	10,727	15,083	12,657
o.w. Telecommunications	1,884	1,420	3,304	621	933	1,554	2,851
Current operating margin (%)	**5.8%**	**6.3%**	**6.1%**	4.2%	6.2%	5.2%	6.3%
o.w. Automotive	5.8%	6.0%	5.9%	4.6%	6.3%	5.5%	6.3%
o.w. Telecommunications	7.6%	8.9%	8.2%	2.4%	6.9%	4.6%	8.5%
Operating margin (%)	**6.0%**	**6.2%**	**6.1%**	4.1%	6.2%	5.2%	6.3%
o.w. Automotive	5.8%	6.0%	5.9%	4.5%	6.3%	5.4%	6.3%
o.w. Telecommunications	9.0%	7.6%	8.4%	3.0%	7.6%	5.3%	8.1%

With growth based on production ramp up for telematics portals, ACTIA Group's operating characteristics remained largely unchanged. In effect, the Group's profitability was lower in the first half reflecting prices negotiated with customers as from January 1 of the period and the measures to restore margins by lower component prices, also applied as from January 1 by our suppliers, but only impacting the income statement in the middle of the first half due to sourcing and production time lags. However, the very strong business in the first semester for technical inspection, related to the regulatory changes that came into effect on July 1, 2016 in France (OTC LAN), helped to considerably offset this effect in 2016.

With the characteristics of the Telecommunications Division, whose structure depends on fixed costs, the very good level of business in 2016 enabled profitability to grow significantly despite an increase in purchases consumed associated with sales of equipment for telecommunications network infrastructure (mobile telephony).

Concerning the Automotive Division, changes in the product mix with an increase in the share of long production runs and lower sales from studies also contributed to a slight decline in the margin. However, this was offset by the efforts made to reduce purchasing prices, control internal costs and improve factory productivity, which had the desired effect. This year, the fluctuations in the EUR/USD exchange rate did not have a material impact, the hedging instruments having allowed the Company to function at more or less constant exchange rates over the year, with an average purchasing rate in 2016 of 1.1658 vs. 1.1716 in 2015.

Finally, new production equipment both in Tunisia (in 2014) and in France (in 2015 and early 2016) made it-possible to absorb capacity requirements while continuing to improve productivity.

5.4 Trend information

5.4.1 Material events after the end of the reporting period

There were no material events to report between the end of the reporting period and the date of this document.

5.4.2 Targets – Performance and outlook

Sales performance

Due to a greater reliance on multi-year contracts and the first effects of new growth in rail, electric vehicles and energy, ACTIA Group has set itself the objective of consolidating the record level of business achieved in 2016.

Outlook

With a diverse customer and market mix, it is difficult to present ACTIA Group's future short-term prospects. However, the successes enjoyed over the past few years should help to ensure a stable level, after three consecutive years of double digit growth, according to the volume forecasts announced by our customers, with new contracts replacing others coming to the end of their terms.

- Automotive Division

ACTIA Group is pursuing its strategy based on know-how developed over a period of more than 30 years during which it has gradually expanded across the value chain. Beginning with specific products addressing a defined set of precisely defined requirements, Group propositions have evolved from a systems-based offering allowing for optimal integration of several products and/or functions to a more global offering. This new offering is built around a system designed to contribute to overall optimization.

Successful inroads in the telematics segment provide a good illustration of this positioning in the value chain, with ACTIA teams having succeeded in imagining and creating the high added value embedded telecommunications platforms of tomorrow. These systems have been successfully sold to major brands of premium vehicles in northern Europe as well as most European manufacturers of industrial vehicles.

- OEM:

  ACTIA Group strategy for automakers is based on supplying advanced systems, built on the Group's technological platforms and adapted to the customers' specifications. These systems integrate equipment and software on an open architecture and modular basis in order to better address all the constraints faced by users. By developing a partnership approach with customers, ACTIA will continue to promote its capacity to tailoring products and/or systems to their specific needs.

  After three financial years of robust growth, driven mainly by the telematics sector, certain product lines will start to decline. However, the commercial successes of 2014 and 2015, which come into production in early 2017, will be able to take up the slack. The commercial successes of 2016 will only affect turnover as of 2018, but will nonetheless generate a substantial workload for the teams in R&D.

- Aftermarket

  The Aftermarket business offers less visibility as sales do not have the benefit of multi-year contracts, unlike OEM. In the absence of regulatory changes for technical inspection, which can help to ensure a good level of activity, turnover can broadly expect to be repeated year on year. The strategy is nevertheless to develop sales activities for the services associated with the equipment and fleet management in order to achieve a greater proportion of repeat business.

  The 2017 financial year should deliver a solid performance following an outstanding 2016 driven by the regulatory changes for technical inspection in France (OTC LAN). In reality, international sales activities for technical inspection and garage equipment and the translation of the first commercial successes in aftermarket telematics (iCAN) should ensure future turnover.

- Manufacturing-Design & Services

  This sector remains a Group cornerstone. The design, industrial scale-up and manufacturing of systems for third parties makes it possible to maintain a cutting edge industrial base with a cost base that is well adapted to the market. The business is expected to remain stable with the arrival of new customers who will take up the shortfall from contracts nearing their end.

❖ Telecommunications

After a 2016 financial year in excess of budget, the Division should put in a similar performance, with the order book currently undergoing consolidation.

- Satcom (SAT)

  This Business Unit will continue to benefit from the COMCEPT contract to produce the network and ground segment on behalf of the French Defense Procurement Agency (DGA) in partnership with Airbus Defence & Space as well as NATO contract amendments in the process of being executed. Its focus in 2017 will be to seek to transform new international calls for tender into contracts, notably pursuant to the 2016 commercial initiatives in the Middle East.

- Energy/Aeronautics/Defense (EAD)

  With the multi-year contract for PCCN and Electre "d" in partnership with ICE and Eiffage for the energy portion, this Business Unit should start showing growth in 2017. Activities linked to the digital transition of energy networks are expected to continue in the coming years.

- Broadcast/Railways/Transport (BRT)

  As it gradually refocuses operations in the transport sector, the Business Unit should bolster its position particularly in the railways segment. Despite a gradual decline in the Broadcast segment, the actions taken should help to stabilize revenue from the Business Unit.

- Infrastructure/Networks/Telecom (INT)

  Continuing to be driven by the introduction of 4G in Europe, and in particular in France, activity for this Business Unit should hold its ground, and remain in line with the level of 2016.

Priorities for 2017

Group priorities remain unchanged for the year ahead

Following on from an excellent 2016, ACTIA plans to continue to act to maintain its level of profitability, by remaining vigilant and alert to fluctuations in the EUR/USD exchange rate that has a significant effect on its purchasing costs, by seeking industrial efficiencies and controlling costs. Business is expected to remain stable, with the commercial successes of the past two years making it possible to replace aging product lines over the coming months. The next major tenders will give greater visibility for medium-term sales.

For the years ahead, the Group will continue to focus on evolving into a provider of advanced, high technology solutions, increasing production capacity, improving total quality, and containing debt while continuing to grow.

5.5 Strategy

ACTIA Group has been experiencing sustained growth for a number of years within a difficult environment, linked to its size in relation to its customers, competitors or suppliers.

To better manage the risks associated with our business and the size of our structure, the strategy adopted is supported by the following four areas:

1. Quality, the essential cornerstone underlying all Group development.
2. Innovation, a critical component of our competitiveness.
3. Securing our business activities in a difficult environment.
4. The Brand to support the Group's long-term viability, indispensable for its financial and strategic independence.

5.5.1 Strategic priorities

ACTIA's core business is designing and manufacturing **embedded systems**. Such systems are divided into four constituent parts:

- an electronic part produced on a printed circuit board on which electronic components are mounted (control units, memory, resistors, inductors, capacitors, etc.);
- a software application installed on the electronic memory board;
- an electrical energy power supply source;
- a mechanical assembly comprised as a minimum of a box and sometimes screens, controls or instruments.

ACTIA is therefore organized around:

- an engineering services department staffed by engineers and highly qualified technicians to design the software, electronic, electrical and mechanical systems making up the embedded systems;
- manufacturing facilities for producing all equipment, downloading software and monitoring the quality of the corresponding system.

The embedded systems make it possible to process external data obtained from sensors, analyze and synthesize the data and provide instructions to the actuators (for example electrical engines, valves, etc.).

ACTIA uses raw materials in the form of electronic components (calculators, memories, resistances, inductors, capacitors, etc.) mechanical units (base, top, front) making up the boxes and items capable of providing electrical power at the desired current and voltage levels.

ACTIA also uses intangible materials, and namely software.

The products thus sold are generally installed on-board vehicles, whether industrial equipment (trucks, buses, coaches, tractors, construction vehicles…), cars, trains, planes, military vehicles, boats, etc. Today these embedded systems are found on every type of vehicle. For example, a modern car is equipped with computing power considerably greater than most commercial aircraft, many of which were designed in the early 80s.

Essentially, this involves equipping vehicles with on-board intelligence with three final objectives:

- vehicle **safety** (automatic triggering of airbags in the event of collisions, blocking safety belts, automatic calls to the nearest rescue platform, etc.);
- **environmental** protection (optimizing fuel consumption by stratification of air and fuel vapor in the pistons before combustion, recycling and processing exhaust gas, efficient management of an engine or battery, etc.);
- vehicle equipment **connectivity** (navigation, hands-free phone, Internet access, films, games, etc.).

In this area, ACTIA devotes a significant percentage of sales to R&D and proactively proposes customers new embedded services for vehicles based on the technological innovations and reliability of the systems it develops.

With an approach focused on sustained development, the intrinsic industrial values of ACTIA are pursued through **several strategic priorities**:

- becoming a leading edge high tech company;
- improving total quality;
- pursuing growth;
- increasing production capacity and quality.

Becoming a leading edge high tech company

ACTIA has a growth strategy based above all on intelligence with work organized around lines of action such as:

- acquiring and maintaining expertise with new development tools, systematic validations, widespread adoption of management and design tools, knowledge management, a network of outside experts, an expanded engineering services department, etc.;
- focus on a modular and scalable design with technological building blocks structured around:
    - a modular architecture in terms of mechanics, electronics, information technology or energy,
    - modules having been validated and able to be reused,
    - taking into account changes in customer needs, evolving market demand and the emergence of new technologies;
- thinking globally to express an innovative vision of systems and services by:
    - imagining and validating the systems of tomorrow for garages and technical inspection service centers, vehicles of the future and vehicle fleets,
    - designing specifications for and developing new products,
    - increasing the strength of the brand image,
    - developing and selling related services.
- Supporting the local environment in all countries where ACTIA is present, with for example:
    - in France, the use of resources supporting innovation: Research Tax Credits, public aid, participation in the IRT Saint Exupéry Excellence Institute in Aeronautics and Space in Toulouse, as well as local competitiveness clusters,
    - in Germany, participating in research groups on recycling,
    - in China, the establishing of partnerships with the ecosystem constituted by the public authorities, vehicle manufacturers and technological partners, making use of the support for innovation.

Improving total quality

For the Group's specialization in electronic equipment a **total quality** approach has been implemented, recognized by several certifications.

ACTIA has adopted a continuous improvement process with the implementation of the lean manufacturing approach built around:

- formalized and applied processes;
- shared intelligence and accountability;
- an arsenal of tools;
- management guided by indicators;
- a process of continuing improvement;
- reducing waste.

Management is consequently based on the principle of a learning organization open to new technologies, managing disruptions and continuing training throughout the careers of employees.

Pursuing growth

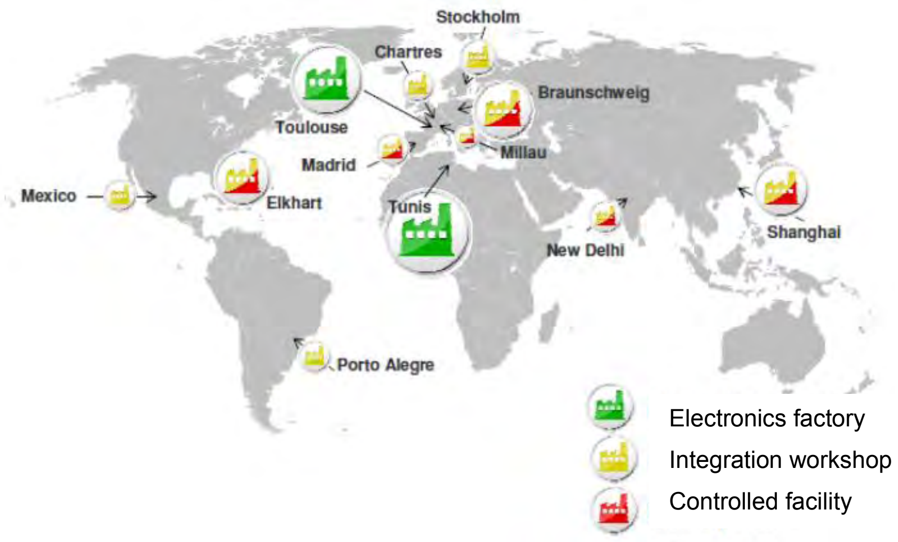
On the strength of its first strategic priority based on technological innovation, quality and competitiveness, ACTIA Group, a midcap family owned business must ensure its sustainability over the long-term, pursue its diversification and, as a consequence, maintain its growth trajectory and focus on highly profitable markets.

This growth may be pursued by focusing on three areas:

- diversification within its core area of expertise of embedded systems;
- diversification towards the urbanization of systems;
- geographic growth in countries with strong industrial and commercial potential, particularly in China and the United States.

Increasing production capacity

ACTIA Group organizes the industrialization of its products at a worldwide level through electronic factories, integration workshops and controlled manufacturing facilities. To guarantee the capacity of its engineering departments for innovation while maintaining optimal productivity, its tools are supported by an engineering laboratory for Group proprietary processes.



By investing in new production capabilities over the last four years, ACTIA Group has been able to support its recent revenue growth. Ever aware of the latest technological advances, the production equipment is regularly replaced, thus ensuring a high level of performance and increases in capacity.

In order to be able to respond to local requirements and with a view to generating significant business growth, the Group plans to invest in a new electronics factory in the USA.

5.5.2 Research & development as a core ACTIA priority

Since its creation, ACTIA Group's strategy has remained focused on research and development to develop innovative solutions and sources of differentiation for its customers.

ACTIA defines itself through the following values:

- being a quality supplier (human, technical...);
- being agile and capable of moving fast thanks to its industrial integration;
- providing a high level of safety in the solutions it offers;
- understanding the customer's requirements and adapting to them;
- having sufficient financial capacity to undertake joint investments.

Therefore, as part of the core strategy, R&D has always remained a priority even in times of economic crisis that require a very strict approach to resource allocation. ACTIA Group invests heavily in R&D with more than 820 engineers and technicians employed throughout the organization.

The Group's organization has made it possible to set up centers of expertise in specific areas upon which ACTIA can draw to respond to the needs of its customers, with, for example, a center of excellence in Germany for the Vehicle Communication Interface (VCI) communications boards, a tool providing an interface between the vehicle and the diagnostic tool or, in Spain, with infotainment developments, providing dedicated audio and video services for public transport passengers (bus, coaches, trains, etc.).

Through a procedure resulting in Executive Committee decisions, the corporate governance body comprised of the executive officers of the most important subsidiaries and department managers, and validated by the Supervisory Board, major R&D programs are selected that will provide the foundations, by business, of tomorrow's strategy.

The challenges

In response to needs expressed internally and in light of the requirements of the highly competitive market for embedded systems and societal changes, there are many challenges to be met.

ACTIA must respond to the following major challenges:

- Strengthen the competitiveness of offerings for customers and users

  In view of the existing competition and the advent of new players in low cost countries such as China, Korea, India and Brazil, the challenge for a French midcap company (ETI) is to improve on the economic performance of its products: costs of acquisitions, operating costs, improving technical performance and reducing costs and lead times: development, time-to-market, redesign...

- Improve the efficiency and attractiveness of transportation systems

  With traffic for public transport expected to double, it is necessary to develop new concepts, while guaranteeing a high level of performance in terms of punctuality and customer satisfaction. Technology is being deployed to increase vehicle uptime, and in this way transforming it into a service rather than an object.

- Developing new applications and associated services

  New applications have already been identified in the areas of mobility, particularly urban, agriculture, the digital divide… On-board systems represent a formidable driver of innovations of interest for many other areas.

- Become a major contributor to sustainable development

  The objective is to reduce the environmental footprint of products and services (reducing consumption of resources, particle emissions, sound emissions, dismantling aircraft, etc.), developing new approaches for monitoring and managing the environment, taking into account new applications.

- Guarantee the safety, security and resilience of products and systems

  Despite increased complexity and threats that could potentially affect the use of different products and systems ACTIA Group must guarantee a very high level of safety and security through intelligent connected systems, while participating in the process of building confidence between the consumer, manufacturers and the networks.

The drivers

To address these industrial priorities, ACTIA will pursue its research and development based on **strategic drivers** to respond to the challenges in the area of embedded systems.

A number of these challenges will require breaking down new technological barriers or increasing the scope of innovation initiatives focusing on selected priority areas, and namely:

- increasing the performances of industrial vehicles: Multiplexing - Smart power - ARM - Linux;
- designing new architectures and innovative configurations: Standardization - Openness - Flexible solutions - Ethernet;
- optimizing and improving the work environment for drivers: Driver cabin ergonomics - Eco-driving - Intelligent Transportation Systems;
- optimizing and improving the work environment of garages: Diagnostic Tools - Connected Garage - Mechatronics;
- efficient and dynamic energy management for vehicles: Electrical vehicles - Hybrid solutions - Embedded climate control systems;
- general adoption and automation of supervision, diagnostics and maintenance: Safety - Operational security - Autonomous conduct - Battery management;
- exploit new technologies to develop new applications: Understanding behavior – Multimodal (combining several types of transport) - ITS (intelligent transport system) – GIS (geographical information systems).

5.5.3 ACTIA and its technological environment

In response to these growing markets and challenges, in particular technological, for the sectors concerned, the Toulouse-Midi-Pyrénées region today occupies a specific, original and key position both at the European and global levels.

In this unique local context, ACTIA is integrated within this remarkably dynamic process of structuring and organizing players engaged in the Midi-Pyrénées region. This active engagement as a stakeholder is exemplified in particular by our participation in the following:

Type of relation	Designation
Relationship by market segment	Aeronautics - Space - On-board systems: TOMPASSE: regional strategy committee for the industry
	Rail transport: MipyRail
	CNPA: French National Federation of Automotive Industry Professionals
	Automotive: Automotech (ARIA - PFA)
	Workshop and diagnostic equipment: GIEC
	Electronic manufacturing: PLEIADE (WE Network)
	Medical: BioMedicalAlliance (BMA)
Relations with the Clusters	Aerospace Valley, a world-class competitiveness cluster (aeronautics, space and embedded systems)
	Agri Sud-Ouest Innovation cluster
	Cancer-Bio-Health cluster
	LUTB Lyon Urban Trucks Bus cluster (transportation and mobility)
Relations and technology	IRT Saint-Exupéry in Toulouse (aeronautics and space)
	LAAS-CNRS affiliate partners club
	INSA Foundation
	PFI GNSS - Navigation GUIDE innovation platform
	Projects with CEA-Tech
	AFNOR / UTE Obsolescence Group

ACTIA has submitted several applications within the framework of the program for future investments (PIAVE) such as ADEME, FUI, PSPC, ANR, Region-FEDER, Horizon 2020.

In 2016, the following programs were continued or launched:

- Institute for Technological Research **IRT Saint-Exupéry**: positioning of ACTIA is consistent with the challenges and research programs of Saint-Exupéry Technology Research Institute. ACTIA is a member of the Board of Directors; several platforms have today been selected and ACTIA is involved in two projects;
- **VUE-FLEX** (Flexible electric utility vehicle) is a "research and development project for competitiveness" (PSPC) pursued through the French government-sponsored "Investing for the Future" program, spearheaded by the Commissariat General for Investment and run by par BPIfrance. Its aim is to develop a 3.5 ton utility vehicle with an optimized design in terms of electrification, flexibility and intelligence offering a competitive Total Cost of Ownership (TCO) to provide an alternative to today's combustion vehicles;
- E-Tag: helicopter turbine engine micro-hybridization project;
- EBSF-2 (European Bus System of the Future): a European research program for terrestrial transport that takes a comprehensive approach to the bus system;
- BUSINOVA Evolution: a project working on supervising the multi-hybrid propulsion for urban buses;

- IT-Agro project: support for innovation in intensive agriculture focusing on intra-plot modulations for working the soil;
- GENOME: prognosis using a high-speed rotating machine; Health Monitoring;
- RESPECT: a monitoring system for at risk elderly people (a smart footwear insert);
- Fragil-IT: connected health;
- Serious-Games: for training in the field of automotive diagnostics;
- Factory of the future: industrial excellence project, Colomiers (France).

5.5.4 Production of industrial property

With respect to the protection of the intellectual property of its products, ACTIA Group has a legal department responsible for taking all measures involving patents, brands and models. In addition, the Group has recourse on a periodic basis to an outside firm specialized in this area.

To date, several patents have been filed by the Group both at the national and international levels.

Concerning software, ACTIA regularly files source code with the French agency for program protection (APP).

5.6 Investments

The total capital expenditure for property, plant and equipment and intangible assets capitalized by the Group amounted to €19.4 million in 2016 compared to €17.4 million in 2015.

5.6.1 Property, plant and equipment

The details of capital expenditure on property, plant and equipment in the period are set out in Note 5 "Property, Plant and Equipment" in the Notes to the consolidated financial statements of this Registration Document.

In 2016, ACTIA Group continued to renew its computer and manufacturing assets to improve productivity at its manufacturing sites. However, to support continuing business growth, ACTIA has invested in a new production lines at its Toulouse site including an SMD (Surface Mounted Devices) line for scalable high technology long production runs. Following a decision taken in 2015, and installation in the fourth quarter, the first electronic cards were produced at the beginning of the second quarter 2016.

5.6.2 Intangible assets

Information concerning investments in intangibles over the period is provided in the Notes to the consolidated financial statements under Note 4, "Intangible assets". These items relate mainly to research and development.

Research and development expenditure in 2016 amounted to €56.8 million, up 8.1% from the prior year and reflecting increased requirements to support customer programs under development as well as the Group's own programs. The level of re-invoicing of R&D costs therefore declined by 2.7 points to 35.7%, as opposed to 38.4% in 2015, a sign of the very definite trend among customers that increasingly requires a greater portion of specific development costs to be accounted for.

This activity remains of strategic importance, since it enables the Group to maintain a high level of technical sophistication. Information provided by the Group's management control function and presented below summarizes trends in this area:

(€k)	2016	2015	2014
Total cost of R&D	**56,799**	52,524	48,065
Cost of R&D services sold	**20,267**	20,179	22,278
R&D capitalized during the financial year	**7,809**	10,745	8,925
Expensed during the period$^{(A)}$	**28,723**	21,600	16,872
Amortization during the period of capitalized R&D$^{(B)}$	**10,241**	8,493	7,646
Research tax credit recognized under income in the period and grants$^{(C)}$	**5,116**	4,263	3,732
Impact of R&D on the income statement (A) + (B) – (C)	**33,848**	25,830	20,776
Headcount	**824**	742	654

Total R&D costs include payroll costs of the engineers and technicians that work on R&D projects as well as costs that may be incurred for services subcontracted.

It is noted that the Group invests heavily in R&D. In 2016, R&D expenditure amounted to 13.8% of total consolidated sales. Offering specific solutions to its customers, based on recognized expertise and innovation, a portion of certain specific developments may be carried out by clients.

Furthermore, a portion of its work has benefited from research tax credits, grants and/or repayable advances. Also, the level of R&D expenditure incurred by the Group recognized in the income statement, excluding the portion invoiced to customers and government subsidies, increased to 7.8% of sales in 2016 from 6.8% in the prior period. The portion of capitalized R&D expenditure was 13.7% in 2016, down in comparison to 2015, when it reached an exceptional level. And reflecting significant investments in recent years, the level of allowances for amortization was up 20.6% to €10.2 million.

The increase in R&D expenditure in the 2016 income statement of nearly of €8.0 million was nevertheless absorbed by the activity.

Able to benefit from the expertise of its Swedish engineering services department, accredited by the Ministry of Higher Education and Research for its work in the field of telematics, in co-development with the Toulouse-based engineering department, ACTIA Group received funding in the form of a research tax credit and subsidies amounting to €5.8 million, up 26.5% on the prior year.

At the divisional level, the breakdown is as follows:

Automotive Division

Figures presented in these tables are derived from the management control reporting systems.

R&D expenditure in 2016 totaled €48.4 million compared to €46.4 million in 2015, breaking down as follows:

(€k)	2016	2015	2014
Cost of R&D services sold	**15,762**	16,976	18,714
R&D capitalized during the financial year	**6,491**	8,980	7,649
Expensed during the period	**26,146**	20,480	15,335
Headcount	**771**	686	616

The share of the cost of R&D services sold declined 7.2% and now represents 32.6% of expenses. Maintaining the practice of taking on R&D expenditure constitutes a major strength of the Group in developing partnership relations with our customers. However, due to the economic context, customers have reduced the amount of R&D costs immediately expensed in favor of amortizing this cost in the price of the finished product.

Telecommunications Division

Figures presented in these tables are derived from the management control reporting systems.

R&D expenditure in 2016 totaled €8.4 million compared to €6.1 million in 2015, breaking down as follows:

(€k)	2016	2015	2014
Cost of R&D services sold	**4,505**	3,203	3,564
R&D capitalized during the financial year	**1,318**	1,765	1,276
Expensed during the period	**2,577**	1,121	1,527
Headcount	**53**	56	38

In addition to multi-year programs, the Telecommunications Division has also launched the development of products within the framework of new commercial successes. The level of re-invoicing was maintained in this division, with the military telecommunications and energy programs benefiting from a higher level of customer commitment.

5.6.3 Committed future investments

On the date this document was issued, the Group had budgeted a certain number of investments relating to its normal operating activities.

These programs concern R&D with the continuation of the developments committed to in 2016 in the area of telematic portals as both OEM and for the Aftermarket, the "connected" garage and technical inspection equipment to adapt to changes in the regulations in France and elsewhere, and in the area of Digital Control and Command Centers for telecommunications.

Following three years of very strong growth, and the adaptation of the existing production facilities (France and Tunisia) by installing new, leading edge production lines to cater for changing technologies and increase capacity, ACTIA has returned to a strategy of renewing equipment, especially in Tunisia. Therefore, with a less significant level of investment, the production equipment continues to be maintained at optimal levels.

Concerning production capacity, ACTIA Group is looking into setting up a production facility in the USA in order to support the sales drive in North America, with its rich development potential for ACTIA.

As for real estate, a number of operations are underway that will provide the Group with the extra room it needs or help to optimize existing premises. In fact, our Spanish and Tunisian (engineering services) subsidiaries have started ambitious real estate programs. The Spanish subsidiary already occupies its entire site at full capacity with constantly increasing headcount and is the owner of its property through SCI Los Olivos (see 5.9.1 “Existing or planned material items of property, plant and equipment"). An extra floor is currently being added to the existing building to help meet the office space needs for the next five to ten years.

Concerning Tunisia, a building is also under construction that will house all the employees of the ARDIA engineering services office on land belonging to the Group. Similarly, an industrial building for ACTIA Tunisia will house the integration and testing activities of the subsidiary. For an identical level of rent, we will become the owner of two completed buildings, whereas we are currently only tenants.

Finally, in France, for the two sites in the Toulouse region, the end of the leaseback arrangements means new investment capacity with no significant impact on cash flows. Therefore, building permits have been filed with the Town Halls for the construction of a new building in Toulouse (head office) and for the extension of the factory in Colomiers. ACTIA Group is also looking into the possibility of acquiring land for the construction of a new building in Chartres to replace the rented site in Lucé (garage equipment).

5.7 Social, Societal and Environmental Report

CSR disclosures on social, societal and environmental data are based on the financial consolidation reporting scope as stated in Note 3.2, "Consolidated companies" in the Notes to the consolidated financial statements.

The reporting scope is systematically updated to reflect changes in the Group structure.

Data herein covers all Group subsidiaries with an operating activity. However, given the particular situation of the Dutch subsidiary that has only one employee, it has been decided to exclude it as the administrative constraints associated with collecting information are considerably greater than this subsidiary's contribution to Group earnings. Therefore, the following companies that do not conduct any activities requiring resources and direct employees (shared with other organizations and counted within the latter), as well as, since 2015, ACTIA NL, are excluded from the scope:

Name	Registered office	Country	Activity
SCI Los Olivos	Getafe Madrid	Spain	Real estate
KARFA	Mexico	Mexico	Administration of holdings
ACTIA NL	Helmond	Netherlands	Electronics research & manufacturing
SCI SODIMOB	St Georges de Luzençon	France	Real estate
SCI de l'Oratoire	Colomiers	France	Real estate
SCI Les Coteaux de Pouvourville	Toulouse	France	Real estate

Furthermore, in the interests of clarity, information herein is aggregated by segment:

- Automotive France;
- Automotive Europe (outside France);
- Automotive Tunisia;
- Automotive Rest of World;
- Total Automotive;
- Telecommunications (France);
- Total France;
- Total ACTIA Group.

The tables have been produced according to the following methodology:

	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	Total Automotive	Telecommunications	Total France	Total ACTIA Group
	①	②	③	④	⑤	⑥	⑦	⑧
Totals					①+②+③+④		①+⑥ + ACTIA Group S.A.	②+③+④+⑦

It is specified that in the tables and charts, information under the heading "Europe" does not include France which is presented separately.

Finally, figures presented in the following charts and tables are derived from the management control reporting systems.

5.7.1 Employees

For the Group as a whole, changes in headcount including both open-ended and fixed-term employment contracts at December 31 over the last three financial years were as follows:

- 2014 2,762 people (+3.1%)
- 2015 3,067 people (+11.0%)
- 2016 3,268 people (+6.6%)

Human resources and labor relations

Employment

The breakdown in staff at year-end for the last three financial years is presented below:

	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	Telecoms	**Total France**	**Total ACTIA Group**
2014	731	440	855	493	**2,519**	238	**974**	**2,762**
2015	762	487	1,080	495	**2,824**	237	**1,005**	**3,067**
2016	**808**	**514**	**1,129**	**557**	**3,008**	**254**	**1,068**	**3,268**
Change/2015	+46	+27	+49	+62	**+184**	+17	**+63**	**+201**
Change (%)	+6.0%	+5.5%	+4.5%	+12.5%	**+6.5%**	+7.2%	**+6.3%**	**+6.6%**

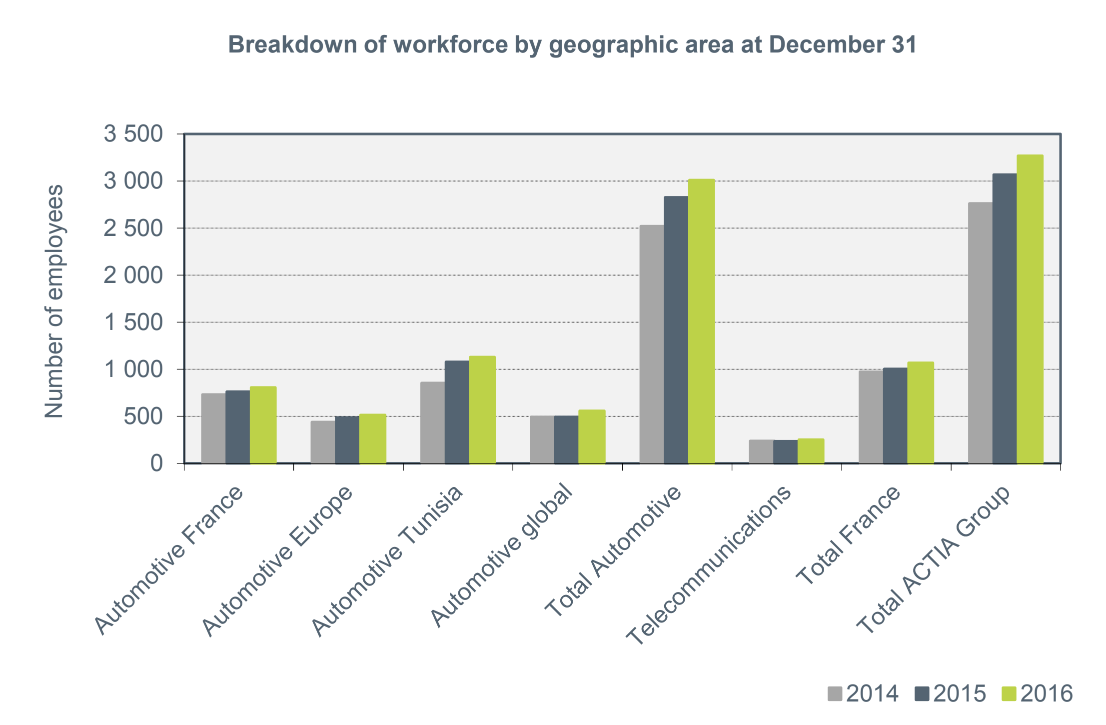
These figures include permanent (open-ended) employment contracts: contracts without a fixed term that may be interrupted only by dismissal, resignation, retirement, a negotiated termination, or other form of voluntary departure, and fixed-term contracts. Employees with an apprenticeship or work-study contract have fixed-term contracts and as such are included in headcount figures.

Furthermore, as of 2016 it was decided to include the corporate officers in the headcount in order to include in these data all the workforce that contributes to creating wealth for the Group.

Changes in headcount vary from one structure to another according to the economic context of the country of the operation concerned and the ACTIA Group's development in the regions where it intervenes. Overall, headcount rose in all geographic regions. This increase mainly concerns:

- men, with an overall increase of 83.1%;
- permanent contracts, accounting for 90.0% of the increase;
- non-management, accounting for 71.6% of the increase;
- from the geographic perspective, the increase was due mainly, in decreasing order, to France followed by Tunisia (mainly for the engineering services activity) and Mexico due to its recent very strong growth.

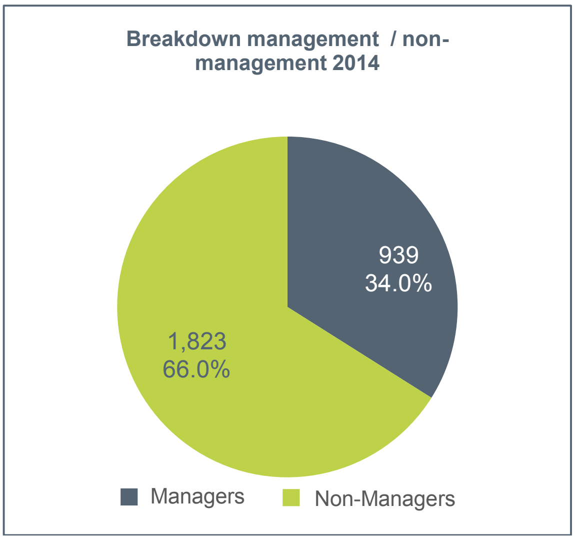
The breakdown is as follows:

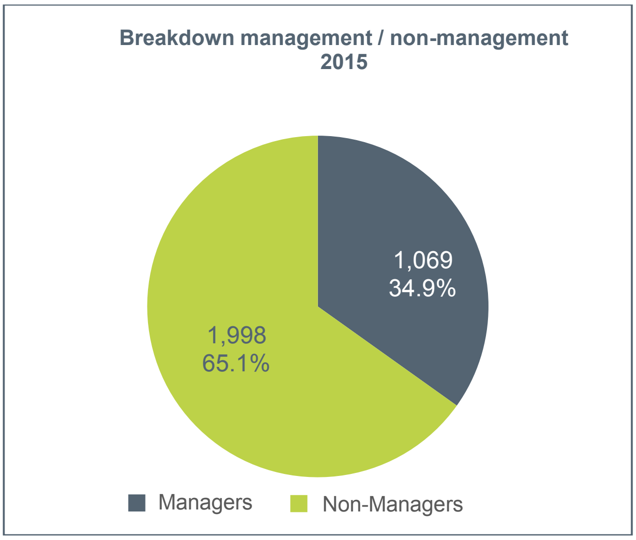


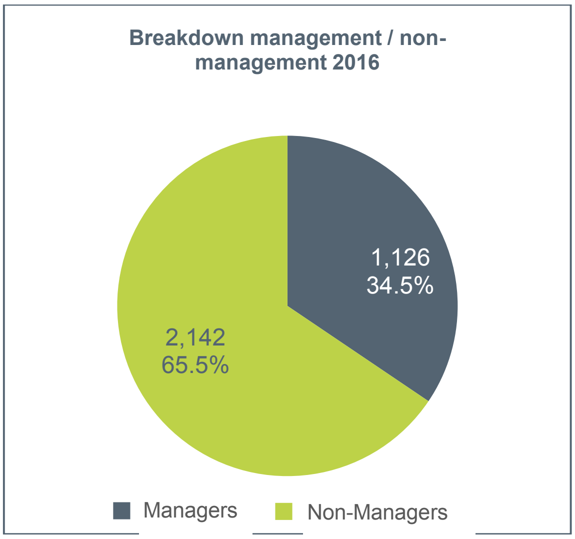
The changes in the management/non-management staff break down were as follows:

Management staff	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	Telecoms	**Total France**	**Total ACTIA Group**
2014	321	56	314	117	**808**	127	**452**	**939**
2015	348	57	390	146	**941**	124	**476**	**1,069**
2016	**374**	**60**	**381**	**177**	**992**	**129**	**508**	**1,126**
Change/2015	+26	+3	(9)	+31	**+51**	+5	**+32**	**+57**
Change (%)	+7.5%	+5.3%	(2.3%)	+21.2%	**+5.4%**	+4.0%	**+6.7%**	**+5.3%**

Non-management	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	Telecoms	**Total France**	**Total ACTIA Group**
2014	410	384	541	376	**1,711**	111	**522**	**1,823**
2015	414	430	690	349	**1,883**	113	**529**	**1,998**
2016	**434**	**454**	**748**	**380**	**2,016**	**125**	**560**	**2,142**
Change/2015	+20	+24	+58	+31	**+133**	+12	**+31**	**+144**
Change (%)	+4.8%	+5.6%	+8.4%	+8.9%	**+7.1%**	+10.6%	**+5.9%**	**+7.2%**







Management / non-management numbers remained broadly stable even if there are disparities in terms of geographic area. Overall, the number of non-management staff progressed significantly in all areas where the Group operates, as a result of the continued business growth enjoyed in 2016.

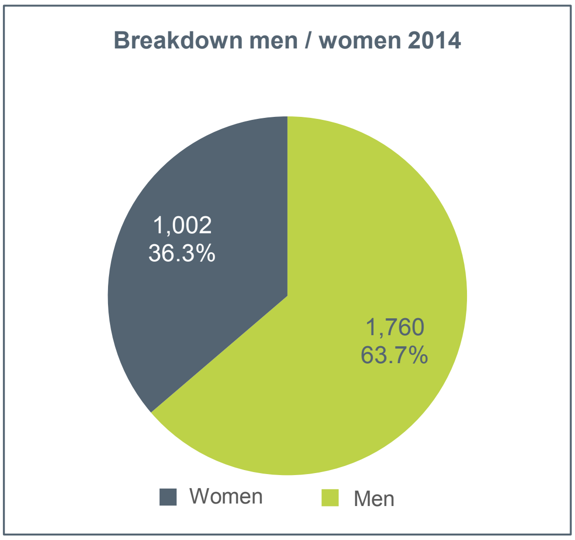
At the end of the financial year, management staff represented 34.5% of Group headcount versus 34.9% in 2015 and 34.0% in 2014. In France, management staff now account for 47.6% of the total workforce compared to 47.4% in 2015 and 46.4% in 2014. This is explained by the size of the engineering services department which represents nearly one quarter of the Group's research and development capabilities.

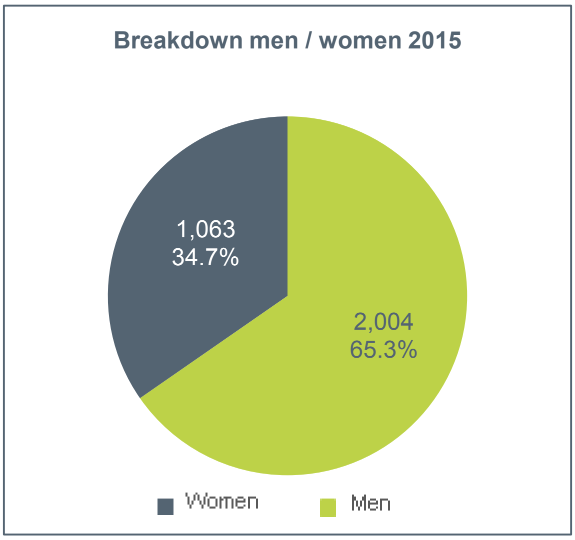
Breakdown by gender: in 2016, there was an average of 33.6% women, but in constant decline; at December 31, 2015, women represented 34.7% of the workforce. This decline, which occurred in all geographic areas, was a consequence of the difficulty of finding candidates in technical professions and management positions.

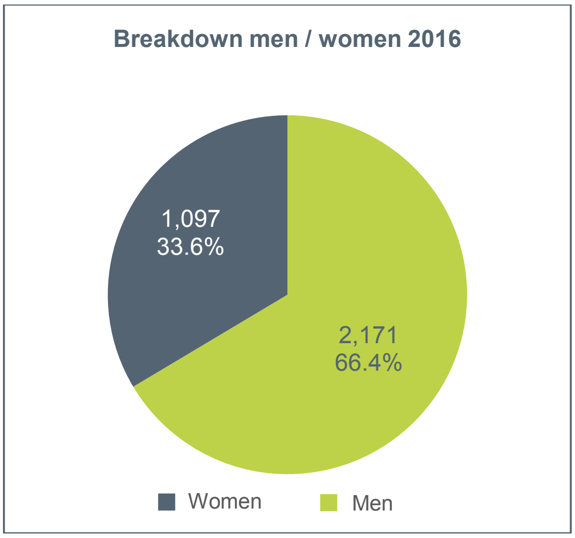
As was the case right across ACTIA Group, in France the numbers of women grew as an absolute number, but due to the overall increase in headcount, the proportion continued to decline.

Men	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	Telecoms	**Total France**	**Total ACTIA Group**
2014	524	343	379	330	**1,576**	181	**708**	**1,760**
	71.7%	78.0%	44.3%	66.9%	**62.6%**	76.1%	**72.7%**	**63.7%**
2015	548	382	568	322	**1,820**	181	**732**	**2,004**
	71.9%	78.4%	52.6%	65.1%	**64.4%**	76.4%	**72.8%**	**65.3%**
2016	**583**	**407**	**606**	**374**	**1,970**	**197**	**784**	**2,171**
	72.2%	79.2%	53.7%	67.1%	**65.5%**	77.6%	**73.4%**	**66.4%**
Change/2015	+35	+25	+38	+52	**+150**	+16	**+52**	**+167**
Change (%)	+6.4%	+6.5%	+6.7%	+16.1%	**+8.2%**	+8.8%	**+7.1%**	**+8.3%**

Women	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	Telecoms	**Total France**	**Total ACTIA Group**
2014	207	97	476	163	**943**	57	**266**	**1,002**
	28.3%	22.0%	55.7%	33.1%	**37.4%**	23.9%	**27.3%**	**36.3%**
2015	214	105	512	173	**1,004**	56	**273**	**1,063**
	28.1%	21.6%	47.4%	34.9%	**35.6%**	23.6%	**27.2%**	**34.7%**
2016	**225**	**107**	**523**	**183**	**1,038**	**57**	**284**	**1,097**
	27.8%	20.8%	46.3%	32.9%	**34.5%**	22.4%	**26.6%**	**33.6%**
Change/2015	+11	+2	+11	+10	**+34**	+1	**+11**	**+34**
Change (%)	+5.1%	+1.9%	+2.1%	+5.8%	**+3.4%**	+1.8%	**+4.0%**	**+3.2%**
% of women / headcount change	23.9%	7.4%	22.4%	16.1%	**18.5%**	5.9%	**17.5%**	**16.9%**







Breakdown by age: this statistic changed as follows:

≤30 years old	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	Total Automotive	Telecoms	Total France	Total ACTIA Group
2014	87	73	345	193	**698**	24	**111**	**722**
2015	92	92	448	185	**817**	13	**106**	**831**
2016	**109**	**98**	**445**	**216**	**868**	**29**	**139**	**898**
Change/2015	+17	+6	(3)	+31	**+51**	+16	**+33**	**+67**
Change (%)	+18.5%	+6.5%	(0.7%)	+16.8%	**+6.2%**	+123.1%	**+31.1%**	**+8.1%**

>30 and ≤50 years old	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	Total Automotive	Telecoms	Total France	Total ACTIA Group
2014	446	277	464	243	**1,430**	129	**577**	**1,561**
2015	440	289	580	252	**1,561**	128	**570**	**1,691**
2016	**443**	**295**	**633**	**261**	**1,632**	**134**	**579**	**1,768**
Change/2015	+3	+6	+53	+9	**+71**	+6	**+9**	**+77**
Change (%)	(1.3%)	+4.3%	+25.0%	+3.7%	**+9.2%**	(0.8%)	**(1.2%)**	**+8.3%**

>50 years old	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	Total Automotive	Telecommunications	Total France	Total ACTIA Group
2014	198	90	46	57	**391**	85	**286**	**479**
2015	230	106	52	58	**446**	96	**329**	**545**
2016	**256**	**121**	**51**	**80**	**508**	**91**	**350**	**602**
Change/2015	+26	+15	(1)	+22	**+62**	(5)	**+21**	**+57**
Change (%)	+16.2%	+17.8%	+13.0%	+1.8%	**+14.1%**	+12.9%	**+15.0%**	**+13.8%**

The changes are uneven from one region to the next, and also from one year to the next.

Whereas the increase in the figures for those under 30 years old was due mainly to Tunisia in 2015, this year that group is slightly down in the country and the 30 to 50 years old bracket increased, unlike the other subsidiaries.

The over 50 years old group also increased in all regions with the exception of Tunisia; this increase can be explained by the relatively low turnover in many Group companies, especially in France, hence the arrival in the over 50 category of a substantial portion of the workforce, and by the gradual increase in the retirement age in many countries where there continue to be substantial increases in this age group.

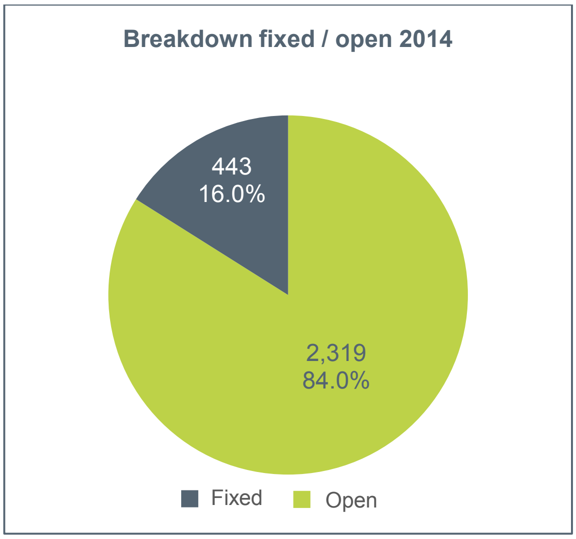
Overall, the increase in headcount was shared across all age groups.

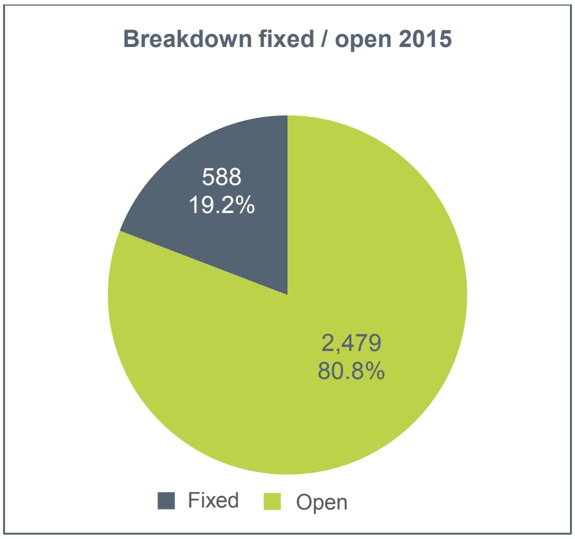
Breakdown of open-ended / fixed-term employment contracts: with 53.1% of recruitments with open-ended contracts, the Group consolidated its headcount to be able to address the level of activity for the financial year. The portion of open-ended employment contracts thus progressed during the 2016 financial year across all geographic areas, with the exception of France where the proportion of open-ended contracts nevertheless remains the highest. Indeed, in France 94.0% of staff had open-ended contracts at December 31, 2016, compared to 94.2% in 2015 and 93.6% at end 2014. Overall, 81.4% of staff had open-ended employment contracts, compared to 80.8% at end 2015. It should be noted, however, that according to local regulations, the length of fixed-term contracts can significantly vary. In Tunisia, for example, the maximum cumulative duration of these contracts is four years which makes it possible to cater more easily to the needs of the business.

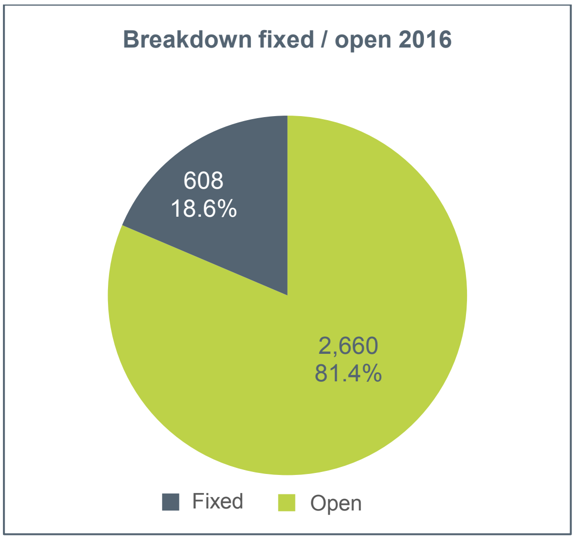
The breakdown between fixed-term and open-ended contracts is as follows:

Open-ended employment contracts	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	Telecoms	**Total France**	**Total ACTIA Group**
2014	676	413	594	400	**2,083**	231	**912**	**2,319**
2015	710	446	700	386	**2,242**	231	**947**	**2,479**
2016	**761**	**468**	**793**	**395**	**2,417**	**237**	**1,004**	**2,660**
Change/2015	+51	+22	+93	+9	**+175**	+6	**+57**	**+181**
Change (%)	+7.2%	+4.9%	+13.3%	+2.3%	**+7.8%**	+2.6%	**+6.0%**	**+7.3%**
Proportion of open-ended employment contracts	94.2%	91.1%	70.2%	70.9%	**80.4%**	93.3%	**94.0%**	**81.4%**

Fixed-term employment contracts	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	Telecoms	**Total France**	**Total ACTIA Group**
2014	55	27	261	93	**436**	7	**62**	**443**
2015	52	41	380	109	**582**	6	**58**	**588**
2016	**47**	**46**	**336**	**162**	**591**	**17**	**64**	**608**
Change/2015	(5)	+5	(44)	+53	**+9**	+11	**+6**	**+20**
Change (%)	(9.6%)	+12.2%	(11.6%)	+48.6%	**+1.5%**	+183.3%	**+10.3%**	**+3.4%**
Proportion of fixed-term employment contracts	5.8%	8.9%	29.8%	29.1%	**19.6%**	6.7%	**6.0%**	**18.6%**



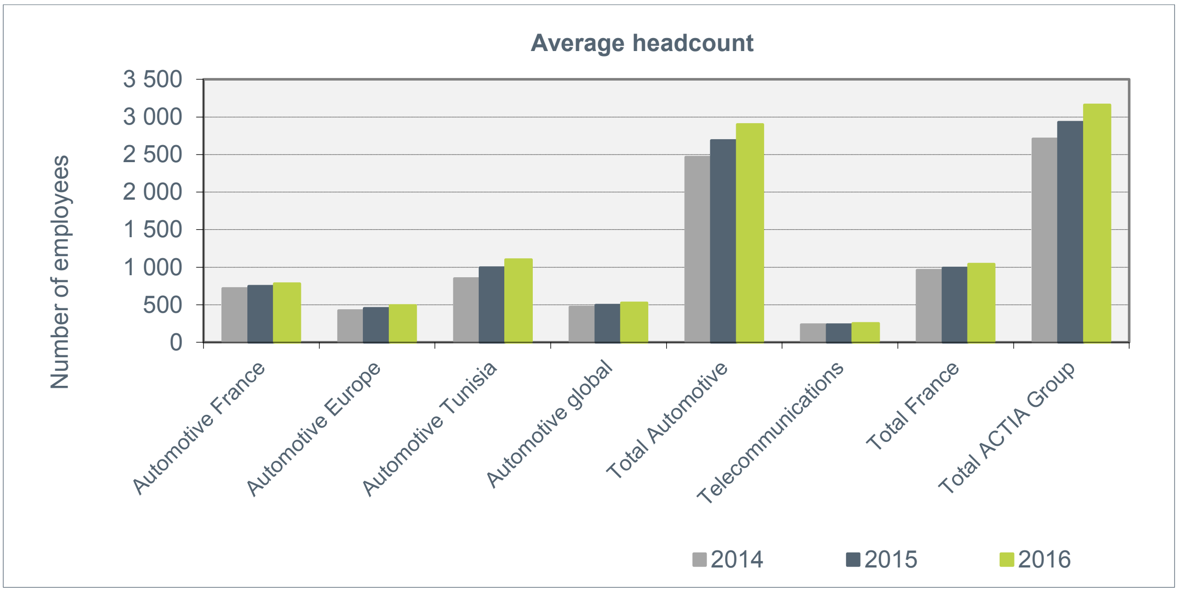




Overall, employees on fixed-term contracts now account for 18.6%, compared to 19.2% in 2015 and 16.0% in 2014.

It should be noted that part of the Group's needs can be met by external service providers, the cost of which increased by 13.0% in 2016.

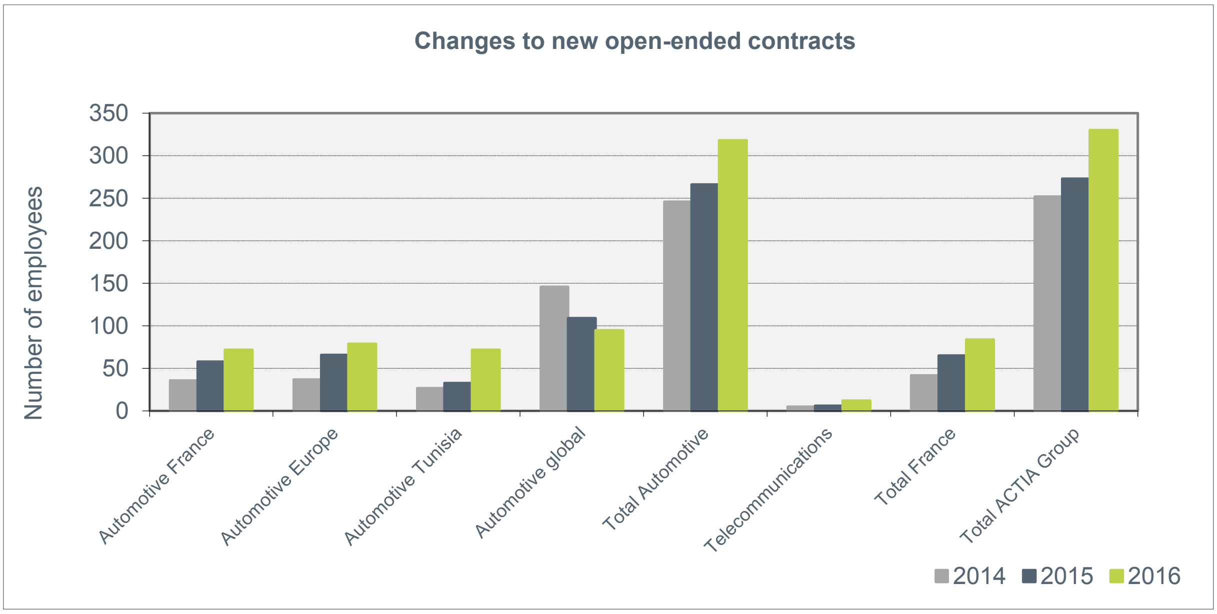
Furthermore, the Group has also observed changes with respect to its average headcount. This indicator tracks headcount at the end of the period and provides a means for producing ratios for analyzing the profitability of structures.

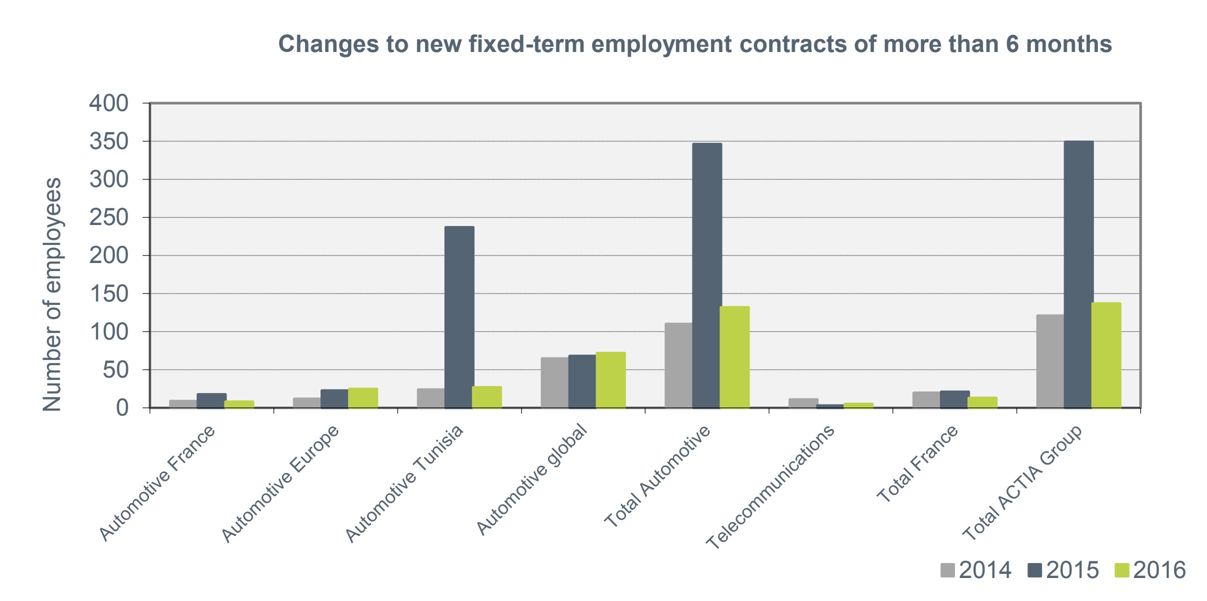


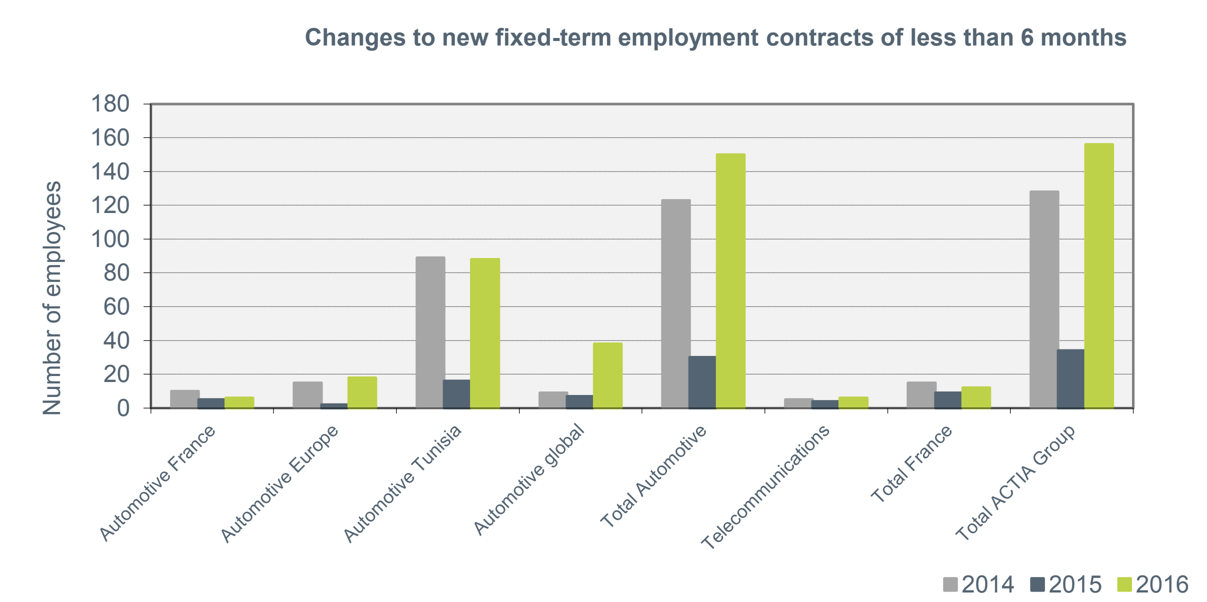
For the 2016 financial year, recruitment by ACTIA Group remained at a high level, representing 623 jobs, even if the figure was slightly down on 2015 (656 hires). These figures do not include subsidized fixed-term contracts such as apprenticeship and work-study contracts, which are dealt with elsewhere in terms of recruitment.

For the entire Group reporting scope, 623 employees were recruited, compared with 656 in 2015 and 501 in 2014, a direct consequence of necessary adjustments in resources to support growth in Group revenue. These recruitments were largely concentrated in subsidiaries located in Tunisia, France and China.

It should nevertheless be noted that turnover remained high in China with full employment and the validation of prior experience causing some difficulties for stabilizing the job situation.







Fixed-term contracts represented less than half of employees hired, down in relation to the prior year. Tunisia, China and France accounted for 39.2%, 23.9% and 8.5% respectively of recruitments for fixed-term contracts.

Furthermore, 99 fixed-term employment contracts signed before 2016 were transformed into permanent contracts in 2016 and 262 fixed-term employment contracts predating the last financial year were renewed in 2016.

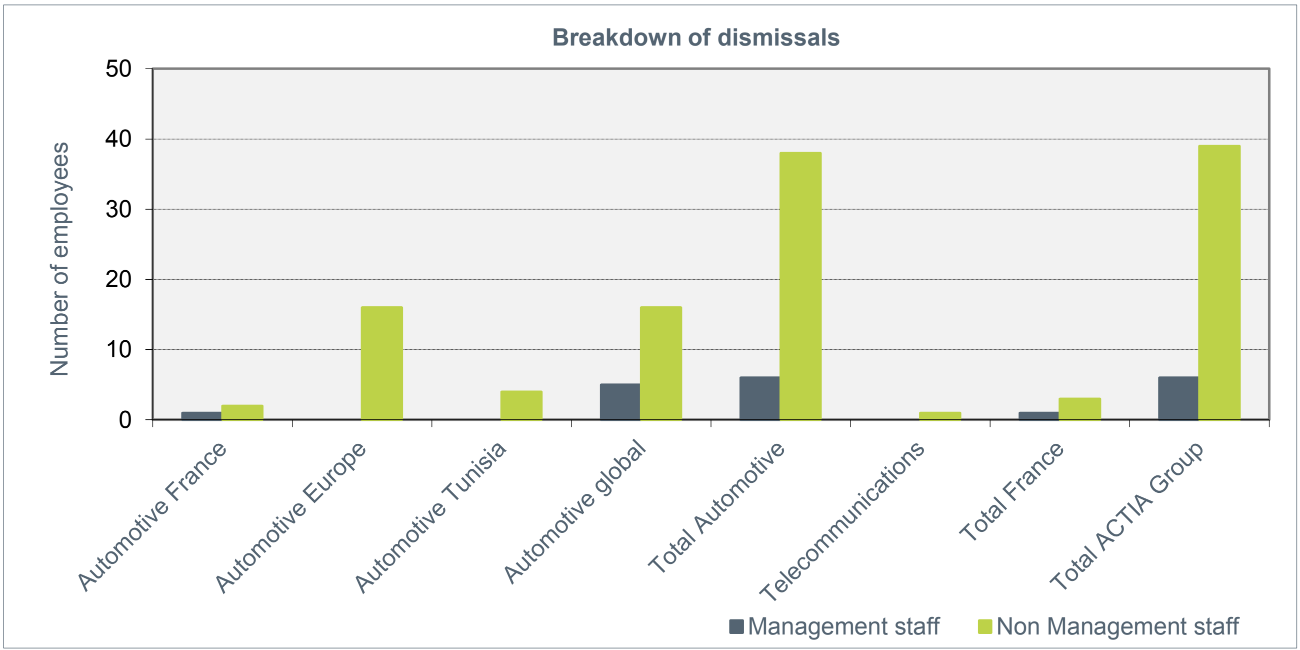
Some difficulties were reported in recruiting for reasons that remain diverse, but recurrent in nature: compensation levels in relation to the local market, shortages for certain technical expertise, characteristics specific to the company, lack of mobility, etc.

Representing only 5.6% of jobs in the Group, use of temporary personnel once again rose in relation to 2015 (+25.4%), with 184 temporary employees in the period compared to 147 one year earlier. The main countries concerned in decreasing order are France, Sweden and Germany which taken together account for 90.2% of temporary personnel employed in the period. The average temporary assignment ranged from 31 days to more than two years, depending on the subsidiary.

ACTIA Group makes use of subsidized contracts (apprenticeship contracts, work-study contracts, etc.) in those countries where permitted by local regulations. The Group thus employed 91 people on subsidized contracts during the 2016 financial year, down in relation to 2015 (-4.2%). France accounts for 68.1% of such contracts, followed by Tunisia for 31.9%, these figures being stable in relation to 2015. In 2016, these contracts resulted in 30 recruitments, including 27 in Tunisia.

Lastly, the Group employed 139 trainees through qualifying professional programs, a stable figure. These traineeships range from 30 to 360 days with an average period for the Group of 65 days. Thirty two were hired at the end of their training programs. These traineeships were provided in France, the largest contributor this year, and in Tunisia.

Dismissals in the period involved 45 employees, mainly outside France (91.1%), a decrease of 2.2% from the prior year.



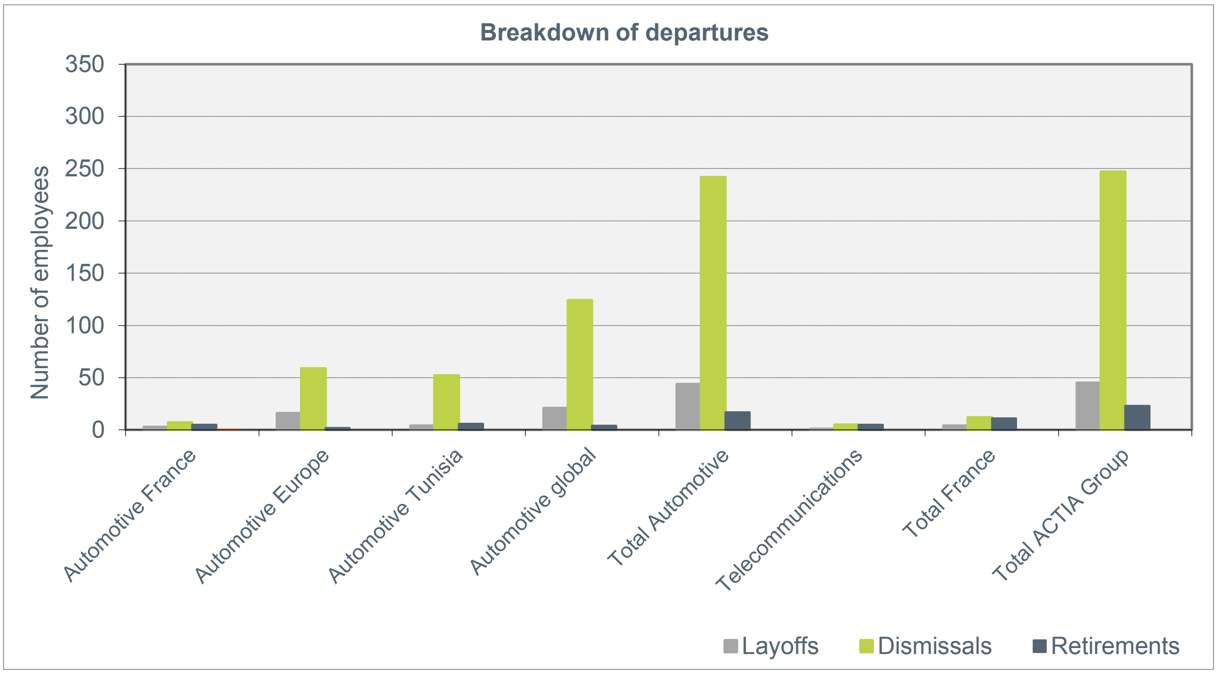
The reasons were as follows:

- incapacity: 73.3%, mainly in the US, are linked to the high turnover referred to above and difficulties in recruiting quality personnel;
- misconduct: 13.3%;
- economic reasons: 6.7% of cases, mainly in Brazil, which experienced significant difficulties whereby the local economic and political context required the Group to reduce its exposure while continuing to maintain its presence to monitor its key accounts;
- serious misconduct: 6.7%.

Furthermore, the Group registered 247 resignations, a figure up by 13.5%, with nearly 50% in the Tunisia, China and United States, due to the specific nature of the local job markets. Resignations concerned 185 non-management employees and 62 management employees.

Finally, 23 employees retired, including 16 non-management employees, with France accounting for 47.8% of this number.

The overall breakdown of departures was as follows:



With respect to annual remuneration, trends for the last three financial periods are presented below:

Average salary expense (€)	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	Telecoms	**Total France**	**Total ACTIA Group**
2014	56,369	54,718	8,795	19,181	**32,530**	61,508	**58,085**	**35,271**
2015	57,482	54,538	8,941	21,827	**32,497**	63,820	**59,529**	**35,250**
2016	**59,261**	**55,986**	**9,138**	**22,249**	**32,951**	**61,254**	**60,210**	**35,423**

The average salary expense corresponds to gross payroll, increased by social charges as presented in the accounting of each subsidiary, divided by average headcount.

Furthermore, the percentage of social charges in relation to the gross salary breaks down as follows:

Social security / Payroll	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	Telecoms	**Total France**	**Total ACTIA Group**
2014	47.8%	26.9%	15.0%	22.1%	**34.6%**	52.3%	**48.9%**	**37.1%**
2015	46.8%	28.3%	15.1%	27.0%	**34.9%**	50.3%	**47.6%**	**37.0%**
2016	**46.9%**	**29.1%**	**14.8%**	**26.6%**	**34.9%**	**55.9%**	**49.0%**	**37.5%**

In terms of the weight of social security costs and payroll, despite the French competitiveness and employment tax credit (CICE) system, there was an increase in France, which means that it is still very much the leader in this respect.

Human resources policy

Most group entities have annual training plans. These plans are prepared through:

- annual employee performance assessment meetings;
- strategic workforce planning;
- discussions with employee representatives or the site manager.

In 2016, and for the whole of the Group, 53,847 training hours were provided, representing an average of 16 hours per employee, a figure that was down on 2015. The total budget devoted by the Group to training represented €657,000, with certain countries (USA and India) not being able to quantify the amount as the expense is either not specifically monitored or training is only conducted in-house. Furthermore, ACTIA Group's efforts in terms of training are clear as in 2016 43.2% of employees received training of some sort.

Both for its principal French subsidiary, ACTIA Automotive, and at Group level, the training policy is mainly the result of implementing the strategic priorities as set out by management through:

- developing the skills needed to follow the technological roadmap: all core functions in electronics, software, mechanics;
- developing projects and skills: project management, change management;
- support for industrialization and production: lean, new equipment, test tools, MSA methods;
- continuity in the support for our customer certifications and quality standards: IPC A610, secure operation, VDA 6.3 …, as well as in the prevention of risks and safety.

Organized with subsidiaries in 15 countries for a number of years, diversity is concretely experienced by the teams through meetings and shared initiatives, whether in the area of research, sales, management or cross-corporate functions. The breakdown of the Group's 3,268 employees in terms of country is as follows:

- 97.5% are of the same nationality as the subsidiary;
- 1.4% are EU nationals;
- 1.1% come from other countries.

This breakdown varies very little country by country and remains relatively stable from one year to the next.

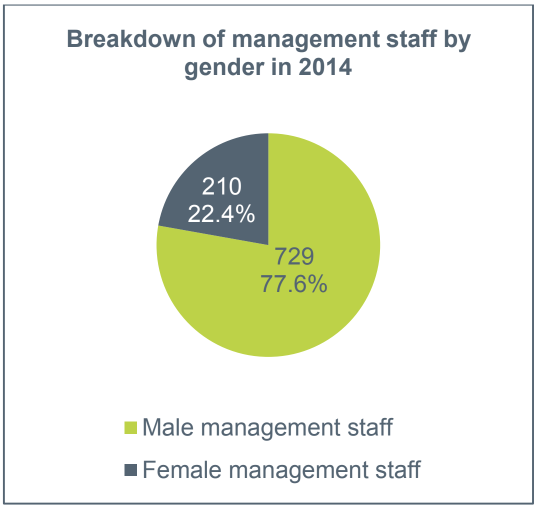
Equal opportunity employment is assured in each structure and internal mobility at the international level is being gradually implemented within the Group. In the absence of a structured information tool in this area, opportunities still are pursued on a case-by-case basis.

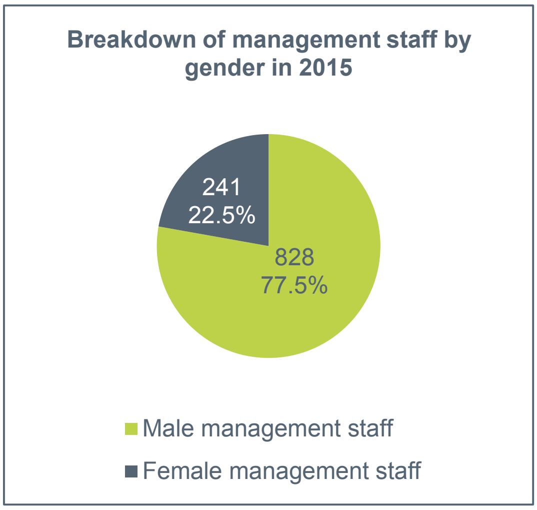
With the principle of occupational equality between men and women respected for employees throughout the Group, no incident of perceived discrimination has been reported.

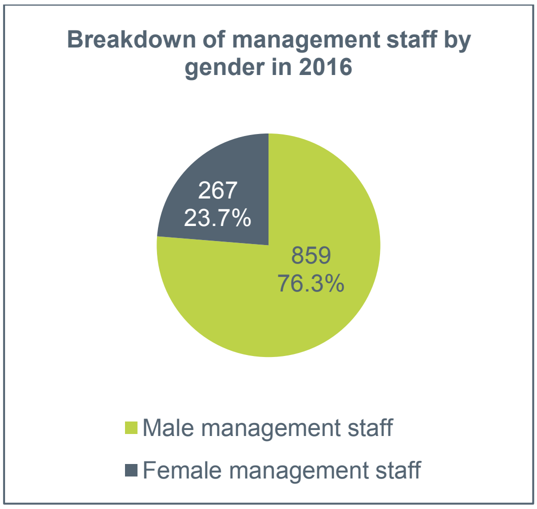
The tables below present the breakdown of management and non-management staff by gender.

Male management staff	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	Telecoms	**Total France**	**Total ACTIA Group**
2014	264	48	214	93	**619**	107	**374**	**729**
2015	285	49	274	113	**721**	104	**392**	**828**
2016	**303**	**51**	**250**	**142**	**746**	**109**	**416**	**859**
Change/2015	+18	+2	(24)	+29	**+25**	+5	**+24**	**+31**
Change (%)	+6.3%	+4.1%	(8.8%)	+25.7%	**+3.5%**	+4.8%	**+6.1%**	**+3.7%**

Female management staff	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	Telecoms	**Total France**	**Total ACTIA Group**
2014	57	8	100	24	**189**	20	**78**	**210**
2015	63	8	116	33	**220**	20	**84**	**241**
2016	**71**	**9**	**131**	**35**	**246**	**20**	**92**	**267**
Change/2015	+8	+1	+15	+2	**+26**	+0	**+8**	**+26**
Change (%)	+12.7%	+12.5%	+12.9%	+6.1%	**+11.8%**	+0.0%	**+9.5%**	**+10.8%**

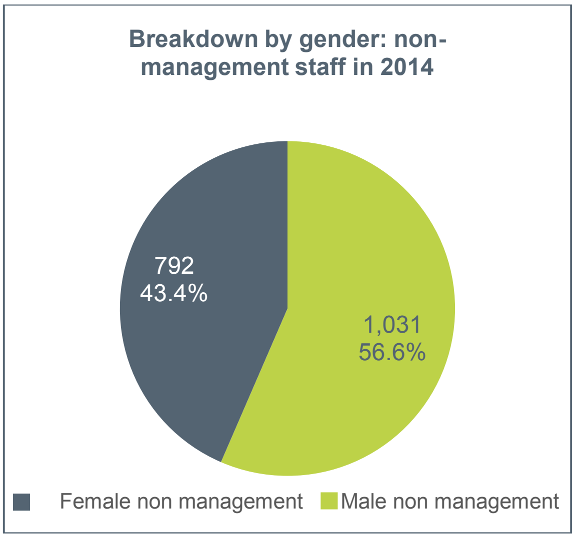


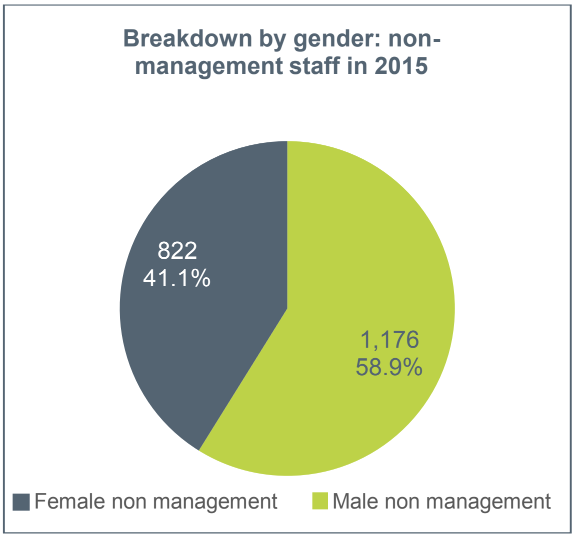


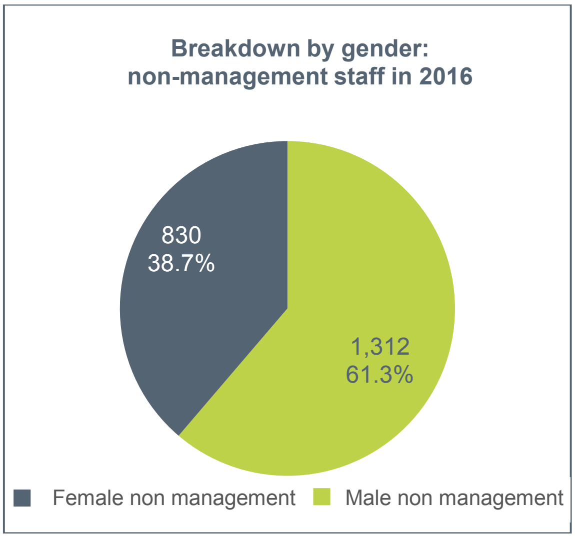


Male non-management staff	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	Telecoms	**Total France**	**Total ACTIA Group**
2014	260	295	165	237	**957**	74	**334**	**1,031**
2015	263	333	294	209	**1,099**	77	**340**	**1,176**
2016	**280**	**356**	**356**	**232**	**1,224**	**88**	**368**	**1,312**
Change/2015	+17	+23	+62	+23	**+125**	+11	**+28**	**+136**
Change (%)	+6.5%	+6.9%	+21.1%	+11.0%	**+11.4%**	+14.3%	**+8.2%**	**+11.6%**

Female non-management staff	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	Telecoms	**Total France**	**Total ACTIA Group**
2014	150	89	376	139	**754**	37	**188**	**792**
2015	151	97	396	140	**784**	36	**189**	**822**
2016	**154**	**98**	**392**	**148**	**792**	**37**	**192**	**830**
Change/2015	+3	+8	+20	+1	**+30**	(1)	**+1**	**+30**
Change (%)	+2.0%	+1.0%	(1.0%)	+5.7%	**+1.0%**	+2.8%	**+1.6%**	**+1.0%**







Proportionately, women are less well represented among management than non-management staff, though this gap is continuing to improve both in absolute terms and as a percentage, with the situation varying according to country. In France, the number and percentage of women increased in the management segment, in contrast to non-management positions. The significant change in Tunisia affected Group level figures, as it did in 2015.

In 2016, 47 disabled workers were employed within ACTIA Group, a figure that registered an increase of 13.5%. Certain local regulations require the employment of disabled workers and the Group does not meet the mandatory number of 86 such positions to be filled by law. On that basis, there exists a shortfall and so the sites have recourse to sheltered work facilities (*Centres d'Aide par le Travail* or CAT). This outsourcing represented the equivalent of 10 persons and, unfortunately, was not sufficient to cover the shortfall. The Group was obliged to pay a total fine of €145,100 for noncompliance with its obligations in this area. Accordingly, ACTIA Group will maintain its efforts in order to gradually make up for this gap.

For all entities the Group actively promotes the application of and compliance with the core conventions of the International Labor Organization, namely respecting the right of freedom of association and collective bargaining, eliminating discrimination in employment and professional life, abolishing forced labor and the effective abolition of child labor.

Within this framework, CIPI ACTIA, the Tunisian subsidiary, has been a partner of the United Nations Global Compact since 2006.

Finally, 88.2% of entities using subcontractors declare that they ensure that these subcontractors respect the core conventions of the International Labor Organization.

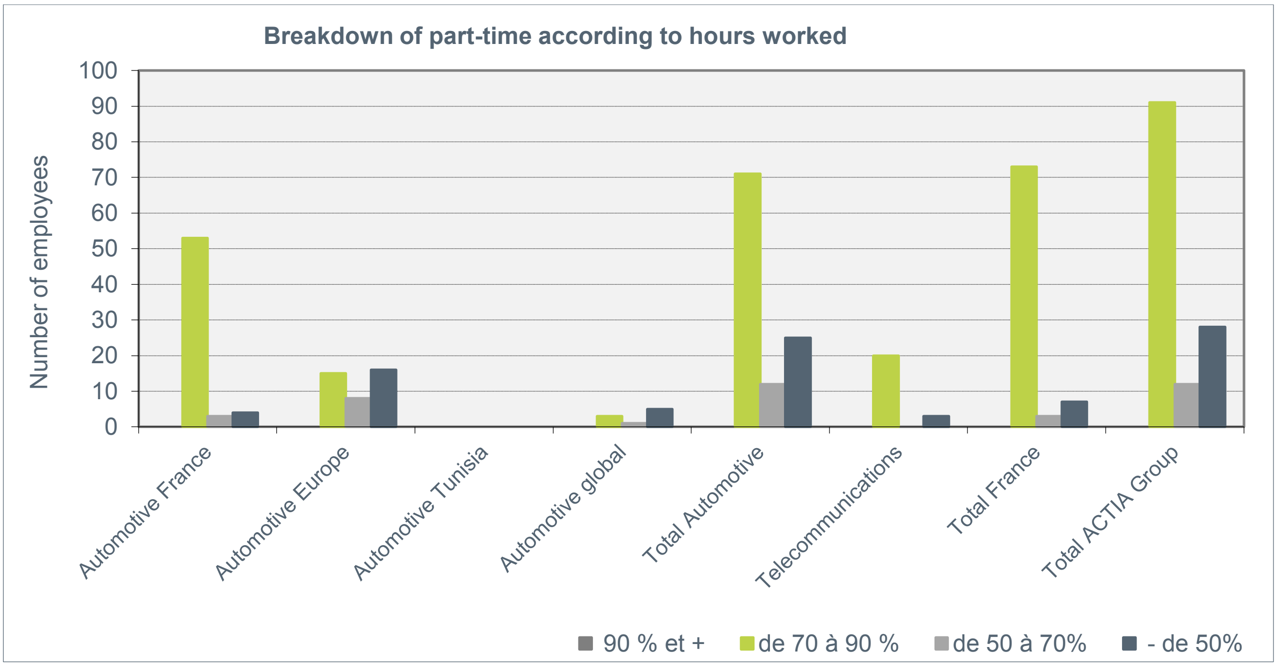
Working hours

In France, the French companies operate on the basis of a five day workweek. In connection with the provisions of French law and the "Rebond" agreement signed by the main French company in mid-2014, which applies for a period of three years, employees in management or equivalent categories are employed according to a fixed annual number of 218 working days per annum, the maximum duration authorized in France. Other categories in France are employed on the basis of an annualized 35 hours full time legal workweek.

The Indian and Mexican subsidiaries, in accordance with local regulations, operate according to six day workweeks.

As for manufacturing plants for electronic cards, the Colomiers site generally operates according to two 8 hour shifts and, if required to meet specific production demand, can operate on three 8 hour shifts. As for the Tunisian site of CIPI ACTIA, a significant number of production lines are organized on a shift work basis (three or five 8 hour shifts) according to the requirements of production volumes and performance and/or the workload for production units, and have adopted a six day workweek. Finally, the production site in the USA works on a double shift for 4 days, in order to meet the needs of the business.

Group-wide, the number of part-time employees rose in relation to prior periods to 131, with women accounting for 70.4% of this number. The part-time breakdown is shown in the graph below:



The total number of overtime hours was 81,447, up in relation to 2015: 97.3% involved non-management staff. It is, however, noted that most French management staff are employed on a flat-rate basis according to a given number of days per year which skews this analysis. The Tunisian production sites accounted for 29.6% of total overtime to meet the growth in Group business.

Labor relations

All the Group's French facilities are subject to the national metallurgy industry collective bargaining agreement. The two Tunisian electronic card production sites are covered by the collective bargaining agreement for the electricity and electronics industry. However, this notion of collective bargaining does not exist in all countries where the Group operates.

59.9% of the Group's staff work in entities where labor unions are present.

There are 120 employee representatives.

All Group employees receive information from management through different means of communication that vary from one subsidiary to the next. In general, bulletin boards are systematically used, along with e-mail, meetings and internal newsletters. Employees at all facilities are informed of Company results and targets. Since 2014, measures have focused on intra-group communications with the deployment of video screens in each subsidiary to strengthen synergies and foster Group cohesion across international operations, as well as the feeling of belonging to the Group. Since February 2017, for ACTIA Automotive, this information may also be seen from the workstations (PC), so that everybody has access.

In addition to measures imposed by local legal obligations, the following benefits are offered:

- health: supplementary insurance, provident scheme 47.9% of employees[(1)];
- restaurant vouchers 55.1% of employees;

- supplementary retirement scheme 17.3% of employees;
- maternity (maternity bonus) 16.5% of employees.

(1) Data excluding France where supplementary health insurance has now become mandatory.

On that basis, 63.2% of employees are eligible for various bonuses including a "13th month" bonus, one-off bonuses, funeral expenses, marriage allowances, travel insurance benefits, supra-legal bonuses relating to quality, attendance, behavior, productivity and other bonuses.

Regarding collective agreements, in entities where there are unions, they cover the right of expression for employees, the organization of working hours, remuneration, profit sharing, the use of electronic ballots, time banks and flexible hours, and the universal representation of personnel. In France, the last agreement adopted by the main subsidiary focused on the work/life balance with the implementation of a concierge service offered by the Company and providing different services to employees to facilitate their life and reinforce the retention of talented employees. This new service, which had been in the test phase since September 2014, had not fulfilled its objectives at end 2015; an agreement was nevertheless reached with employee representatives to continue with the service in a different form to improve its effectiveness. A new review will be conducted in 2017.

Health and safety

For 2016, 30 occupational accidents resulting in lost time days were recorded. It should be noted that the commuting accidents were excluded from this indicator in order to remain comparable with indicators used in France and to improve the reliability of the data and the reporting process. These accidents represented 449 lost working days. It should be noted that 561 lost working days were logged in 2016 due to occupational accidents that occurred in prior periods, the consequences of which continued into the 2016 financial year.

The Company has put in place monitoring of the following indicators based on current standards:

- frequency, which corresponds to the number of occupational accidents, excluding while commuting, occurring over the year and resulting in lost working days x 1,000,000 / the total number of hours worked during the year;
- severity, which includes the total number of lost working days resulting from accidents occurring during the year or in prior years excluding while commuting x 1,000 / total number of hours worked during the year;
- frequency index, which corresponds to the number of occupational accidents, excluding while commuting, occurring during the year resulting in a lost working day x 1,000 / average Group headcount.

Changes to these indicators over the period in question were as follows:

Frequency	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Automotive**	Telecoms	**France**	**ACTIA Group**
2014	9.4	2.7	2.5	2.1	**4.4**	2.6	**7.8**	**4.3**
2015	10.5	7.5	2.2	0.0	**4.7**	15.7	**11.6**	**5.5**
2016	**5.1**	**10.4**	**4.5**	**1.9**	**5.1**	**7.9**	**5.7**	**5.2**

Severity	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Automotive**	Telecoms	**France**	**ACTIA Group**
2014	0.7	0.2	0.1	0.2	**0.3**	0.0	**0.5**	**0.3**
2015	0.5	0.2	0.1	0.0	**0.2**	0.3	**0.5**	**0.2**
2016	**0.3**	**0.2**	**0.1**	**0.0**	**0.2**	**0.5**	**0.4**	**0.2**

Frequency index	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Automotive**	Telecoms	**France**	**ACTIA Group**
2014	16.7	4.7	4.7	4.2	**8.1**	4.2	**13.5**	**7.8**
2015	17.4	13.2	4.0	0.0	**8.6**	25.3	**19.2**	**9.9**
2016	**9.0**	**18.3**	**8.2**	**3.8**	**9.3**	**11.9**	**9.6**	**9.5**

No occupational illnesses were reported within the Group.

Sick leave accounted for 21,893 lost working days in 2016, 6,805 of which in France. This figure was up across the Group. The breakdown by division and by employee is given in the following table:

Lost working days per employee	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Average Automotive**	Telecoms	**Average France**	**Average Group**
2014	6.8	6.3	1.1	2.4	**3.9**	6.7	**6.8**	**4.2**
2015	7.8	6.2	10.3	2.1	**7.4**	4.9	**7.1**	**7.2**
2016	**7.2**	**8.2**	**9.0**	**2.2**	**7.2**	**4.5**	**6.5**	**6.9**
Change/2015	(0.6)	+2.0	(1.3)	+0.1	**(0.2)**	(0.4)	**(0.6)**	**(0.3)**
Change (%)	(7.2%)	+32.2%	(12.9%)	+6.9%	**(3.4%)**	(8.5%)	**(7.9%)**	**(3.8%)**

In the main Tunisian subsidiary, tools were put in place in 2015 to monitor this figure, which explains the significant increase recorded between 2015 and 2014, as previously this indicator represented a simple estimate.

With respect to occupational health and safety, all Group companies enforce a smoking ban on their premises.

In addition, most of the facilities have put in place workstation ergonomics diagnostics or assessments, generally within the framework of a CHSCT (Health, Safety and Working Conditions Committee). In Germany, the labor inspectorate performs an annual audit.

Fire safety and electrical installation standards are met by all subsidiaries. Subsidiaries that do not perform the inspections themselves benefit from this service specifically provided for under their leases.

For 79.0% of the workforce, a Health, Safety and Working Conditions Committee (CHSCT) is present at the site. Numbering 11 in total, they are comprised of 62 members.

In 2016, as no specific agreements were concluded with labor organizations with respect to occupational health and safety, the previous agreements have thus been maintained in the relevant entities. ACTIA Group is currently studying the best way to implement the impact of the recent legislation on collective agreements on economic performance and working conditions for employees and has undertaken to communicate the most relevant impacts.

Profit sharing

The following table summarizes amounts expensed by the Group in connection with profit sharing and/or incentive scheme agreements signed by the different subsidiaries:

Profit sharing (€k)	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	Telecoms	**Total France**	**Total ACTIA Group**
2014	0	198	0	39	**237**	0	**0**	**237**
2015	0	255	0	46	**300**	0	**0**	**300**
2016	**0**	**166**	**0**	**25**	**191**	**0**	**0**	**191**

Incentive scheme (€k)	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	Telecoms	**Total France**	**Total ACTIA Group**
2014	659	496	0	134	**1,289**	568	**1,227**	**1,857**
2015	731	609	0	287	**1,628**	554	**1,286**	**2,182**
2016	**1,038**	**561**	**0**	**325**	**1,924**	**1,288**	**2,327**	**3,212**

By geographical sector, the percentage of employees benefiting from such agreements breaks down as follows:

	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	Telecoms	**Total France**	**Total ACTIA Group**
Profit sharing 2014	96.6%	33.0%	0.0%	41.6%	**41.9%**	100.0%	**96.9%**	**46.9%**
Profit sharing 2015	96.9%	33.7%	0.0%	38.8%	**38.7%**	100.0%	**97.0%**	**43.4%**
Profit sharing 2016	**96.5%**	**34.6%**	**0.0%**	**33.9%**	**38.1%**	**100.0%**	**96.8%**	**42.9%**
Incentive scheme 2014	98.8%	37.3%	0.0%	90.9%	**53.0%**	100.0%	**98.6%**	**56.9%**
Incentive scheme 2015	98.8%	37.0%	0.0%	91.3%	**49.0%**	100.0%	**98.5%**	**52.9%**
Incentive scheme 2016	**98.9%**	**35.0%**	**0.0%**	**100.0%**	**51.1%**	**100.0%**	**98.6%**	**54.8%**

For both profit sharing and incentive schemes, procedures of application vary from one company and country to the next, according to local regulations.

Group Savings Plan (PEG) and International Group Savings Plan (PEGI)

There is no PEG or PEGI.

Percentage of share capital held at the end of the reporting period

As of the balance sheet date, there was no employee ownership in the share capital of ACTIA Group S.A as per the terms of Article L.225-102 of the French Commercial Code.

Reserved share capital increase

Note that the Extraordinary General Meeting of May 30, 2016 granted the Executive Board, for a period of 26 months from the date of the Meeting, full powers to carry out a share capital increase limited to the members of a company savings plan up to 3% of the capital at a time and under conditions that it deems fit. To date, these powers have not been used.

Appointment of employee shareholders to the Supervisory Board

As the threshold of 3% in the share capital by employees has not been met to date, the Company is not required to appoint employee shareholders as members of the Supervisory Board.

Appointment of Supervisory Board members by employees

With employee ownership as per the terms of Article L.225-102 of the French Commercial Code under 3% of the Company's share capital, there is no need to put in place procedures for the appointment of members of the Supervisory Board by employees.

5.7.2 Environmental impact of the business activities

Internal organization of environmental management

ACTIA Group's Executive Management is responsible for coordinating all environmental actions.

Implementation of environmental management actions is managed by an Environment Manager reporting to the Systems - Quality / Environment Department of ACTIA Automotive S.A. for the two Toulouse sites.

The Environment Manager has taken environmental management training.

In line with the implementation of the ISO 14001 standard, the general awareness session to train and inform employees on environmental matters was carried out for the sites concerned. A training plan and awareness program were drawn up as part of the Environmental Management System (EMS) in order to raise the awareness of all new employees. Staff is informed of actions taken and the channels are available to them to report all relevant information.

The internal organization of risk management in the event of an accident was completed at the sites of ACTIA Automotive S.A., with an environmental management system in place using the AMDEC method. This system requires the identification and assessment of emergency situations (such as accidental pollution) in order to better remedy them, with the requirement to draft an emergency response procedure as well as to identify any such emergencies.

Group companies with a department devoted to the environment, such as ACTIA Automotive and ACTIA Telecom (France), CIPI ACTIA and ACTIA Tunisie (Tunisia), ACTIA Nordic (Sweden), ACTIA India (India), ACTIA do Brasil (Brazil) and, since 2016, ACTIA Shanghai (China) and ACTIA I+ME (Germany), have a total full time equivalent staff of nine people. These companies account for 73.5% of ACTIA Group employees, a figure that has increased since 2015.

In addition, there is regulatory monitoring at these facilities. They also take into account environmental impacts when designing new products and vendor/supplier procedures.

Consumption and waste

Consumption of water resources

Water consumption of the Group totaled 31,610 m³, an increase on 2015 after declining for two consecutive years.

Firstly, it should be noted that the figures supplied by our American subsidiary have had to be adjusted, as the amounts previously communicated were not in m^3, but in "cubic feet". The figures given in this report therefore take into account the necessary conversion for 2016 and prior years, in order to obtain the real trends in consumption over the period under review.

The increase seen in 2016 has a number of explanations, of which the most important are:

- firstly, it should be noted that there has been an increase in the surface areas occupied in France, Italy, Czech Republic and China; furthermore, works carried out at certain sites also required one-off consumption of water;
- as reported in previous years, our Tunisian engineering services office noticed a leak under the flooring; despite the overtures made to the owner, the implementation of repairs is proving complicated. The Group has planned for the construction of a new building to house its R&D activities in Tunisia, with the move scheduled for end 2017, putting an end to years of leakage problems experienced to date on the leased premises;
- for Lucé, the increase in consumption is linked to the regular problems with the plumbing, involving the need to use large quantities of water pumped through the blocked piping at high pressure. The operation was repeated on several occasions in 2016;
- in Italy, a leak was found in buildings that are no longer occupied by the Company. We should therefore see reduced consumption in 2017;
- for the rest, the increase in water consumption is directly linked to the growth of the business and headcount.

Overall, water consumption is monitored by the Group which makes it possible to analyze all variances and contributes to improved awareness.

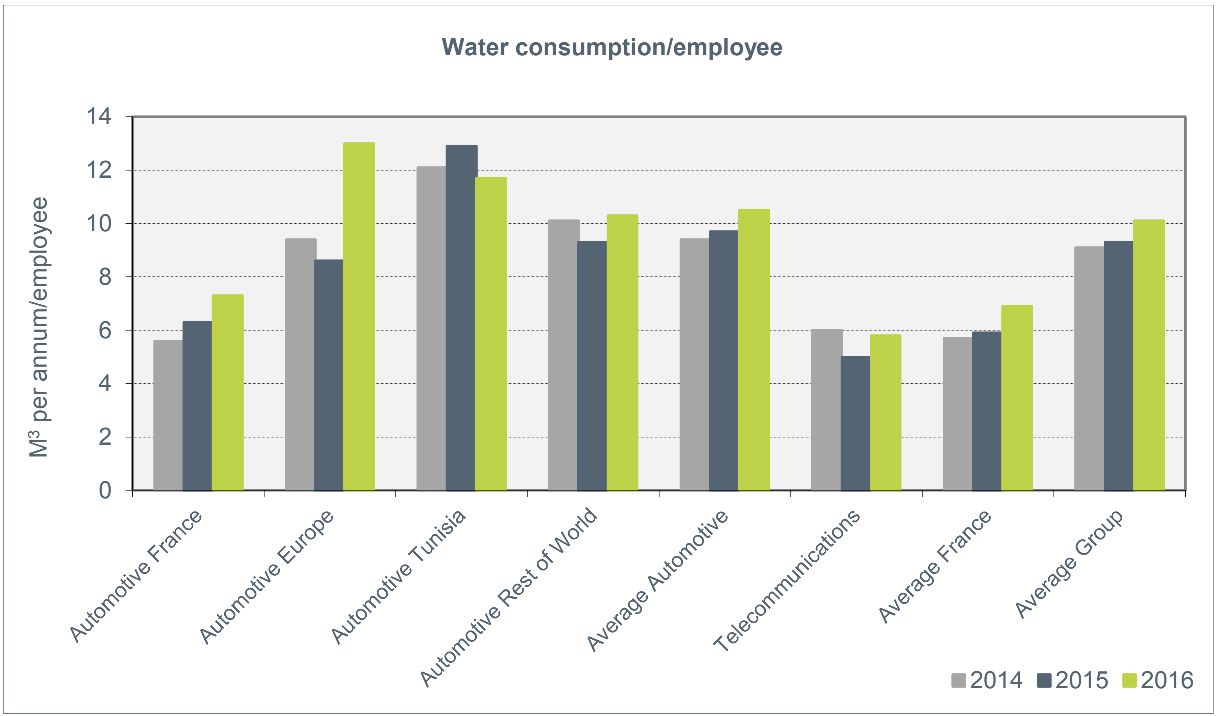
It should be noted that some subsidiaries do not have access to their water consumption figures as they are included in the rental charges: for these subsidiaries, the Group has chosen to take into account water consumption estimated on the basis of national or industry averages, depending on the available information. This approach concerns a subsidiary in France (9 people) and subsidiaries in Sweden (81 people) and India (39 people), who represent 4.1% of the Group workforce.

Water consumption at all facilities is drawn from the drinking water system.

Stated in relation to the number of employees, water consumption across all sites in 2016 was close to 10.0 m3 per annum/employee, up on 2015, with the following changes:

m^3 per annum/ employee	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Average Automotive**	Telecoms	**Average France**	**Average Group**
2014	5.6	9.4	12.1	10.1	**9.4**	6.0	**5.7**	**9.1**
2015	6.3	8.6	12.9	9.3	**9.7**	5.0	**5.9**	**9.3**
2016	**7.3**	**12.6**	**11.7**	**10.3**	**10.4**	**5.8**	**6.9**	**10.0**
Change/2015	+1.0	+4.0	(1.2)	+1.0	**+0.7**	+0.8	**+1.0**	**+0.7**
Change (%)	+15.9%	+46.5%	(9.3%)	+10.8%	**+7.2%**	+16.0%	**+16.9%**	**+7.5%**

The following graph highlights an increase in water consumption per employee since 2014:



Consumption at the facilities except for the manufacturing sites such as ACTIA Automotive in Colomiers (France), CIPI ACTIA in Tunis (Tunisia) and ACTIA Telecom in Saint Georges de Luzençon (France) relates to "research services".

Furthermore, the Group attempts to explain all fluctuations in its water consumption.

Consumption of raw materials and packaging

The Group's operations do not directly consume raw materials drawn from the natural environment since it uses only manufactured products (electronic components, electrical wiring, etc.), primarily consisting of metals and plastic. Most facilities have had waste separation systems in place for a number of years notably for packaging (cardboard, wood, packing fill materials, plastics, and pallets) and procedures providing for the reuse of wooden crates, plastics and cardboard boxes and promote recovering of materials from these items. Measures in favor of standardization and reducing the number of packaging items remain in place.

With respect to packaging, ACTIA Group uses different types of products: cardboard, wooden filling materials, plastic films, paper, extruded foam. It remains very difficult to obtain quantitative reporting data on the consumption of these materials as there is no specific monitoring tool in place. Certain data is today reported in units, tons or m^3.

In line with its increasing commitment to environmental monitoring of its activities, ACTIA Group has developed reporting on data relating to its consumption of chemical products. The monitoring has shown that the Group uses roughly 32.9 m^3 of miscellaneous chemical products: mainly varnishes, solvents, soldering cream, isopropyl alcohol.

To be more meaningful, the Group decided to take into account only the main products used at its principal production sites, and namely varnishes, solvents, diluents and soldering cream, to more efficiently monitor changes in the future. The increase in this figure is linked to the growth of the business.

Energy consumption

There are two types of energy that continue to be largely used by all sites:

- electricity: 12,239.7 MWh, an increase of 3.1% over 2015; the increase is explained by the growth of the business, including the commissioning of new high capacity lines and the use of new areas. The principal contributor to the increase was the French production facility, with the ramping up of the latest production line. However, the increase is well below the increase in sales, a demonstration of the efficiency of this new equipment. This energy source accounts for 73.5% of total energy consumption;
- natural gas: with 3,556.4 MWh this was an increase of 20.9% in relation to 2015. The increase was the same almost everywhere and is explained by the weather.

Total consumption was 16,661.1 MWh in 2016, up 6.9% from 2015. Converted into consumption per employee, there was a decrease of 0.8%. The commissioning of new production lines and the increased working hours, especially the number of hours of overtime worked at some sites explains the overall increase.

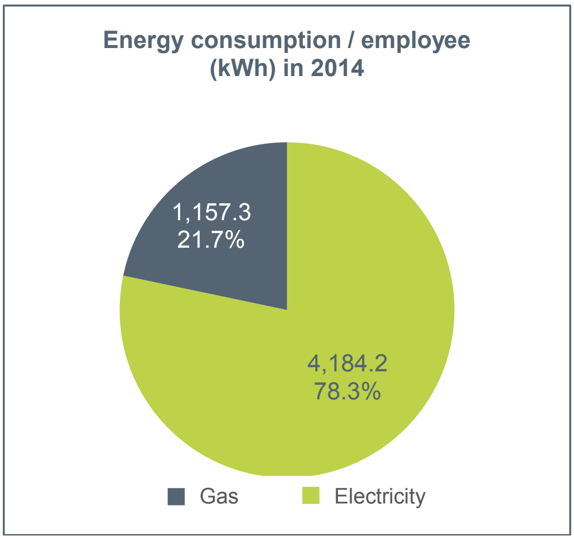
As for water, the Group monitors its energy consumption and seeks to provide coherent explanations for all fluctuations. Some subsidiaries therefore experienced increases due to higher headcount, the surface area occupied, and the growth of their business; others saw their consumption diminish thanks to the efforts made internally to raise the awareness of staff to the need to save energy, and the changes in their collective behavior: shutting down equipment in the evening, turning down heating and air-conditioning...

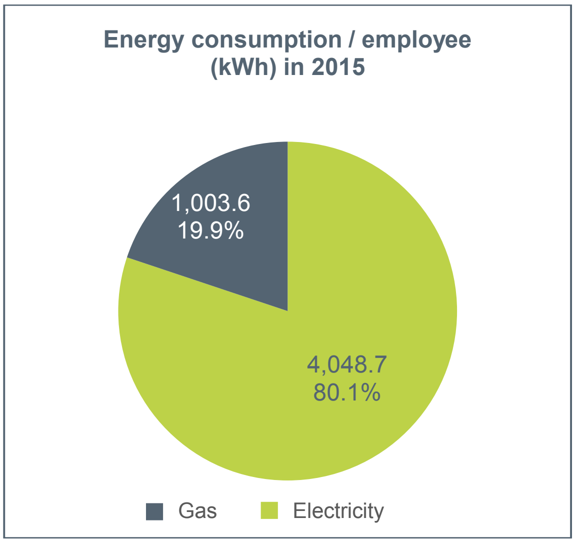
The consumption of fuel is extremely limited; it is used mainly by the Spanish subsidiary. It is not significant in relation to the overall consumption of energy. Nevertheless, it should be noted that in prior years the consumption of our Spanish subsidiary had been wrongly interpreted, with the reporting unit corresponding to liters, and not the required m^3. The data have been corrected for the three financial years under consideration to enable more accurate tracking of the overall consumption of energy.

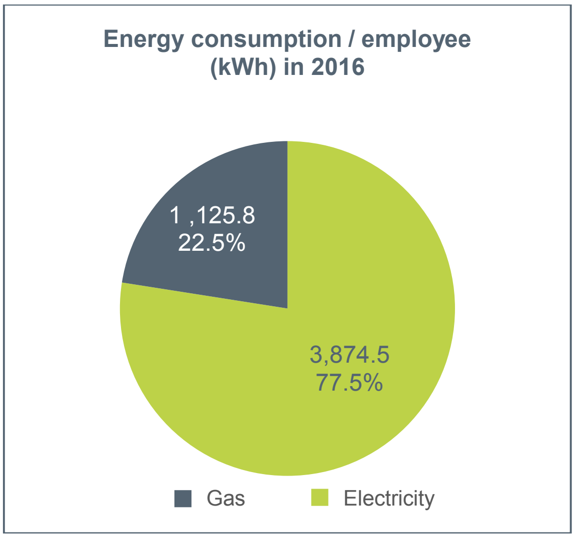
Energy consumption can be summarized as follows:

kWh per annum/employee	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	Average Automotive	Telecoms	Average France	Average Group
Electricity 2014	4,597.2	2,056.4	5,545.3	2,903.4	**4,163.7**	4,466.4	**4,545.6**	**4,184.2**
Electricity 2015	4,824.3	1,685.2	5,103.0	2,880.7	**4,040.1**	4,232.7	**4,658.1**	**4,084.7**
Electricity 2016	**5,216.0**	**1,433.4**	**4,484.9**	**2,672.6**	**3,835.8**	**4,410.4**	**4,990.0**	**3,874.5**
Change/2015	+391.7	(251.8)	(618.1)	(208.1)	**(204.3)**	+177.7	**+331.9**	**(174.2)**
Change (%)	+8.1%	(14.9%)	(12.1%)	(7.2%)	**(5.1%)**	+4.2%	**+7.1%**	**(4.3%)**
Gas 2014	1,984.3	1,073.2	0.0	1,257.9	**1,003.0**	2,775.1	**2,172.1**	**1,157.3**
Gas 2015	1,718.0	984.7	46.5	849.5	**817.4**	3,136.6	**2,049.2**	**1,003.6**
Gas 2016	**2,031.2**	**1,144.5**	**41.9**	**736.3**	**890.5**	**3,849.5**	**2,461.8**	**1,125.8**
Change/2015	+313.2	+159.8	(4.6)	(113.2)	**+73.1**	+712.9	**+412.6**	**+122.2**
Change (%)	+18.2%	+16.2%	(9.9%)	(13.3%)	**+8.9%**	+22.7%	**+20.1%**	**+12.2%**
Total 2014	6,581.5	4,802.8	5,545.3	4,161.3	**5,454.4**	7,241.5	**10,918.0**	**5,603.4**
Total 2015	6,542.2	4,384.2	5,149.4	3,730.3	**5,147.6**	7,369.3	**10,852.9**	**5,318.4**
Total 2016	**7,247.2**	**4,339.7**	**4,526.8**	**3,408.9**	**5,024.6**	**8,259.9**	**10,604.0**	**5,274.2**
Change/2015	+705.0	(44.5)	(622.6)	(321.4)	**(123.0)**	+890.6	**(248.9)**	**(44.2)**
Change (%)	+10.8%	(1.0%)	(12.1%)	(8.6%)	**(2.4%)**	+12.1%	**(2.3%)**	**(0.8%)**

The graph below illustrates the changes in energy consumption per employee:







The ratio of energy consumption per year and employee for the entire Group continued to decline ending the year at 5,274.2 kWh, compared to 5,318.4 kWh in 2015 and 5,603.4 kWh in 2014.

Renewable energy consumption has remained stable and concerns Tunisia where hot water is provided by solar energy and in Sweden where all electricity consumption is supplied by wind turbines (45 MWh) and tidal power (100 MWh). Accordingly, 145 MWh, without counting solar-heated water for which we do not have any equivalent consumption, originate from renewable energy sources that account for 1.0% of the Group's total energy consumption.

Furthermore, the premises of our Swedish subsidiary are heated by hot water supplied by a waste incineration facility and this corresponded to a consumption of 165 MWh, as compared to 100 MWh in 2015.

Our German subsidiary also uses energy for heating originating entirely from energy recovery. This consumption totals 700 MWh or 4.3% of total Group energy.

Throughout the Group the priority of limiting energy consumption is reflected through a range of actions implemented at local levels for identified targets:

- buildings: by installing presence detectors, air-conditioning controls, timers, programmers, automatically closing doors to insulate heated areas, and replacing doors and windows to improve the insulation of the premises;
- equipment: by instructions given to Purchasing departments for low energy consumption equipment, lighting and other energy-efficient equipment, new low consumption servers; the replacement of ageing computer equipment and the replacement of air-conditioning systems;
- individual behavior: awareness-raising campaigns on shutting down equipment in the evening, the use of heating and air-conditioning units, a centralized switch to shut off electricity, and putting in place indicators to further raise awareness;
- organization: through control of air-conditioning settings in the summer and work time organization (through the organization of vacation time) in order to avoid summer consumption peaks, display indicators at certain sites to promote employee involvement, broad-based employee awareness raising and, in 2015, the introduction of general oversight by a third party to examine the improvement measures planned for 2016.

These measures supplement those already undertaken in previous periods, and highlight a strong commitment to environmental responsibility.

Ground use conditions

None of our facilities uses the ground as such, other than to serve as sites for buildings.

The facilities taken together cover a total of 57 acres (24 hectares). Of this surface area, 46.0% is covered by landscaped green areas (60.6% in France). Wooded areas represent 0.6% of these green spaces.

Food waste

Overall, ACTIA Group is not concerned by this indicator. However, some subsidiaries have decided to question their subcontractors and include, as far as possible, this issue in the next round of negotiations with the various service providers responsible for restoring the different sites.

Circular economy

Through its proactive policy, the Group has been taking this aspect into account for many years and is making every effort to progress in this area.

Waste

Waste from all operations consists primarily of packaging materials (cardboard boxes, pallets, plastic covers, etc.), office waste and manufacturing waste, with 5.5% falling under the category of “hazardous waste”. This waste is not eliminated or treated on-site. Instead, it is temporarily stored in areas designated and equipped for each type of waste (skips, compactors, holding tanks, etc.) before being properly removed to approved disposal facilities for recycling, recovery or treatment. Tunisia represents a specific issue as there are no viable local channels for handling hazardous waste. As a consequence, this waste is for the time being maintained on-site under optimal storage conditions.

Recycling has already been put in place at the sites and covers above all packaging: cardboard, paper, plastic as well as metals; batteries are also recovered through a specific waste separation collection process at several facilities. For the sites with waste separation and collection, a recovery strategy is encouraged, as opposed to energy recovery, whenever possible.

The active waste separation collection policy is already in place at most facilities and covers 95.9% of the total population at the global level. The rate of coverage for French sites remained at 100% in 2016.

An increasing number of sites have formal reporting systems for tracking the quantity of waste produced and/or recycled. In 2016, the subsidiaries producing a complete or partial qualitative or quantitative report on the amount of their waste represented 86.2% of the Group's workforce, as opposed to 79.6% in 2015. Based on assessments performed, it is possible to provide the following summary on recycling, which even though still partial, highlights an improvement:

Types of waste treatment/ Tons	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	Total Automotive	Telecoms	Total France	Total ACTIA Group
Recovery	127.4	50.5	166.0	42.4	**386.3**	22.4	**149.8**	**408.7**
Energy recovery	74.9	9.2	0.0	0.0	**84.1**	0.6	**75.5**	**84.7**
Controlled disposal	3.6	0.0	60.8	0.0	**64.4**	0.0	**3.6**	**64.4**
Special treatment*	1.2	2.7	2.6	1.0	**7.5**	1.4	**2.6**	**8.9**
TOTAL	**207.1**	**62.4**	**229.4**	**43.4**	**542.3**	**24.4**	**231.5**	**566.7**
% HIW**/Total waste	5.0%	18.4%	3.3%	0.0%	**5.4%**	5.7%	**5.1%**	**5.5%**

*Specific treatment is either by use of chemical processes or incineration, or, for our Tunisian subsidiaries, storage, until a solution has been found at the governmental level.

**HIW: Hazardous Industrial Waste

It should be noted that some subsidiaries have a waste separation collection systems but do not systematically produce quantified data for this activity. Certain subsidiaries may make estimates that are then analyzed at the Group level in order to validate the consistency of data.

Furthermore, to allow for a comparison between waste from one financial year to the next, and maintain consistency in the figures in relation to the business, ACTIA Group has decided to monitor only the waste directly linked to its own activities. Therefore, building sites generating one-off waste are not included in the figures.

Air emissions and greenhouse gases

The operations carried on at the facilities do not generate any significant air emissions. Despite this, certain sites of their own initiative perform quantitative and qualitative assessments of their air emissions, including the two production sites: the results of these assessments are thoroughly satisfactory. It should be noted that ACTIA Automotive, a subsidiary based in Toulouse, in accordance with its regulatory obligations, adopted procedures for conducting a greenhouse gas emission assessment.

In addition, as part of an initial global approach, we sought to identify greenhouse gas emissions originating from energy consumption of the different Group entities using electricity for industrial purposes (ovens, soldering machines, environmental test chambers, etc.) and gas used exclusively for heating premises. The emissions factors taken into account are based on ADEME (the French environmental agency) data on www.basecarbone.fr. Emissions expressed in Tons CO^2 eq. reflect a rigorous policy for monitoring energy consumption through the ISO 14001 certified Environmental Management System implemented in more than 73.5% of Group entities.

Expressed in Tons CO² eq.	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	Total Automotive	Telecoms	Total France	Total ACTIA Group
2014	569	360	2,187	860	**3,977**	228	**797**	**4,205**
2015	577	353	2,355	883	**4,168**	245	**822**	**4,413**
2016	**681**	**366**	**2,296**	**879**	**4,222**	**305**	**986**	**4,527**

If an allowance is made for the variance linked to the updating of emissions factors on the carbon data base, there has been a substantial decrease, despite the growth of ACTIA Group's business. Based on a fixed rate, total Group emissions amounted to 5,026 Tons CO² eq. December 31, 2016 compared to 4,918 Tons CO² eq. at December 31, 2015 and 4,702 Tons CO² eq. at December 31, 2014.

In 2016, ACTIA Group also sought to include a new factor, by taking into account emissions from operated vehicles. To make the calculation, we started with the fleet of vehicles, their 2016 mileage and/or the fuel consumption whenever this figure was available. The emission factors are taken from the ADEME carbon data base; as only the emission factors in France were available, they were used by default for the whole ACTIA Group. In 2016, the Group arrived at the following results:

Expressed in Tons CO² eq.	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	Total Automotive	Telecoms	Total France	Total ACTIA Group
Emissions from operated vehicles	672	217	8	136	**1,033**	135	**807**	**1,168**
Emissions from operations	681	366	2,296	879	**4,222**	305	**986**	**4,527**
% operated vehicles / operations	98.6%	59.4%	0.3%	15.4%	**24.5%**	44.4%	**81.8%**	**25.8%**

Vehicles used by sales staff, with large numbers in some subsidiaries, explains the ratios between operated vehicles and operations.

Water and ground discharges

The operations carried on at the facilities do not generate significant water or ground discharges:

- waste water is "domestic" in nature and is discharged in the sanitation networks for treatment; several alternatives exist: waste water networks, skeptic tanks, drainage, and even spreading in China;
- potential pollutants (varnish, solvents, etc.) are not stored on the ground but rather in ad hoc storage containers prior to treatment in compliance with regulations in force (see the section on Waste).

Noise and odor pollution

Our activities are not noisy and are odorless. Two items were reported by our subsidiaries:

- in India, the use of chemical products, namely varnishes, indisposed staff, but did not have any effect outside. Protective measures were immediately taken, including providing gloves and masks and the installation of a machine to automate this part of the production process and, in this way, limit any risk;
- in Tunisia, engineering services department staff are sometimes bothered by odors emanating from the nearby treatment plant. This is clearly not related to our activity. Measures were taken with local authorities and have yet to produce results.

Excluding these two reported items, no incident has been recorded by the various facilities and there were no complaints from neighbors in 2016 or in the previous year.

Measures taken to limit environmental damage

Operations at the facilities do not cause any significant damage to the ecological balance, the natural environment and animal or plant species.

There are virtually no air emissions, noise pollution or direct use of the natural environment (use of ground, consumption of raw materials, etc.).

Measures to limit waste water discharges and potentially polluting products are already in place (see the sections on Air emissions, Water and Ground discharges and on Waste).

46.0% of the total surface area at the facilities is covered by green areas, reflecting our desire to integrate our activities into their local landscape wherever possible.

Actively promoting sustainable mobility through numerous solutions and services proposed by the Group to customers, in France, Executive Management decided to expand its commitment to employees to promote changes in practices in day-to-day activities. With this in mind, in 2015, an arrangement was set up with COOVIA a company specialized in developing carpooling services with two objectives:

- subscription to this company to offer carpooling solutions to employees, starting with the site in Colomiers;
- acquiring a stake in the company to support its development and expand, where possible, this type of practice.

Similarly, the sites in Toulouse have acquired electric vehicles to be used for short distance work-related travel.

In Sweden, the railway is favored for travel between sites; as for the engineering services office in Tunisia, they have provided a shuttle to transport employees. They further increased the shuttle's capacity in 2016.

Assessment and certification

The sites of ACTIA Automotive and ACTIA Telecom (France), ACTIA I+ME (Germany), ACTIA Nordic (Sweden), CIPI ACTIA and ACTIA Tunisie (Tunisia), ACTIA India (India), ACTIA Shanghai (China) and ACTIA do Brasil (Brazil) have been certified ISO 14001. Henceforth, 73.5% of the Group workforce is concerned by a defined and validated environmental policy. Furthermore, ACTIA Systems (Spain) has started the process, and hopes to obtain the same certification for 2018.

Measures taken to ensure compliance

The environmental management systems put in place at the certified facilities, regulatory monitoring and the resulting follow-up processes ensure they remain in compliance with regulations.

It should be noted that the Group is not subject to any specific regulatory constraints with regard to its activities.

With respect to the companies certified under ISO 14001, they follow all the regulations applicable to their businesses and their facilities, including national and local rules (example: in France the French local urban planning rules (PLU)).

Expenditure incurred to prevent environmental impacts

Given the very limited dangers in the event of malfunctions at facilities, measures already in place to limit the environmental impact of normal operations (waste removal, disposing of waste water in the sewage system, etc.) and environmental certification procedures requiring sites to pursue continuous improvements and better manage impacts, the Group's larger structures have incurred the following expenditure over the last three years to prevent such impacts on the environment from operations:

- Reducing energy consumption:
  - replacement of gas boilers with reversible air conditioning units in all head office buildings. This program was completed in 2016, with compliance achieved for the last remaining building;
  - Efforts focused on shutting down equipment, installing presence detectors and timers;
  - replacing lighting with more energy-efficient systems;
  - modifying the organization of summer holidays to reduce electricity consumption;
  - employee awareness-raising programs for turning off lights;
  - installation of a centralized on-off switch to turn off all devices at the same time;
  - carrying out an energy audit in order to implement action for improvements.
- Reduction and recycling of waste:
  - installation and rental of waste storage containers and equipment destined for processing waste, and compacting certain categories of waste;
  - reducing and recovering waste production, recycling and treatment of electrical and electronic waste;
  - recycling and reprocessing cardboard, paper and soiled packaging;
  - increasing the recovery rate and waste management;
  - initiation by the Toulouse production facility of a study on achieving a "zero paper" objective. Several steps have already been scheduled with gradual deployment having started in 2016;
  - employee campaigns, providing for the possibilities for recycling their batteries on site, respect of instructions on the use of paper (reasonable usage, sorting, collection, etc.).

- Pollution prevention:
  - for water: water analysis and maintenance systems, employee awareness-raising on the reasonable use of water;
  - for air: regular analysis at the Indian site (specific local requirements linked to high levels of general pollution rather than discharges from the structure) for the purpose of protecting employees, installation of filters;
  - for noise: regular analysis of noise at the Indian site;
  - for sustainable transport: as part of the greenhouse gas emissions assessment at the Toulouse site, the initiative for developing a plan for employee transport was not achieved in 2014, although it did provide momentum resulting in the undertaking with COOVIA described above.

Climate change and biodiversity

As demonstrated throughout this section, the environmental impact of the Group's activity is limited and all measures have been adopted to take into consideration climate change, both with respect to actions taken to limit water and energy consumption and raise employee awareness through:

- brochures;
- regularly displaying objectives, plans for improvement and the results of audits;
- meetings, certification audits and working practice instructions on energy savings;
- intranet and e-mails;
- and at the time employees are hired and/or in the course of the year;
- locally, in Brazil, for example, new employees benefit from environmental awareness programs while existing employees participate in a training program entitled "environmental balance" covering the main items and with results linked to environmental issues. Also, during the country's environmental month organized each year, one day per week is devoted to environmental training, including conferences and films.

Taking into account the environment and biodiversity has also contributed to the design and development process of products in the following areas:

- adopting a different approach in terms of the choice of materials and certain components;
- developing products and software contributing to fuel efficiency improvements, by monitoring vehicle fuel consumption and driver performance;
- taking into account the notion of ecodesign for new products;
- certification criteria or the environmental approach integrated within the system for evaluating suppliers, developing a manual defining requirements for their classification, verification of ISO 14001 certification, supplier audits and/or annual evaluations, developing environmental initiatives with key suppliers;
- Locally, in Brazil for example, where a supplier manual has been developed to set out the classification requirements: each supplier classified as having a business with an environmental impact must present their operating license issued by the relevant environmental body. The objective is to develop environmental measures with key suppliers;
- production methods taking into account environmental considerations, by brazing and welding without lead, recovery and reuse of raw materials in this process, seeking to reduce the use of plastic packaging, waste, reducing the environmental impact of the product, incorporating environmental requirements in the manufacturing documentation;
- requests for certification audits carried out in each Group structure.

Finally, at the present time, the Group has not identified any major risks related to possible climate changes that could potentially affect its activity. We note that all Group risks are described in Note 25 "Risk Factors" in the Notes to the consolidated financial statements.

Amount of provisions and guarantees

Given that the Group’s operations do not present any material environmental risk, no provision or guarantee was put in place in 2016, nor in previous financial years.

Amount of indemnities paid during the period and remediation work

In 2016 no indemnity had to be paid for any environmental problem or accident and no environmental remediation work was required.

Summary

Fluctuations in water and energy consumption are studied and effectively managed and in large part reflect Group business trends.

In addition, the two major manufacturing facilities (Colomiers and Tunis) have proactively put in place a series of measures designed to more accurately assess air emissions from their operations. The results have been excellent and demonstrate the Group’s commitment to effectively manage its environmental impacts.

This commitment was recognized and rewarded in 2016. Specifically, ACTIA Group joined the 70 companies forming the GAÏA Index, the benchmark Sustainable Development Index for midcaps. Among the 700 companies listed on the Paris stock exchange, the top 70 are selected from a panel of 230 assessed and ranked according to their level of transparency on environmental, social and governance (ESG) criteria and their Corporate Social Responsibility (CSR) performance (governance, human capital, environment relations with stakeholders). As increasing numbers of companies are paying attention to these issues, the progress made in this index is a just reward for ACTIA Group's efforts.

Gaïa-Index

GAÏA-INDEX CERTIFICATION 2016

ACTIA®

Indice Gaïa 2016

Note générale / *General rating* : 82 / 100

Les classements 2016 se basent sur la note 2015 et les informations collectées au titre de l'exercice 2015.
2016 rankings are based on the 2015 rating and data collected for the financial year 2015.

Classement général *General ranking*	**43e ex.** /230
Classement – Catégorie « Chiffre d'affaires entre 150 et 500 millions € » *Ranking – "Turnover between 150 and 500 million €"*	**9e ex.** /81

Gaïa-Index certifie que Actia Group fait partie de l'Indice Gaïa 2016 et y appartient depuis 2015.
Gaïa-Index certifies that Actia Group belongs to its 2016 CSR index and has been part of it since 2015.

Gaïa-Index, filiale d'EthiFinance, est spécialisée dans l'analyse et la notation RSE (responsabilité sociétale de l'entreprise) des PME-ETI européennes. Plus de 500 petites et moyennes valeurs ont été évaluées en 2016. En particulier, chaque année depuis 2009, Gaïa-Index collecte des informations extra-financières sur un panel de 230 ETI-PME cotées à la bourse de Paris respectant deux des trois critères suivants -chiffre d'affaires < 5 Mds €, capitalisation < 5 Mds €, salariés < 5 000- et dont le titre est suffisamment liquide. Sur la base des informations collectées, les sociétés sont notées sur leur niveau de transparence et de performance. Les 70 meilleurs acteurs du panel (sans controverse « grave »), *en conservant la répartition sectorielle initiale du Panel,* constituent l'Indice Gaïa.

Gaïa-Index, an EthiFinance's subsidiary, is specialized in the analysis and rating of CSR (corporate social responsibility) of European "small & mid caps" (more than 500 companies assessed in 2016). Every year since 2009, Gaïa-Index collects CSR information on a panel of 230 small & mid caps, that are listed on the Paris stock exchange with a sufficiently liquid stock and that satisfy two of the three following criteria: turnover < 5 billion €, capitalisation < 5 billion €, employees < 5 000. Based on this information, companies are rated on their level of transparency and performance. The Gaïa Index is composed of the 70 best companies of the panel (without severe controversy), retaining the initial sector breakdown of the Panel.

Gaïa-Index

EthiFinance

5.7.3 Societal commitments in favor of sustainable development

Outsourcing

Most facilities covered have recourse to outsourcing for different tasks.

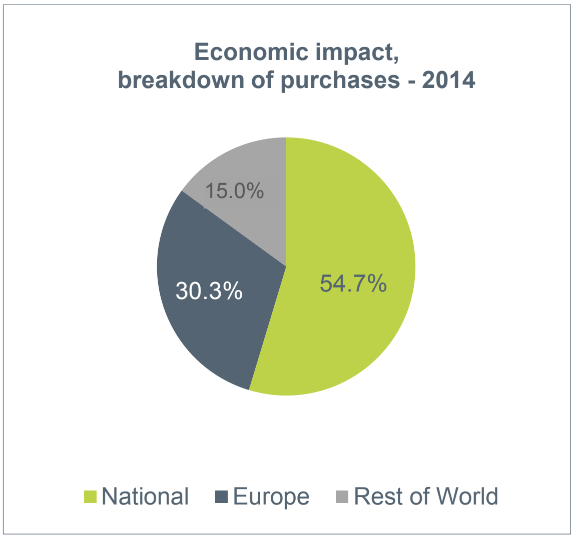
The Group has recourse to two types of outsourcing:

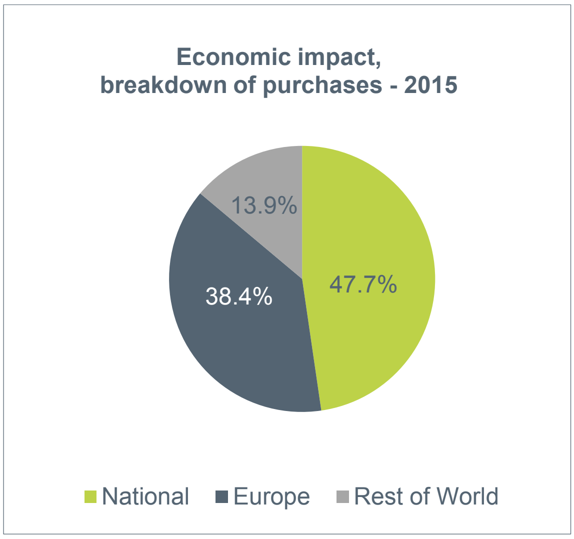
- for manufacturing, certain sub-assemblies, such as in the area of embedded audio and video systems, may be outsourced. This production is assured directly at the site of subcontractors having been approved by the Group;
- in the area of research and development, according to the specific nature of the requests, the subcontractors may intervene directly in the Company's premises or externally.

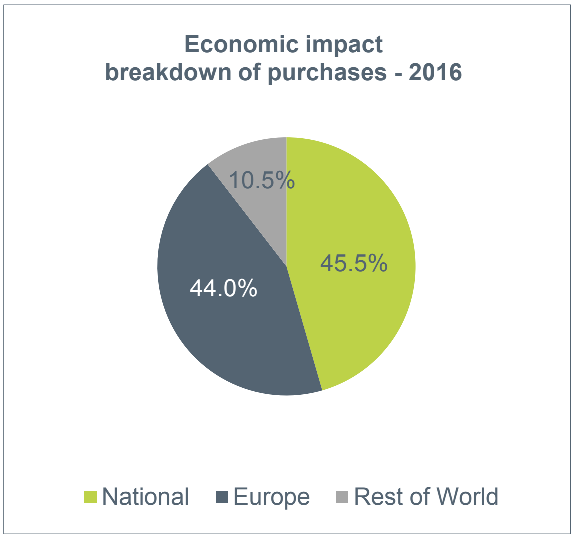
Current subcontractors vary according to Group entity and some subsidiaries have adopted assessment procedures (audits) to comply with requirements relating to quality standards, employee working conditions and the desired environmental standards depending on their certification level.

Relations with the local environment

The economic impact of the Group's operations is calculated on the basis of the breakdown of production-related purchases that is as follows:







The economic impact in Europe is on the rise.

While it has grown internationally, the Group's lasting position in its domestic market has made it possible to ensure continuing positive economic impacts in France.

Relations with stakeholders and social works

Certain Group entities are members of professional bodies: the UIMM industry association (*Union des industries et métiers de la métallurgie* or the Union of Metallurgies Industries), MEDEF (the French employers union), scientific ANRT (French National Association of Technical Research), Aerospace Valley (a bi-regional competitive cluster dedicated to aeronautics, space and embedded systems), Tompasse (Toulouse Midi-Pyrenees Aeronautics Space On-Board Systems), various social programs in France (for example ACTION Logement, an agency that collects contributions to finance the construction of social housing in France) and in the international arena, through CIPI ACTIA's adhesion, a supporter of the United Nations Global Compact on human rights and the environment, the ANFIA (the Italian automotive industry association), the metallurgy employers' association in Madrid, MAFEX (the Spanish railway association), SMMT (the British Society of Motor Manufacturers & Traders) and the Coach and Bus Industry Association in China.

The Group also has good relations with educational institutions with whom it participates in research activities and has intern program partnerships both in France and Tunisia. ACTIA Group signed a partnership agreement with six *Grandes Écoles* or leading French institutions for advanced studies: the *École des Mines* ALBI-CARMAUX, the *École Supérieure de Commerce* of Toulouse, ENSEEIHT (*École Nationale Supérieure d'Électrotechnique, d'Électronique, d'Informatique, d'Hydraulique et des Télécommunications*), ENSIL (*École Nationale Supérieure d'Ingénieurs de Limoges*), INSA (*Institut National des Sciences Appliquées de Toulouse*) and ISAE (*Institut Supérieur de l'Aéronautique et de l'Espace*) in pursuing the E+ program of excellence launched by the Group as from 2008. And also internationally: Politecnico in Turin and Milan, the University of Bari (Italy), the Monterrey Technological Institute (Mexico), the University of Shanghai, and the Nanjing Engineering College (China).

Lastly, there are no noteworthy lawsuits or disputes with resident associations, or even with individuals living near our facilities.

Fair practices

ACTIA Group set up a commission to establish a charter of ethical conduct at the Group level with the goal of transmitting to all staff the values of respect and integrity upheld by its founding families. Deployed in France during the 2014 financial year, the charter was rolled out internationally at end 2016. A Code of Conduct is currently being drawn up for implementation throughout ACTIA Group in 2017. It covers the following areas: business reports, conflicts of interest, communications, protection of ACTIA Group assets, responsible use of available resources, ethics, confidentiality, protection of the environment, the fight against corruption, internal whistleblowing and non-reprisal policy. At the same time as rolling out the Code of Conduct, arrangements to receive alerts from employees (whistleblowing) in case of breaches of the Code of Conduct will be looked into and implemented.

With respect to measures taken in favor of consumer health and safety, safety is an integral priority of products developed by the Group in conjunction with improvements in respecting the environment.

ACTIA Group in most cases intervenes in one of the components of a more complex product that may subsequently be used by the end customer. On this basis, the Group respects the requirements established to this purpose set by the manufacturer of the end product.

5.8 Statutory auditors' independent third party report on the social, and environmental information

This is a free translation into English of the original report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, professional guidelines applicable in France.

To the Shareholders,

As statutory auditors of ACTIA Group designated as an independent third party and certified by COFRAC under No.3-1049[1], we hereby present our report on consolidated social, environmental and societal information (hereinafter referred to as "CSR Information") provided in the management report for the year ended December 31, 2016 pursuant to the provisions of Article L.225-102-1 of the French Commercial Code.

Responsibility of the Company

The Executive Board is responsible for preparing a management report including CSR Information in accordance with the provisions of Article R.225-105-1 of the French Commercial Code and the procedures used by the Company (hereinafter the "Guidelines") summarized in said report and available on request from the Company's headquarters.

Independence and quality control

Our independence is defined by regulations, the code of ethics of the profession and by the provisions of Article L.822-11-3 of the French Commercial Code. We have also implemented a quality control system comprising documented policies and procedures for ensuring compliance with the rules of ethics, professional auditing standards and applicable laws and regulations.

Independent third party responsibility

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

- certify that the required CSR Information is presented in the management report or, in the event that any CSR Information is not presented, that an explanation is provided in accordance with the third paragraph of Article R.225-105 of the French Commercial Code (Statement of disclosure of CSR Information);
- express limited assurance that the CSR Information, taken as a whole, is, in all material respects, fairly presented in accordance with the Guidelines (Reasoned opinion on the fairness of the CSR Information).

Our work drew upon the expertise of five people and was conducted between September 2016 and April 2017 for a mission lasting a total of approximately two working weeks. In the performance of this engagement, we were assisted by our specialized CSR experts.

We undertook the work described below in accordance with the Decree of May 13, 2013 that sets out the conditions in which an independent third party conducts its mission, as well as the professional doctrine of the French National Order of Statutory Auditors relative to this assignment and, concerning reasoned opinion, the international standard ISAE 3000[2].

Statement of disclosure of CSR information

Nature and scope of our work

We conducted interviews with the relevant heads of department to familiarize ourselves with sustainable development policy, according to the impact of the Company's activity on labor and the environment, of its social commitments and any action or programs related thereto.

We compared the CSR Information presented in the management report with the list as provided for in Article R.225-105-1 of the French Commercial Code.

For any consolidated information that was not disclosed, we verified that the explanations provided complied with the provisions of Article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by Article L.233-1 and the entities it controls as defined by Article L.233-3 of the French Commercial Code within the limitations set out in the section "Report on social, environmental and societal Information" (CSR) of the management report.

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

Conclusion

Based on this work and the limitations mentioned above, we attest to the completeness of the required CSR Information in the management report.

Reasoned opinion on the fairness of the CSR Information

Nature and scope of our work

We conducted five interviews with persons responsible for preparing CSR information, departments responsible for collecting information and, where appropriate, those in charge of internal control and risk management procedures in order to:

- assess the suitability of the Guidelines in light of their relevance, completeness, reliability, impartiality and comprehensibility, and taking industry best practice into account when necessary;
- verify the implementation of a data collection, compilation, processing and control procedure that is designed to produce CSR Information that is exhaustive and consistent, and familiarize ourselves with the internal control and risk management procedures involved in preparing the CSR Information.

We determined the nature and scope of our tests and controls according to the nature and importance of the CSR Information in light of the nature of the Company, the social and environmental challenges of its activities, its sustainable development policy and industry best practice.

With regard to the CSR Information that we considered to be the most important[3]:

- at parent entity level, we consulted documentary sources and conducted interviews to substantiate the qualitative information (organization, policy, action), we followed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data and we verified their consistency and concordance with the other information in the management report;
- at the level of a representative sample of sites selected[4] by us and by activity, contribution to the consolidated indicators, location and risk analysis, we conducted interviews to ensure that procedures are followed correctly, and to identify possible omissions and we performed tests of details, using sampling techniques, in order to verify the calculations made and reconcile the data with the supporting documents. The sample thus selected represented 32% of headcount, a figure considered to be representative for the social section, and between 22% and 66% of the environmental data considered to be representative[5] for the environmental section.

For the other CSR consolidated information published, we assessed its consistency based on our knowledge of the Company.

Finally, we also assessed the relevance of explanations given for any information not disclosed, whole or in part.

We consider that the sampling methods and the size of the samples retained based on our professional judgment allow us to issue a moderate assurance. A higher level of assurance would have required more extensive verifications. Because of the use of sampling techniques and other limitations intrinsic to the operation of any information and internal control system, we cannot completely rule out the possibility that a material irregularity has not been detected.

Conclusion

Based on this work, nothing has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly, in all material respects, in accordance with the Guidelines.

Paris-La Défense and Toulouse, April 12 avril 2017

KPMG S.A.

Philippe Arnaud *Partner* *Sustainability Services*	Philippe Saint-Pierre

3 Social indicators: year-end headcount and breakdown by gender, age and geographic region, number of recruitments, number of dismissals, number of lost working days due to illness, number of training hours, number of accidents resulting in lost working days, frequency of occupational accidents and rate of severity.
Environmental indicators: total water consumption, total energy consumption, greenhouse gas emissions linked to energy consumption, quantity of hazardous waste and non-hazardous products.
Qualitative information: the policies implemented for training, energy consumption and the measures taken to improve energy efficiency and the use of renewable energy, the company's organizational structure taking into account environmental issues, and as applicable, environmental assessment or certification.
4 ACTIA Automotive and ACTIA Telecom.
5 See the list of environmental indicators given in the footnote on page 3 of this report.

5.9 Property, plant and Equipment

5.9.1 Existing or planned material items of property, plant and equipment

O: Owner FL: Finance lease L: Lessee SL: Internal Group sub-lessee

Name	Site	Business activity	Type of interest
ACTIA Group	Toulouse	Holding company	L
Automotive			
ACTIA Automotive	Toulouse establishments	Electronics research & manufacturing	L
	Colomiers establishments	Manufacturing and distribution of mechanical equipment for garages and inspection centers	L
	Lucé establishments		L
ACTIA PCs	Maisons Alfort	Electronics research & manufacturing	L
ACTIA UK	Newtown *(Wales)*	Electronics research & manufacturing	O
ACTIA Systems	Getafe, Madrid *(Spain)*	Research and manufacturing of audio and video equipment	L
ACTIA Muller España	Getafe, Madrid *(Spain)*	Distribution of diagnostics solutions	L
SCI Los Olivos	Getafe, Madrid *(Spain)*	Real estate	O
KARFA	Mexico City (*Mexico*)	Administration of holdings	L
ACTIA de Mexico	Mexico City (*Mexico*)	Manufacturing and distribution of audio and video equipment solutions	L
ACTIA do Brasil	Porto Alegre (*Brazil*))	Electronics research & manufacturing	L
ACTIA Inc.	Dearborn - Michigan *(USA)*	Electronics research & manufacturing	L
ACTIA CZ	Tabor (*Czech Republic*)	Electronics research & manufacturing	O
ACTIA Italia	Torino *(Italy)*	Electronics research & manufacturing	L
ACTIA 3E	Le Bourget du Lac	Electronics research & manufacturing	L
ACTIA I + Me	Braunschweig (*Germany*)	Electronics research & manufacturing	O/L
ACTIA Corp.	Elkhart - Indiana (*USA*)	Electronics research & manufacturing	O
ACTIA NL	Helmond *(Netherlands)*	Electronics research & manufacturing	L
ACTIA Polska	Piaseczno *(Poland)*	Electronics research & manufacturing	L
CIPI ACTIA	Tunis (*Tunisia*)	Electronics manufacturing	O
ACTIA Tunisie	Tunis *(Tunisia)*	Electronics manufacturing	L
ACTIA India	New Delhi *(India)*	Electronics research & manufacturing	L
ACTIA Shanghai	Shanghai *(China)*	Electronics research & manufacturing	L
ACTIA Nordic	Sollentuna *(Sweden)*	Electronics research & manufacturing	L
Telecommunications			
ACTIA Telecom S.A.	St Georges de Luzençon establishments	Electronics research & manufacturing	O/L
	Dinard establishments	Electronics research & manufacturing	FL/L
	Puy Sainte Réparade establishments	Electronics research & manufacturing	FL
	Manosque establishments	Electronics research & manufacturing	O
SCI SODIMOB	St Georges de Luzençon	Real estate	O
ARDIA	Tunis (*Tunisia*)	Electronics research & design	L
SCI de l'Oratoire	Toulouse / Colomiers	Real estate	FL/O
SCI Les Coteaux de Pouvourville	Toulouse	Real estate	O

It should be noted that the core assets are owned by the Group. As these assets were not measured at the time of the adoption of IFRS at the end of 2004, they continue to be carried at their historic cost in the consolidated financial statements.

For the purpose of improving the disclosure of information, it has been decided to retain the services of independent firms of appraisers to measure the value of these assets on a regular basis. Property assets of the Group were appraised in 2013. The accumulated appraisal value of these assets came to €39.5 million. The value of these assets will probably be re-measured in 2018.

It has not been possible to reconcile this amount with the carrying value of these assets because:

- These assets are directly or indirectly held by Group subsidiaries, certain of which are accounted for under the equity method;
- Some of the assets are financed via a leaseback transaction: we cannot, therefore, currently state that we are the legal owners.

In accordance with the option adopted by the Group, in order to ensure that its accounts would not be impacted by fluctuations in the real estate market, which does not represent its core business, and in accordance with IFRS, ACTIA Group will not perform accounting procedures to re-measure these assets in the consolidated financial statements. From a strategic perspective, the Group has always considered that real estate assets constitute tools made available to it exclusively within the framework of its industrial activities.

Property assets considered strategic relate to, above all, manufacturing activities. Accordingly, the French manufacturing facility, belonging to ACTIA Automotive S.A., located in Colomiers is wholly owned by the Group via SCI de l'Oratoire and financed via a property lease back (expiring in February 2017). The Tunisian manufacturing facility located in Tunis is owned by our subsidiary CIPI ACTIA, which is 65.8% owned by the Group.

Major industrial equipment of the French site is generally financed through finance leases, whereas equipment in Tunisia is financed through medium term bank loans.

In 2016, the **Colomiers facility** had the following activities:

- Electronics manufacturing;
- A repair center;
- A logistics unit;
- Support services.

These activities made it possible to produce close to 210,000 hours (i.e. 20% more compared to 2015) and facility usage stood at an average of 65%. The increase is tied to the implementation of a new production line for small and medium series in 2015 to replace an old line, which had become obsolete and a line for large production runs which became operational at the end of the first quarter of 2016. The infrastructure also evolved to allow for the possibility of growth in our business of more than 50% in the years ahead, with the continuation of the building renovation plan and the increase in production surface area. This also contributes to securing our Tunisian production. The two major new investments began production on D-Day after 12 months of planning. This required that the entire team be very flexible and responsive given that start-up was achieved without interrupting production. The logistics infrastructure was modernized with the opening of a warehouse 9 km from the production site, which operates at constant overall costs. Other investments in the period have concentrated on improving quality and shortening production cycles.

Activity at our Tunisian sites grew consistently, led primarily by light vehicle Telematics and high volumes.

The master plan for our **Tunisian sites** is as follows:

- CIPI ACTIA: production of electronic cards via medium and large production runs, mainly for the automotive sector;
- ACTIA Tunisia: assembly and integration of medium and large production runs for all types of markets.

The CIPI ACTIA electronic card and equipment manufacturing facility reached close to 550,000 hours of activity in 2016. This enabled an increase of approximately 10% on a like-for-like basis taking into account the transfer of production to ACTIA Tunisia. Facility usage stood at 95%. The infrastructure of our CIPI ACTIA site completed its transformation with the addition of modern production space. Investment in 2016 consisted of complementary equipment for the SMD line (Surface Mounted Device), installed in 2014, with the addition of a varnishing line. The number of components installed in all plants during the year rose from 1 billion to more than 1.1 billion, reflecting the increase in business.

The activity of the ACTIA Tunisia plant, initially focused on integration, evolved with the recovery of production equipment from CIPI ACTIA and ACTIA Automotive, when they were replaced by the latest generation equipment. The transfer of production made it possible to optimize the French-Tunisian dual manufacturing hub. Activity of the ACTIA Tunisia plant remained stable over the year. It had a production output of more than 100,000 hours or 60% of capacity. Our Tunisian electronics operation continues to be one of the top electronics production sites in the Mediterranean basin.

The coming financial year will focus on areas to improve the plants in terms of:

- processes to track the technological changes to our products and anticipate customer requirements,
- automation of the Colomiers site,
- automation of flows via the collaborative development of a small connected train with ARDIA (engineering services)

Excluding these three production sites, the Group's other facilities include primarily offices (administrative, engineering services) and integration workshops. As a general rule, these latter facilities are not subject to specific requirements and consequently easier to occupy on a rental basis. Nevertheless, the Group has over the years taken advantage of opportunities to acquire real estate representing notably assets that may originate from entities obtained from acquisitions. It has in this way directly or indirectly acquired ownership of certain buildings.

It should be otherwise noted that the UK, US, Czech and German subsidiaries own their own premises, offices and workshops.

The Telecom Division's sites are directly owned by ACTIA Telecom, acquired through finance leases or through SCI Sodimob, a wholly-owned Group subsidiary. A portion of this property is also financed on a leaseback basis.

Lastly, two sites, considered non-strategic, in Spain and France respectively, are partly held by the Group, partly by management and partly by non-controlling shareholders. In Spain these consist of buildings comprising offices and workshops held via SCI Los Olivos for which the breakdown in the capital is as follows:

Held by:	%
SCI Les Coteaux de Pouvourville	50.0%
ACTIA Systems	40.0%
Individuals	10.0%
Total	**100.0%**

In addition, in France, buildings accommodating ACTIA Group S.A. and ACTIA Automotive S.A., comprising an office complex, are fully owned by SCI Les Coteaux de Pouvourville, for which the option exercise took place in 2016, as planned. Its capital breaks down as follows:

Held by:	%
ACTIA Group	27.5%
LP2C	50.1%
Individuals	22.4%
Total	**100.0%**

The Group ensured, via an appraiser external to the Group, when the leaseback financing arrangements were put in place at the end of the financial year, that the rents for these latter two facilities are consistent with market rates. They are subject to lease increases according to the index published by INSEE, the French National Institute for Statistics and Economic Studies.

5.9.2 Environmental impact resulting from their use

This information is expanded on in Subsection 5.7.2 "Measures taken to limit environmental damage".

5.10 Risk factors

In line with IFRS 7 B6, ACTIA Group discloses information on financial instrument risks in its financial statements. All Group risks are thus covered in Note 27, "Risk factors" in the Notes to the consolidated financial statements.

5.11 Information about the issuer

The separate financial statements of ACTIA Group S.A. show revenue of €2.4 million, a decrease of 5.3% in relation to 2015. The resulting net income amounted to €2,266 k, up from €4,354 k one year earlier. This trend is linked the level of dividends paid by its subsidiaries.

Highlights of the 2016 separate financial statement are presented below:

Separate parent company results (€k)	2016	2015	2014
Net sales	**2,395**	2,528	2,264
Operating revenue	**3,037**	3,178	2,615
Operating expenses	**3,954**	4,011	3,332
Operating income/(loss)	**(918)**	(833)	(717)
Net financial income	**3,262**	5,552	4,162
Non-recurring items	**1**	(295)	0
Net income/(loss)	**2,263**	4,354	3,403

We will ask shareholders to approve these separate financial statements.

5.11.1 Difficulties encountered

ACTIA Group S.A. does not have its own operating activities and all functions exercised on behalf of its subsidiaries or the investment holding company are invoiced to these entities on the basis of actual cost plus a margin of 15% corresponding to management fees. These amounts invoiced do not cover all statutory auditing expenses, communications, tax and legal consulting services, and other expenses related to the company's status as a listed company that cannot be allocated to all subsidiaries under existing legal and regulatory provisions. Only services specified in support agreements and described in Section 4.3 "Brief description of the Group" are invoiced.

The company's operating loss accordingly stems from costs incurred as a publicly traded company and its role as a holding company involving external interventions in legal matters, communications, statutory auditing for separate and consolidated financial statements, etc. that by themselves represented a cost of €248.2 k for the period, compared to €299.6 k in 2015 which was an exceptional year due to the impact of non-deductible VAT (€60.1 k), the direct result of a tax audit.

5.11.2 Highlights

No material event has affected the structure of the holding company.

5.11.3 Appropriation of earnings

In accordance with the law and our Articles of Association, the following appropriation of earnings for the period ended December 31, 2016 will be proposed at the General Meeting:

Source		
"Retained earnings" at December 31, 2016		€8,533,809.69
Profit of the period:		€2,262,528.76
Appropriation		
To "Retained earnings" resulting in a balance of:	€7,781,347.30	
Dividends	€3,014,991.15	
TOTAL	**€10,796,338.45**	**€10,796,338.45**

Amount - Payment - Tax regime for dividends

The gross dividend per share is set at €0.15.

The ex-dividend date will be September 27, 2017. The dividend will be payable from the Company's registered office on September 29, 2017.

For individual investors (natural persons) having their tax residence in France, the dividend is eligible for the tax rebate provided for in Article 158-3-2 of the French General Tax Code.

It will be subject to a compulsory social contribution levy for a total amount of 15.5% deducted at source by the Company.

In addition, a 21.0% income tax prepayment will also be deducted at the source by the Company.

An exemption for this prepayment is granted to single, widowed, or divorced taxpayers whose tax revenue of reference for the preceding penultimate year is less than €50,000. This limit is increased to €75,000 for taxpayers filing jointly.

It is noted that shareholders who may qualify for this exemption shall provide the Company with a sworn statement certifying their revenue is less than the limits mentioned above no later than November 30 for distributions to be made in the following years.

On that basis, dividends are subject to a total withholding tax of 36.5%.

In consequence, and subject to application as applicable of the exemption provided for above, only 63.50% of the amount of dividends will actually be paid to shareholders who are natural persons.

5.11.4 Previous dividend distributions

Pursuant to the provisions of Article 243 bis of the French General Tax Code, dividends paid out by the Company over the past three financial years are disclosed below:

For the period	Income eligible for tax relief		Income not eligible for tax relief
	Dividend per share	Other income distributions	
2013	€0.07		
2014	€0.10		
2015	€0.10		

The shareholders accordingly noted that they were duly informed of these items.

5.11.5 Non-tax-deductible expenses (Article 39-4 of the French General Tax Code)

The General Meeting will be asked to approve the total amount of expenses covered by Article 39-4 of the French General Tax Code, namely the sum of €3,745, relating to surplus depreciation on company cars.

Excluding the additional contribution to corporate income tax payable on dividends in the amount of €60,275 in France and the withholding tax of €22,291 for the financial year on payments from foreign subsidiaries, no tax payments are owed for financial year 2016.

5.11.6 Equal opportunity employment

As indicated in Section 4.3 "Brief description of the Group", ACTIA Group S.A. is the Group's holding company. It has six employees to handle its holding company management functions.

To date, as indicated in Subsection 5.7.1 "Human resources policy", no incidents of discrimination occurring in the Group and the holding company or any incidents of professional inequalities with respect to gender have been noted.

5.11.7 Analysis of accounts payable

At year end, the balance of accounts payable of ACTIA Group S.A. (excluding amounts accrued for invoices not yet received from suppliers) by maturity broke down as follows:

(€k)	Aged trial balance			Total
	Past due	Due within 30 days	Due within 60 days	
Accounts payable at 12/31/15	0.0	895.0	0.0	895.0
Accounts payable at 12/31/16	45.8	593.4	4.9	680.5

With LP2C invoices accounting for 77.6% of these payables, the non-Group portion is 10.1% of the total.

5.11.8 Analysis of accounts receivable

At year end, the aged trial balance for accounts receivable was as follows:

(€k)	Aged trial balance			Total
	Past due	Due within 30 days	Due within 60 days	
Accounts receivable at 12/31/15	10.7	1,121.8	0.0	1,132.4
Accounts receivable at 12/31/2016	10.6	793.0	0.0	803.6

Group invoices accounted for 99.6% of total invoices.

5.11.9 Events after the balance sheet date

No material events have occurred after the 2016 balance sheet date.

5.11.10 Financial results over the past five years

In Euros	2016	2015	2014	2013	2012
Financial position at year end					
Share capital	**15,074,956**	15,074,956	15,074,956	15,074,956	15,074,956
Number of shares issued	**20,099,941**	20,099,941	20,099,941	20,099,941	20,099,941
Number of convertible bonds	**0**	0	0	0	0
Results from operations					
Sales excluding tax	**2,394,764**	2,527,501	2,264,219	2,097,228	2,036,521
Earnings before tax, depreciation, amortization and provisions	**2,345,915**	4,120,084	3,446,339	2,221,608	(383,444)
Income tax	**82,566**	70,465	42,203	42,203	0
Earnings after tax, depreciation, amortization and provisions	**2,262,529**	4,353,577	3,402,633	2,169,090	(403,379)
Earnings distributed	**2,009,994**	2,009,994	2,009,994	1,406,996	1,406,996
Earnings per share					
Earnings after tax but before depreciation, amortization and provisions	**0.11**	0.20	0.17	0.11	(0.02)
Earnings after tax, depreciation, amortization and provisions	**0.11**	0.22	0.17	0.11	(0.02)
Dividends allocated to each share	**0.10**	0.10	0.10	0.07	0.00
Staff					
Number of employees	**5**	5	4	5	6
Payroll for the financial year	**595,203**	564,687	472,840	449,767	502,495
Sums paid out in respect of employee benefits in the financial year (social security, social action, etc.)	**258,119**	244,267	200,748	198,268	207,948

5.12 Major shareholders

5.12.1 Breakdown of the share capital and voting rights

The identity of those persons directly or indirectly holding 5% - 10% - 15% - 20% - 25% - 33.33% - 50% - 66.66% - 90% and 95% of the share capital or voting rights at General Meetings on the dates cited are given below.

Share capital and voting rights at December 31, 2014

	Interest		Control/gross voting rights		Control/net voting rights	
LP2C	9,840,899	48.96%	19,662,428	62.82%	19,662,428	62.83%
Individuals - Pech and Calmels families	129,818	0.65%	259,636	0.83%	259,636	0.83%
Pech and Calmels families subtotal	9,970,717	49.61%	19,922,064	63.65%	19,922,064	63.66%
SIDMIA International	1,158,586	5.76%	2,315,488	7.40%	2,315,488	7.40%
Individuals - Thrum family	213	0.00%	426	0.00%	426	0.00%
Thrum family subtotal	1,158,799	5.77%	2,315,914	7.40%	2,315,914	7.40%
Total concert agreement	**11,129,516**	**55.37%**	**22,237,978**	**71.05%**	**22,237,978**	**71.06%**
SGPFEC	1,037,141	5.16%	1,037,141	3.31%	1,037,141	3.31%
General public	7,929,956	39.45%	8,020,390	25.63%	8,020,390	25.63%
Treasury shares	3,328	0.02%	3,328	0.01%	0	0.00%
Total	**20,099,941**	**100.00%**	**31,298,837**	**100.00%**	**31,295,509**	**100.00%**

Share capital and voting rights at December 31, 2015

	Interest		Control/gross voting rights		Control/net voting rights	
LP2C	9,840,899	48.96%	19,662,428	63.00%	19,662,428	63.03%
Individuals - Pech and Calmels families	129,818	0.65%	259,636	0.83%	259,636	0.83%
Pech and Calmels families subtotal	9,970,717	49.61%	19,922,064	63.83%	19,922,064	63.87%
SIDMIA International	1,158,586	5.76%	2,315,488	7.42%	2,315,488	7.42%
Individuals - Thrum family	213	0.00%	426	0.00%	426	0.00%
Thrum family subtotal	1,158,799	5.77%	2,315,914	7.42%	2,315,914	7.42%
Total concert agreement	**11,129,516**	**55.37%**	**22,237,978**	**71.25%**	**22,237,978**	**71.29%**
SGPFEC	1,037,141	5.16%	1,037,141	3.32%	1,037,141	3.32%
General public	7,914,217	39.37%	7,917,885	25.37%	7,917,885	25.38%
Treasury shares	19,067	0.09%	19,067	0.06%	0	0.00%
Total	**20,099,941**	**100.00%**	**31,212,071**	**100.00%**	**31,193,004**	**100.00%**

Share capital and voting rights at December 31, 2016

	Interest		Control/gross voting rights		Control/net voting rights	
LP2C	10,016,166	49.83%	19,837,695	63.68%	19,837,695	63.72%
Individuals - Pech and Calmels families	67,196	0.33%	134,392	0.43%	134,392	0.43%
Pech and Calmels families subtotal	10,083,362	50.17%	19,972,087	64.11%	19,972,087	64.15%
SIDMIA International	1,171,848	5.83%	2,328,750	7.48%	2,328,750	7.48%
Individuals - Thrum family	213	0.00%	426	0.00%	426	0.00%
Thrum family subtotal	1,172,061	5.83%	2,329,176	7.48%	2,329,176	7.48%
Total concert agreement	**11,255,423**	**56.00%**	**22,301,263**	**71.59%**	**22,301,263**	**71.63%**
SGPFEC	1,037,141	5.16%	1,037,141	3.33%	1,037,141	3.33%
General public	7,791,004	38.76%	7,795,776	25.03%	7,795,776	25.04%
Treasury shares	16,373	0.08%	16,373	0.05%	0	0.00%
Total	**20,099,941**	**100.00%**	**31,150,553**	**100.00%**	**31,134,180**	**100.00%**

Gross or theoretical voting rights: this is the total number of voting rights including those attached to shares deprived of voting rights, and namely those held in treasury.

Net voting rights or rights exercisable in General Meetings: shares held in treasury are not recorded.

LP2C is equally owned by the Pech and Calmels families.

SIDMIA International is held by the Thrum family.

The concert agreement between the Pech, Calmels and Thrum family shareholder groups covers all the shares held by the companies and virtually all the shares held by individuals. The shares not included at the outset of the agreement do not represent a sufficiently material percentage to be detailed. It should be noted that the agreement does not have an expiry date. Main provisions of this agreement are described in Subsection 5.12.3 "Shareholders' agreement".

To the best of the Company's knowledge, there are no other shareholders not mentioned in the above table that hold 5% or more of the share capital or voting rights of ACTIA Group S.A.

Information on voting rights is presented in Subsection 8.2.3 "Rights, preferences and restrictions in respect of shares".

Items having a potential impact in the event of public offerings

Pursuant to Article L.225-100-3 items with potential for having an impact on a **tender offer are duly noted**:

- The structure of the share capital as well as the direct and indirect holdings known to the Company and all information in this regard are set out above;
- There is no restriction on the exercise of voting rights in the Articles of Association;
- To the best of the Company's knowledge, a shareholders' agreement was signed by the families of the senior executives (Louis Pech and Pierre Calmels) and SIDMIA International. It is described herein in 5.12.3 "Shareholders' agreement";
- There are no shares with special control rights;
- There are no control mechanisms provided for in any employee shareholding system with control rights other than those exercised by employees;
- The rules for appointing and removing members of the Supervisory Board are those prescribed by law and Article 17 of the Articles of Association;
- With regard to the powers of the Executive Board, the current authorizations are set out in the capital increase authorizations table in Section 5.13 "Authorizations granted in respect of capital increases";
- Amendments to the Company's Articles of Association are made in accordance with provisions provided for by statute and regulations;
- There are no agreements (sales contracts, financial contracts, etc.) signed by the Company that would be amended or terminated in the event of a change in control at the Company;
- There are no agreements providing for severance payments for members of the Supervisory Board or the Executive Board.

Crossing of thresholds

Note that ACTIA Group S.A. was informed that it had crossed the following ownership thresholds in the past three years:

- The sub-concert agreement between the Pech and Calmels families and LP2C, which they control, exceeded the 50% threshold of the share capital of the Company (AMF notice 216C2280) on October 5, 2016.

Other securities granting entitlement to the share capital

There are no other shares or securities of any nature convertible or exchangeable for shares.

Adjustment of the conversion bases of securities granting rights to the share capital, subscription and purchase options and bonus shares

In 2016, there were no adjustments made to the conversion bases of securities.

Market in ACTIA Group shares

ACTIA Group S.A. is traded on Euronext Paris (Segment C), ISIN Code FR0000076655. Its market capitalization exceeded €150 million over the last weeks of the year and the ACTIA Group share entered the B segment of the Paris Stock Exchange on January 27, 2017.

During 2016, total volume of ACTIA Group shares traded was 8,250,387 compared to 13,638,614 in 2015 and 17,367,476 in 2014, representing average daily trading volume of 32,103 shares over 257 trading days compared to 53,039 shares in 2015 and 68,109 shares in 2014.

In 2016, the share price trading range was as follows:

- high: €8.15 from October 28 to November 1, 2016,
- low: €4.98 on June 27, 2016,
- and a close at €7.55 on 12/31/2016.

After recording a 21.5% decline in the number of shares traded in 2015, and a close down slightly at €5.22, the number of shares traded fell by 39.5% in 2016, but closed up 44.6% compared to December 31, 2015. With a high for the period up by 5.7% and a low price up by 7.6%, the share outperformed the CAC Mid&Small index throughout the financial year, with a performance up starting in August and a closing index up by 44.8% compared to 2.0% for the CAC Mid&Small.

More than 374,740 shares were purchased through the liquidity contract in 2016 and 378,678 sold over the full year, representing 9.1% of total trading volume. These daily interventions contributed to optimizing the day-to-day and intra-day trading activity for the share by reducing sharp fluctuations.

On October 5, 2016, the members of the Shareholders' Agreement (LP2C and SIDMIA International) proceeded with the acquisition of 125,907 shares, enabling the sub-concert consisting of the Pech and Calmels families and LP2C to exceed the 50% holding threshold, consolidating the family holding of the Group.

In 2015, ACTIA Group was among the 70 companies forming the GAÏA Index, the benchmark Sustainable Development Index for midcaps. Among the 700 companies listed on the Paris stock exchange, the top 70 are selected from a panel of 230 assessed and ranked according to their level of transparency on environmental, social and governance (ESG) criteria and their Corporate Social Responsibility (CSR) performance (governance, human capital, environment relations with stakeholders). Based on its 2014 results, ACTIA Group was ranked 45th out of 230 in the general ranking and 10th out of 80 in the category "sales between €150 and €500 million". The ACTIA Group consolidated its position in 2016. Based on its 2015 results, the Group finished 43rd out of 230 in the general ranking, up two spots, and 9th out of 81 in the category "sales between €150 and €500 million", up one spot.

On March 28, 2017, ACTIA Group was included in the following indices:

INDEX	ACTIA Group index weighting
CAC ALL SHARES	0.01%
CAC ALL-TRADABLE	0.01%
CAC EL. & EL. EQ.	0.22%
CAC INDUSTRIALS	0.04%
CAC MID & SMALL	0.04%
CAC SMALL	0.29%
CENT PEA-PME 150	0.42%

The following table summarizes trading activity and trends for the ACTIA Group share for the last three years:

	Performance		Volatility	
	ACTIA Group	CAC MID & SMALL	ACTIA Group	CAC MID & SMALL
2014	60.2 %	8.4 %	51.9 %	12.6 %
2015	(0.4)%	18.1 %	36.9 %	16.4 %
2016	**44.6 %**	**7.2 %**	**34.1%**	**17.1 %**
past six months	42.2 %	13.2 %	30.9%	10.3%

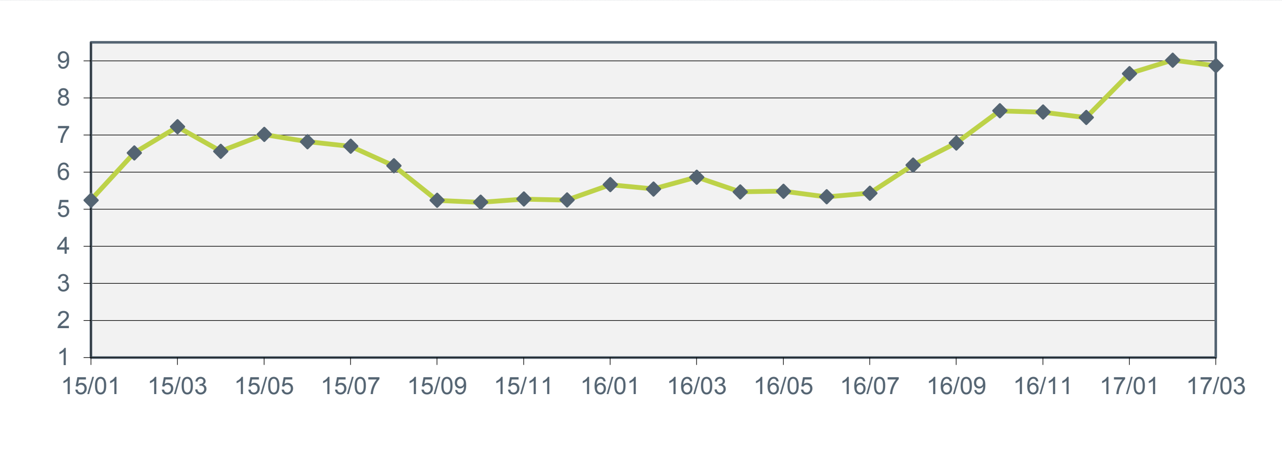
Closing price trends and trading volumes from January 1, 2014 to March 24, 2017 (closing price in Euros)

2015	High	Low	Average	Trading volume
Jan-15	5.52	5.04	5.24	1,019,574
Feb-15	7.41	5.55	6.52	2,351,629
Mar-15	7.71	6.66	7.22	2,081,387
Apr-15	6.76	6.32	6.56	1,076,099
May-15	7.35	6.48	7.02	958,301
Jun-15	7.20	6.37	6.82	828,885
Jul-15	7.28	6.18	6.69	1,137,910
Aug-15	6.83	5.29	6.17	1,639,670
Sep-15	5.70	4.63	5.24	871,390
Oct-15	5.43	4.66	5.19	810,737
Nov-15	5.47	5.13	5.27	387,360
Dec-15	5.41	5.06	5.25	475,699

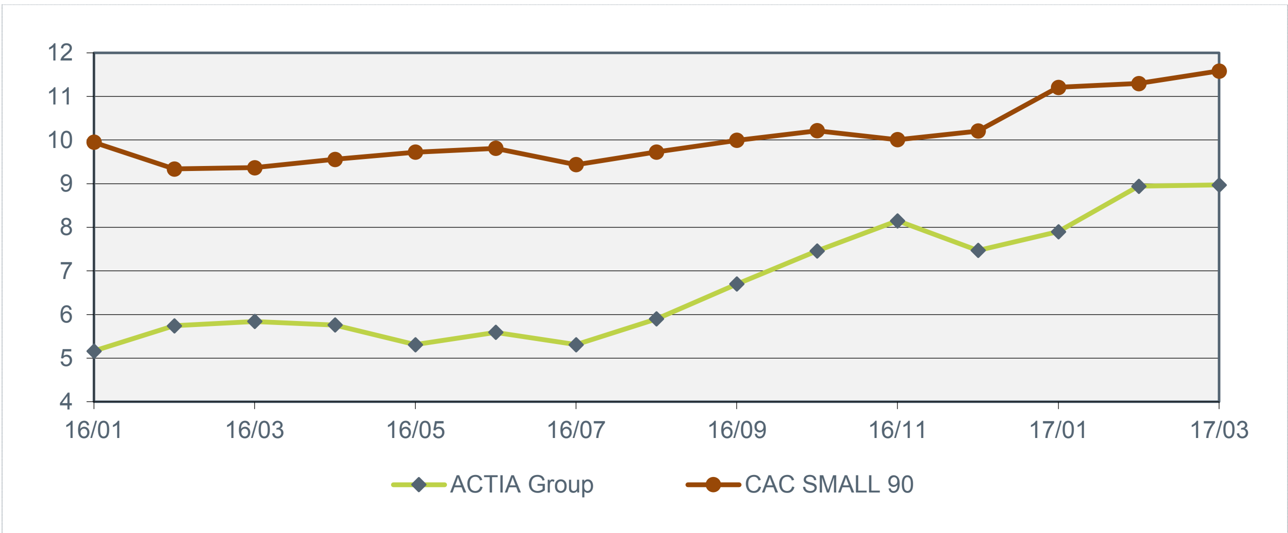
2016	High	Low	Average	Trading volume
Jan-16	6.36	5.16	5.66	1,148,369
Feb-16	5.91	5.23	5.54	847,141
Mar-16	6.30	5.63	5.86	662,433
Apr-16	5.76	5.32	5.47	366,259
May-16	5.67	5.31	5.48	338,833
Jun-16	5.63	4.98	5.33	408,345
Jul-16	5.82	5.08	5.43	320,727
Aug-16	6.72	5.82	6.19	962,326
Sep-16	7.57	6.38	6.78	998,880
Oct-16	8.15	7.35	7.65	1,002,319
Nov-16	8.15	7.18	7.62	796,306
Dec-16	7.58	7.34	7.47	398,449

2017	High	Low	Average	Trading volume
Jan-17	9.69	7.90	8.66	1,123,590
Feb-17	9.51	8.65	9.02	803,827
Mar-17	9.14	8.67	8.86	523,884

Share price trends (average monthly closing price in Euros)



Share price trends since January 1, 2016 (closing price of 1st day of the month)



5.12.2 Control and ownership

Information on holdings in share capital and voting rights is presented in Subsection 5.12.1 "Breakdown of the share capital and voting rights".

As indicated in Section 5.12 “Main shareholders”, the Group is majority owned and controlled, both directly and indirectly by the Pech and Calmels families, notably through the company LP2C.

To ensure control is not unfairly exercised and guarantee good corporate governance, the Group has adopted a dual system of governance combining a Supervisory Board with an Executive Board, presented in Subsection 5.14.1 “Supervisory Board and Executive Board membership”. The Pech and Calmels families hold the positions of Chairman (Louis Pech) and Vice-Chairman (Pierre Calmels) of the Supervisory Board. Of the five other Board members that are unrelated to each other, four are wholly independent, providing a guarantee of good governance for the Group.

The two families Pech and Calmels are also represented on the Executive Board, via Marine Candelon (daughter of Pierre Calmels), Catherine Mallet (daughter of Louis Pech) and Jean-Louis PECH (son of Louis Pech), the Executive Board's Chairman.

The founding families have in this way ensured the continuity and long-term development of the Group while maintaining independent governance within the Board.

5.12.3 Shareholders' agreement

A shareholders' agreement was signed by Louis Pech and Pierre Calmels, on the one hand, and Günther Thrum, on the other hand, on December 11, 2000.

The parties agreed to act in concert with respect to ACTIA Group S.A. primarily with regards to:

- A commitment to consult prior to all Board Meetings and all General Meetings;
- A commitment to maintain the division of seats on the Board;
- A commitment to maintain their interests so that the parties to the agreement may hold a minimum voting rights percentage in the Company;
- A commitment to consult prior to any disposal by any of the signatories of all or part of their interest (including unregistered holdings);
- A reciprocal preemptive right between the two groups of shareholders;
- In the event of a tender offer that either party wishes to accept, all the parties undertake to consult for the purpose of making decisions by mutual agreement in order to be able to carry out the proposed transaction without jeopardizing the basis of this agreement with respect to maintaining control of ACTIA Group and the pursuit of its industrial strategy;
- In the event that for whatever reason ACTIA Group shares are no longer listed on a regulated market, and the "Pech and Calmels" shareholder group wishes to dispose of all or part of its ACTIA Group shares and such disposal is likely to cause it to lose control (40% of the voting rights) of ACTIA Group, it must offer the shareholders of the "Thrum" group the option of disposing of all their ACTIA Group shares on the same price and payment terms as it got from the buyer.

As of December 31, 2016, this agreement covered a total of 11,225,423 shares (56.0% interest) and 22,301,263 voting rights (71.6% control).

5.12.4 Commitments to retain shares

Other than the shareholders' agreement described above there is, to the best of our knowledge, no commitment to retain shares in ACTIA Group.

5.12.5 Share or asset pledges

Name of registered shareholder	Beneficiary	Date pledge was established	Date pledge expires	Exercise conditions	Number of Company shares pledged	% of Company's share capital pledged
LP2C	LCL	Jul-27-12	Jul-27-17	Loan repayment	551,000	2.7%
LP2C	LCL	Sep-22-16	Sep-22-21	Loan repayment	230,700	1.1 %
TOTAL SHARES PLEDGED					**781,770**	**3.9%**

To the best of the Company's knowledge, 781,770 shares were thus pledged in favor of financial institutions on December 31, 2016, representing 3.9% of the Company's share capital.

5.12.6 Treasury shares

Detailed information about the share buyback program is presented in Subsection 7.2.3 in Note 3.7 in the Notes to the separate annual financial statements, "Treasury shares".

5.12.7 Authorization to implement a share buyback program

We propose that the Executive Board be granted an authorization for 18 months to purchase, on one or more occasions at times of its choosing, up to 2% shares of the Company comprising the share capital, where applicable adjusted to take into account subsequent increases or reductions in the share capital that may be carried out during the period the share buyback authorization is in force.

Acquisitions under this authorization that may not increase the total number of treasury shares held to more than 10% of the share capital may be made for the following purposes:

- Market-making on the secondary market or share liquidity services provided by an investment service provider through a liquidity contract in compliance with the conduct of business rules of the AMAFI recognized by the AMF;
- The retention of shares for future use for payment or exchange in connection with acquisitions, it being specified that the total amount of shares acquired for this purpose may not exceed 5% of the Company's share capital;

- Set aside shares for bonus share plans, stock option plans and other forms of share grants for employees and/or officers of the group in accordance with the conditions and procedures provided for by law, notably for the purpose of employee profit sharing schemes in connection with a Company savings plan or bonus share grants;
- Set aside shares to meet applicable securities regulations with respect to securities giving rights to grants of the Company's shares.

These transactions may not be carried out during periods when public tender offers are in effect.

We propose that the maximum purchase price be set at 14 Euros per share with the maximum amount for the share buyback program to be set at 5,627,972 Euros.

The Executive Board shall be vested with all powers to take all actions required for said purpose.

5.13 Authorizations granted in respect of capital increases

5.13.1 Share capital increase

At the balance sheet date, there were no authorizations granted in respect of capital increases:

ITEM	Extraordinary General Meeting	Expiry	Amount authorized	Increases and issues carried out in previous years	Increases and issues carried out during the financial year	Residual authorization as of the date of drafting of this table
Authorization to increase the capital in favor of members of an Employee Savings Plan	None	None	None	None	None	None

5.13.2 Stock option plan

No stock option plans are in force in the Company or in other Group companies.

5.13.3 Bonus share plan

No bonus share plans are in force in the Company or in other Group companies.

5.13.4 Authorizations provided in respect of the granting of options

No authorization with respect to granting share subscription options giving rise to a share capital increase was in force as of the balance sheet date.

5.14 Administrative, management and supervisory bodies and executive management

5.14.1 Supervisory Board and Executive Board membership

As indicated in 6.1.1 "Corporate governance" the Company applies the new edition of the MiddleNext corporate governance code for listed companies issued in September 2016. At December 31, 2016, membership of the Supervisory Board and Executive Board was as follows:

Supervisory Board

- Louis Pech — Chairman of the Supervisory Board
- Pierre Calmels — Vice-Chairman of the Supervisory Board
- Henri-Paul Brochet — Supervisory Board member, independent
- Alain Costes — Supervisory Board member, independent
- Carole Garcia — Supervisory Board member, independent.
- Günther Thrum — Supervisory Board member
- Véronique Védrine — Supervisory Board member

- Jean-Philippe Brinet — Non-voting observer
- Christian Desmoulins — Non-voting observer

Executive Board

- Jean-Louis Pech — Chairman of the Executive Board, son of Louis Pech
- Marine Candelon-Bonnemaison — Executive Board member, daughter of Pierre Calmels
- Catherine Mallet — Executive Board member, daughter of Louis Pech

5.14.2 Offices and positions held by corporate officers over the past 5 years – Management expertise and experience of Directors and Officers

- **Louis Pech** is Chairman of the Company's Supervisory Board. Appointed at the Extraordinary General Meeting of November 12, 2002, his term of office was renewed on the date of the Annual General Meetings of May 6, 2008 and May 28, 2014, and will expire at the General Meeting of 2020 called to approve the financial statements for the financial year ended December 31, 2019. He also holds the following offices and positions in the companies listed below:

- **Offices**

Current offices and directorships		
Offices	**Company**	**Country**
Chairman of the Executive Board	LP2C	France
Chairman of the Board of Directors and Director	ACTIA Automotive	France
Director	ACTIA de Mexico	Mexico
	KARFA	Mexico
	ACTIA Italia	Italy
	ACTIA Nederland	The Netherlands
	ACTIA China	China
	ACTIA Nordic	Sweden
	ACTIA Inc.	USA
	ACTIA Corp.	USA
Advisory Board member	ACTIA do Brasil	Brazil
Permanent representative of LP2C	CIPI ACTIA	Tunisia
	ACTIA Tunisie	Tunisia
	ARDIA	Tunisia
	ACTIA Telecom	France
	ACTIA Systems	Spain
Permanent representative of ACTIA Automotive	ACTIA 3E	France
Co-Manager	SCI de l'Oratoire	France
Vice-Chairman	Le Cercle D'Oc	France
Honorary Advisor	Banque de France de Toulouse	France
	Conseil du Commerce Extérieur de la France	France
Honorary Chairman	CCI de Toulouse	France
	Conseil du Commerce Extérieur de Midi-Pyrénées	France
Member	Académie d'Occitanie	France
	Association des Capitouls	France
Official non-voting observer	Caisse d'Épargne Midi-Pyrénées	France

Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Chairman of the Board of Directors	Fonderies Financière MERCIE	France	2012
Permanent representative of ACTIA Automotive	ACTIA Muller	France	2015
Chairman	Midi Capital investment committee	France	2016
Member of the Comité des Sages	Muséum d'Histoire Naturelle	France	2016
Regional Advisory Board member	Société Générale	France	2016
	NATIXIS	France	2016
Permanent representative of ACTIA Group	ACTIA Telecom	France	2016
Director	YMCA Cépière	France	2012
	ACTIA Tunisie	Tunisia	2016
	CIPI ACTIA	Tunisia	2014
	ARDIA	Tunisia	2016
	ACTIA India	India	2016
	ACTIA Systems	Spain	2015
	EUROSUD Transport Atlantique Méditerranée	France	2013
Co-Manager	SCI du 4 rue Jules Védrines	France	2013

- **Address**

  ACTIA Group – 5, Rue Jorge Semprun – BP 74215 – 31432 Toulouse Cedex 04

- **Expertise and experience**

  - CIVIL STATUS

    Born on April 27, 1934 in Ferrals-Les-Corbières (Aude)

    Married, 4 children

  - ACADEMIC BACKGROUND

    A graduate of the École Supérieure de Commerce of Toulouse 1954 - 1957

  - PROFESSIONAL BACKGROUND

    ATELIERS SEMCA – Corporate Secretary 1960 - 1962

    MICROTURBO on January 2, 1963 after having arranged the creation of this company from ABG SEMCA – Sales Manager then Deputy Chief Executive Officer 1963 - 1989
    Left the company having simultaneously held for a period of three years his position in MICROTURBO and management positions at MERCIE and ACTIA Automotive

    ACTIA Automotive since 07/1989

    LP2C (Group holding company) since 07/1994

  - DECORATIONS

    Silver long-service medal

    Officer in the National Order of Merit

    Knight in the Ordre des Palmes Académiques

    Officer in the National Order of the Legion of Honor

  - AWARDS

    Prix Chivas 1985

  - PAST SOCIAL ACTIVITIES:

    Associate member of the Toulouse Chamber of Commerce and Industry 1986 - 1991

    Chairman of the Industry and Foreign Trade Committee of the Toulouse Chamber of Commerce and Industry 1986 - 1991

    Vice-Chairman of the Industry and Foreign Trade Committee of the Toulouse Chamber of Commerce and Industry 1988 - 1992

Chairman of the Midi-Pyrenees Regional Committee of the Association of French Foreign Trade Advisers	1988 - 1993
Chairman of the Regional Export Committee (General Assembly)	1990 – 1993
Chairman of the Midi-Pyrenees Study and Mobilization Group (GEM)	1991 - 1993
Chairman of the Committee for the Promotion of International Trade (Export Charter)	1991 - 1995
Member of the Toulouse Chamber of Commerce and Industry	1991 - 1997
Advisor of the Banque de France, Toulouse	1993 - 2005
President of the Toulouse Chamber of Commerce and Industry	1994 - 1997
Vice-Chairman of the Midi-Pyrenees Regional Employers Association	1994 - 1997
Member of the Midi-Pyrenees Regional Economic and Social Committee	1994 - 1997
Chairman of ADERMIP (Association for the development of Education, Economy and Research in Midi-Pyrenees)	1994 - 1999
Member of the Board of the Haute-Garonne Employers Association	1994 - 1999
Director of the National Polytechnic Institute of Toulouse	1994 - 2002
Vice-Chairman of the Midi-Pyrenees Regional Chamber of Commerce and Industry	1995 - 1997
Vice-Chairman of the Departmental Economic Development Committee (General Assembly)	1995 - 2000
Chairman of IERSET (European Institute for Research into Electronic Systems for Transportation)	1996 - 2003
Chairman of Société d'Épargne Locale Toulouse Nord (Caisse d'Epargne Group)	2000 - 2004
Director of Société d'Epargne Locale Toulouse Nord (Groupe Caisse d'Épargne)	2000 - 2007
Non-voting observer on the Supervisory Board of Tofinso	2003 - 2005
Director of Espace Sport Technologies (France)	2003 - 2005
Director of the FACE Grand Toulouse Association (France)	2003 - 2005

- **Pierre Calmels** is Vice-Chairman of the Company's Supervisory Board. Appointed at the Combined Ordinary and Extraordinary General Meeting of May 9, 2003, his term of office was renewed on the date of the Annual General Meetings of May 14, 2009 and May 28, 2015, and will expire at the Annual General Meeting of 2021 called to approve the financial statements for the financial year ended December 31, 2020. He also holds the following offices and positions in the Companies listed below:

- **Offices**

Current offices and directorships		
Offices	**Company**	**Country**
Chairman of the Supervisory Board	LP2C	France
Vice-Chairman of the Board of Directors and Director	ACTIA Automotive	France
Director	ACTIA Italia	Italy
	SCI Los Olivos	Spain
	ACTIA Nederland	Netherlands
	ACTIA Systems	Spain
	ACTIA Corp.	USA
	ACTIA Inc.	USA
	KARFA	Mexico
	ACTIA INDIA	India
	ARDIA	Tunisia

Current offices and directorships		
Offices	**Company**	**Country**
	ACTIA Telecom	France
	ACTIA Nordic	Sweden
Permanent representative of ACTIA Group	CIPI ACTIA	Tunisia
Advisory Board member	ACTIA do Brasil	Brazil
Co-Manager	SCI les Coteaux de Pouvourville	France
	SCI de l'Oratoire	France

Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Vice-Chairman of the Board of Directors	Fonderies Financière MERCIE	France	2012
Permanent representative of LP2C	Fonderie Mercie Europe	France	2012
Director	ACTIA PCs	France	2012
	CIPI ACTIA	Tunisia	2014
	ACTIA de Mexico	Mexico	2015
	Fonderies Financière MERCIE	France	2012
Co-Manager	SCIPIA	France	2013
	SCI du 4 rue Jules Védrines	France	2013

- **Address**

  ACTIA Group – 5, rue Jorge Semprun – BP 74215 – 31432 Toulouse Cedex 04

- **Expertise and experience**

  - CIVIL STATUS

    Born on November 29, 1936 in Ploubazlanec (Côtes d'Armor)

    Married, 5 children

  - ACADEMIC BACKGROUND

    Ecole Polytechnique (School of Engineering) - Paris – AFN 1957 - 1959

    Military service – Marignane Avord 1959 - 1960

    ISAE (formerly ENSAE) – Paris 1960 - 1962

    ICG – Toulouse 1983 - 1985

  - PROFESSIONAL BACKGROUND

    Aeronautical Test Center of Toulouse (CEAT) 1962 - 1969
    Weapons engineer
    Head of Conditioning Laboratory (3 years)
    Head of the Materials and Structure Group (4 years)

    M.CROTURBO S.A. – Toulouse 1969 - 1990
    Technical Director (7 years)
    Program Director (9 years)
    Chief Executive Officer (5 years)

    ACTIA Automotive S.A. – Toulouse since 12/1990

    LP2C (Group holding company) since 07/1994

❖ **Günther Thrum** is Member of the Company's Supervisory Board. Appointed at the Extraordinary General Meeting of November 12, 2002, his term of office was renewed on the date of the Annual General Meetings of May 6, 2008 and May 28, 2014 and will expire on the date of the Annual General Meeting that will be held in 2020 to approve the financial statements for the year ended December 31, 2019. He also holds the following offices and positions in the Companies listed below:

❖ **Offices**

Current offices and directorships		
Offices	**Company**	**Country**
Manager	SIDMIA S.A.S.	France
	SIDMIA International SARL	France
Director	INTELLIGENT GENERATION LLC	USA
Offices and directorships held within the last 5 years		
None		

❖ **Address**

SIDMIA International – 58, Avenue du Général Leclerc – 92100 Boulogne Billancourt

❖ **Expertise and experience**

- CIVIL STATUS

  Born on June 9, 1938 in Karlsruhe (Germany)

  Married, 2 children

- ACADEMIC BACKGROUND

  Technical University – Karlsruhe (Germany) 1957 - 1963

  Engineering Degree

- PROFESSIONAL BACKGROUND

  REINZ (Germany) 1963 - 1969
  Field Applications Engineer
  Head of the Field Applications Unit

  SNECI (Levallois) 1969 - 1972
  Commercial engineer

  SIDMIA (Boulogne-Billancourt) since 1972
  Manager

  SIDMIA International (Boulogne-Billancourt) since 1988
  Manager

- **Alain Costes** is Member of the Company's Supervisory Board. Appointed at the Ordinary General Meeting of November 10, 2003, his term of office was renewed on the date of the Annual General Meetings of May 14, 2009 and May 28, 2015, and will expire at the Annual General Meeting of 2021 called to approve the financial statements for the financial year ended December 31, 2020. He also holds the following offices and positions in the companies listed below:

- **Offices**

Current offices and directorships			
Offices	**Company**	**Country**	
Chairman of the Board of Directors	Gip RENATER	France	
	GROUPE ESC de Toulouse	France	
	INP-Ensat de Toulouse	France	
	IUT de Figeac	France	
Vice-Chairman	CANCEROPOLE de Toulouse	France	
	AMPERE	France	
Director	MAPPING Consulting	France	
	Pôle de Compétitivité Cancer Bio Santé	France	
	AVAMIP	France	
	PRES Université Toulouse	France	
	RTRA Aéronautique	France	
Associate Member	CCI de Toulouse	France	
Chairman of the Scientific Advisory Board	Fondation de Recherche InNaBioSanté	France	
Scientific Advisory Board member	Sciences-Animation	France	
Consultative Chairman Research/Innovation	CRCI Midi-Pyrénées	France	
Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Director	ACTIA Automotive	France	2016

- **Posts**
  - Professor, INP – 6, Allées Emile Monso – 31000 Toulouse;
  - Career scientist at LAAS-CNRS – 7, Avenue du Colonel Roche – 31077 Toulouse Cedex 04;
  - Member of the French Technology Academy.

- **Address**

MAPPING Consulting – 26, rue Saint-Antoine du T - 31000 Toulouse

- **Expertise and experience**
  - CIVIL STATUS

    Born on July 29, 1939 in Toulouse (Haute-Garonne)

  - ACADEMIC BACKGROUND

    Licence ès Sciences 1963

    Engineering graduate from the École Nationale Supérieure d'Électrotechnique, d'Électronique, d'Informatique et d'Hydraulique de Toulouse (ENSEEIHT) 1963

    Doctorate of Science 1966

    Docteur ès Sciences 1972

- PROFESSIONAL BACKGROUND

Researcher, Higher Education Institute President	
Member of the design and validation team for dependable computer systems at the CNRS LAAS (French National Center for Scientific Research, Laboratory for Analysis and Architecture of Systems)	since 1974
Lecturer	1975 - 1980
Vice-Chairman of the International Federation for Information Professing	since 1979
Professeur sans chaire	1981 -1983
Deputy Director of LAAS-CNRS and of the Dependable Computing and Fault Tolerance group	1981 - 1985
Vice-Chairman of the Association for the Development of Teaching, the Economy and Research in Midi-Pyrenees	since 1981
Professeur de 1ère classe (University Professor)	1983 – 1988
Technical adviser to the Toulouse Chamber of Commerce and Industry	since 1984
Director of LAAS-CNRS and of the Dependable Computing and Fault Tolerance Group	1985 - 1996
President of the Computer Science, Automatic Control, and Signal Processing section of the CNRS laboratory	1988 - 1991
Professeur de classe exceptionnelle (University Professor)	since 1989
Elected member and committee member of the Computer Science, Automatic Control and Signal Processing section of the CNRS laboratory	1992 - 1995
Chairman of the Engineering Science Department Committee	1992 - 1995
Member of the Scientific Council of the CNRS	1992 - 1997
Rapporteur Général of the 2nd plenary session of the CNRS	1993
Member of the Advanced Research and Technology Committee of the MESR	since 1994
Chairman of the National Polytechnic Institute of Toulouse (INPT)	1996 - 2000
Member of the Board of Directors of the CNRS	1996 - 2000
Member of ENSEEIHT, of the Technological Development Consultative Committee (CCDT)	since 1998
Director of Technology, Ministry of Research	2000 - 2003
Professor at the National Polytechnic Institute of Toulouse (INPT)	since 2003
Chairman of the 3rd plenary session of the CNRS	
Career scientist at LAAS-CNRS	since 2003
Member of Branch 07 of the National Committee for Scientific Research	
Chairman of the Engineering Science Department Committee and of the CNRS Scientific Committee	

- PUBLICATIONS

Countless scientific articles and publications in specialized journals.

- DECORATIONS

Commander of the Legion of Honor

Commandeur des Palmes Académiques

Member of the French Technology Academy

Silver Score Award of the IFIP

❖ **Véronique Védrine** is member of the Company's Supervisory Board. Her appointment was ratified by the Combined Ordinary and Extraordinary General Meeting of April 30, 2004, renewed on the date of the Annual General Meetings of May 14, 2009 and May 28, 2015, and will expire at the General Meeting of 2021 called to approve the financial statements for the financial year ended December 31, 2020. She also holds the following offices and positions in the companies listed below:

❖ **Offices**

Current offices and directorships		
Offices	**Company**	**Country**
Director	Bpifrance Régions	France
	Groupe la dépêche du midi	France
Treasurer and Vice-Chair	Provence-Alpes-Côte d'Azur (PACA) Region Bank Committee	France
Permanent Representative of Bpifrance Investissement on the Board of Directors	IRDI	France
	Midi Pyrénées Croissance	France
Offices and directorships held within the last 5 years		
None		

❖ **Post**

Director of Réseau Sud Bpifrance – a French Limited Company (Société Anonyme) with a capital of €750,860,784 – Creteil Companies Register (RCS) 320,252,489.

❖ **Address**

Bpifrance –27/31, avenue du Général Leclerc – 94710 Maisons-Alfort Cedex

❖ **Expertise and experience**

- CIVIL STATUS

  Born on June 25, 1959 in Mantes-La-Jolie (Yvelines)

  2 children

- ACADEMIC BACKGROUND

  A graduate of the École Supérieure de Commerce of Clermont-Ferrand 1977 - 1980

- PROFESSIONAL BACKGROUND

  CEPME
  Case Manager – Auvergne Regional Office 1981 - 1991
  Registered office - Commitments Department: tourism, health, local authorities 1991 - 1997
  Head of Tourism Department – central agency
  Assistant to the Network Director during the CEPME – SOFARIS merger

  Regional Director, BDPME Midi-Pyrénées 1998 - 2005

  Director of Réseau Sud Méditerranée OSÉO BDPME
  (PACA, Corsica, Languedoc-Roussillon, Midi-Pyrénées) since 02/2005

  Director of Réseau Sud Méditerranée OSEO
  (OSEO Financement – OSEO Innovation) since 10/2006

  Director of Réseau Sud OSEO
  (PACA, Corsica, Languedoc-Roussillon, Midi-Pyrénées, Aquitaine) since 01/2009

  Director of Réseau Sud Bpifrance since 07/2013
  (the public investment bank is the result of the merger between OSEO, CDC Entreprises, FSI and FSI Régions)

- DECORATIONS

  Knight in the National Order of Merit

  Knight of the Legion of Honor (2015)

- SOCIAL ACTIVITIES

  Treasurer of the Provence-Alpes-Côte d'Azur Banks Regional Committee

  I.F.A. Chair (French Institute of Independent Directors) - Midi-Pyrénées region.

❖ **Henri-Paul Brochet** is member of the Company's Supervisory Board. Appointed at the Combined General Meeting of September 15, 2008, his term of office was renewed on the date of the Annual General Meeting of May 28, 2014 and will expire on the date of the Annual General Meeting to be held in 2020 to approve the financial statements for the financial year ended December 31, 2019. He also holds the following offices and positions in the companies listed below:

❖ **Offices**

Offices and directorships held within the last 5 years		
Offices	**Company**	**Country**
Chairman	ALIAGE	France
	CANCEROPOLE Grand Sud-Ouest Société HBIC	France
Manager	Holding MBBCS	France
Director	SOGECLAIR	France
Qualified Personality	CESER	France
Alternate Director	AEROSPACE Valley	France

Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Vice Director Responsible for Integration	Following the merger of Alcatel Space with Alenia Spazio)	France	2012
Deputy Chief Executive Officer	Thales Alenia Space	France	2012
Director	Thales Alenia Space (Toulouse site)	France	2012
Advisor to the Chairman	Thales Alenia space	France	2012
Permanent representative of THALES ALENIA SPACE	INTESPACE	France	2012

❖ **Posts**

- Member of the Scientific Advisory Board of Université Paul Sabatier,
- Technical Adviser I.P. to the CCIT.

❖ **Address**

132, Chemin Saint Pierre – 31170 Tournefeuille

❖ **Expertise and experience**

- CIVIL STATUS

  Born on September 12, 1945 in Limoges (Haute-Vienne)

- ACADEMIC BACKGROUND

  Doctorate in physics - microwave option

  Business degree from the Institut d'Administration des Entreprises

- PROFESSIONAL BACKGROUND

THOMSON – CSF “Microwave Division”
Radio beam test and integration engineer 1973-1977

Head of the Local Oscillators Laboratory 1977 - 1982

Thomson – CSF “Space Division”
Head of Microwave and TT&C product lines 1982 - 1988

Director of Space Equipment, ALCATEL-ESPACE 1988 - 1993

ALCATEL- ESPACE thereafter ALCATEL- SPACE
(following the merger with Aérospatiale “satellites”)
Chief Industrial Officer and director of the Toulouse site 1993 - 2003

Alcatel - Space thereafter Alcatel Alenia Space (following the merger with Alenia Spazio)
Director of Industrial Engineering and Director of the Toulouse site 2003 - 2007

THALES ALENIA SPACE
Deputy Chief Executive Officer of Thales Alenia Space France and Director of the Toulouse site 2007 - 2010

- DECORATIONS

Knight of the Legion of Honor

❖ **Carole Garcia** is member of the Company’s Supervisory Board. Appointed at the Annual General Meeting of May 28, 2014, her term of office expires at the Annual General Meeting to be held in 2020, called to approve the financial statements for the year ended December 31, 2019. She also holds the following offices and positions in the companies listed below:

❖ **Offices**

<table>
<tr><th colspan="4">Current offices and directorships</th></tr>
<tr><th>Offices</th><th>Company</th><th colspan="2">Country</th></tr>
<tr><td>Chairman</td><td>SAS Graine de pastel</td><td colspan="2">France</td></tr>
<tr><td>Chairman and Director</td><td>Financière Graine de pastel</td><td colspan="2">France</td></tr>
<tr><td>Manager</td><td>SCI Clément Laffont</td><td colspan="2">France</td></tr>
<tr><td>Honorary Consul</td><td>Principality of Monaco</td><td colspan="2">Monaco</td></tr>
<tr><td rowspan="2">Member</td><td>Cercle d’Oc</td><td colspan="2">France</td></tr>
<tr><td>New economy and growth committee at the Toulouse ICC</td><td colspan="2">France</td></tr>
<tr><td>Advisor
Member of the Midi-Pyrénées office</td><td>Conseil du Commerce Extérieur de la France</td><td colspan="2">France</td></tr>
<tr><td>Founding member</td><td>Académie des Arts et des Sciences du Pastel</td><td colspan="2">France</td></tr>
<tr><th colspan="4">Offices and directorships held within the last 5 years</th></tr>
<tr><th>Offices</th><th>Company</th><th>Country</th><th>End of term</th></tr>
<tr><td>Manager</td><td>Cocagne & Compagnie</td><td>France</td><td>2013</td></tr>
</table>

❖ **Address**

Graine de Pastel – 4, Place Saint Etienne 31000 Toulouse

❖ **Expertise and experience**

- CIVIL STATUS

Born on September 10, 1971 in L’Union (Haute-Garonne)

3 children

- ACADEMIC BACKGROUND

École Supérieure de Commerce of Bordeaux	1992
Masters in Marketing Strategy, Paris Dauphine University	1993
Cycle des Hautes Etudes pour le Développement Economique (CHEDE), French Ministry of the Economy	2015

- PROFESSIONAL BACKGROUND

Marketing positions, Pharmaceutical Group PIERRE FABRE	1994 - 2001
Chair and co-founder of GRAINE DE PASTEL	since 2002

- DECORATIONS

National Order of Merit

❖ **Jean-Philippe Brinet** is a non-voting observer of the Company's Supervisory Board. Appointed by the Supervisory Board on September 14, 2009, his term of office was renewed by the Supervisory Board on September 6, 2013 and will expire on September 6, 2017. He also holds the following offices and positions in the companies listed below:

❖ **Offices**

Current offices and directorships		
Offices	**Company**	**Country**
Director	KGF	France
	Université Bordeaux 4	France
Offices and directorships held within the last 5 years		
None		

❖ **Posts**

- Manager of JPF Conseil

❖ **Address**

16, Rue du Temple – CAVALIERE – 83980 Le Lavandou

❖ **Expertise and experience**

- CIVIL STATUS

Born on March 14, 1943 in Neuilly sur Seine

- ACADEMIC BACKGROUND

Business degree from the Institut d'Administration des Entreprises

Graduate of the Centre d'Études Supérieures de Banque de Paris

Advanced degree in Private Law

- PROFESSIONAL BACKGROUND

Research Director for the Quebec Ministry of Labor	1968 - 1969
Assistant to the Chief Financial Officer, Procter & Gamble	1970 - 1971
Account Manager, Major Accounts Commercial Banking Division, BRED	1971 - 1974
Assistant to the Chief Operating Officer, BRED	1974 - 1975
Group manager for BRED - Paris-Est	1975 - 1977
Group manager for BRED - Rouen	1978 - 1981
Regional Director, BRED - Est Parisien	1981 - 1989
Vice-President of Marketing, BRED	1989 - 1991
Vice President for branch operations, BRED	1991 - 1993
Managing Director, CIC Société Bordelaise	1994-2009

❖ **Christian** Desmoulins is a non-voting observer of the Company's Supervisory Board. Appointed at the Supervisory Board Meeting of June 27, 2014 after serving for 11 years as the Chairman of ACTIA Group's Executive Board. His term will end on June 27, 2018. He also holds the following offices and positions in the Companies listed below:

❖ **Offices**

Current offices and directorships		
Offices	**Company**	**Country**
Chairman of the Board of Directors and Director	ACTIA Telecom	France
	Le Cercle d'Oc	France
Director	ENSIACET: Ecole Nationale Supérieure des Ingénieurs en Arts Chimique et Technologiques	France
	Université Paul Sabatier	France
Advisor	Conseil du Commerce Extérieur de la France	France
Manager/Co-Manager	SCI Bridge – Bayard	France
Honorary Chairman	Midi-Pyrenees Regional Committee of the Association of French Foreign Trade Advisers	France

Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
CEO	ACTIA Automotive	France	2014
Member of the Board	École Doctorale Systèmes	France	2016
Chairman of the Board of Directors and Director	ACTIA Automotive	France	2016
	Institut National Universitaire CHAMPOLLION	France	2016
	ACTIA India	India	2016
Chairman of the Executive Board	ACTIA Group	France	2014
Chairman	Midi-Pyrenees Regional Committee of the Association of French Foreign Trade Advisers	France	2015
Chairman of the Supervisory Board	Les Ateliers de l'Ayguette	France	2015
Director	ACTIA Muller	France	2015
	CIPI ACTIA	Tunisia	2016
	Institut National Polytechnique de Toulouse	France	2016
	IRT Antoine de Saint Expupéry	France	2016
	ARDIA	Tunisia	2016
	ACTIA Nederland	Netherlands	2015
	ACTIA de Mexico	Mexico	2015
	ACTIA PCs	France	2015
	ACTIA Polska	Poland	2015
	ACTIA Tunisie	Tunisia	2015
	YMCA Cépière	France	2015
	Aerospace Valley	France	2015
	Club des Affiliés du LAAS-CNRS	France	2015
Advisory Board member	ACTIA do Brasil	Brazil	2015
Manager/Co-Manager	SCI les Coteaux de Pouvourville	France	2015
	ACTIA Muller España	Spain	2015
Advisor	Banque de France de Toulouse	France	2015
Permanent representative of ACTIA Group	ARDIA	Tunisia	2014

Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Chairman of the Board of Directors and Director	ACTIA Muller UK	United Kingdom	2014
	ACTIA PCs	France	2014
	ACTIA Nordic	Sweden	2015
	ACTIA Corp	USA	2015
	SCI los Olivos	Spain	2015
	ACTIA 3E	France	2015
	ACTIA China	China	2015
	ACTIA UK	United Kingdom	2015
	ACTIA Inc.	USA	2015
	ACTIA Italia	Italy	2015
	ACTIA Systems	Spain	2015
	KARFA	Mexico	2015
	Toulouse INSA engineering school	France	2015
Permanent representative of ACTIA Automotive	ACTIA Tunisie	Tunisia	2014
Observer	OSEO	France	2013
Member of the Steering Committee	OSEO	France	2013

❖ **Posts**

- Académicien des Technologies
- Académicien des Jeux Floraux

❖ **Address**

ACTIA Group – 5, rue Jorge Semprun – BP 74215 – 31432 Toulouse Cedex 04

❖ **Expertise and experience**

- CIVIL STATUS

  Born on October 18, 1951 in Safi (Morocco)
  Married, 1 child

- ACADEMIC BACKGROUND

  Ecole Polytechnique (School of Engineering)

  Civil engineer

- PROFESSIONAL BACKGROUND

  District Manager at the Nièvre Public Works Department 1976 - 1981

  Division Head at the Provence-Alpes-Côte d'Azur DRIRE and Special Assistant to the Regional Prefect 1981 - 1986

  Regional Director of Industry, Research and the Environment and Regional Delegate of Auvergne ANVAR 1986 - 1991

  Regional Director of Industry, Research and the Environment for Midi-Pyrenees and Director of the Ecole des Mines of Albi 1991 - 1998

  Head of the Manufacturing Industries Unit at the French Ministry for the Economy, Finance and Industry 1998 - 1999

  Director of Technological Research at the CEA and Chairman of CEA Valorisation 1999 - 2003

  Chairman of the Executive Board of ACTIA Group and Chief Executive Officer of ACTIA Automotive 2003 - 2014

- DECORATIONS

  Knight in the National Order of the Legion of Honor

  Knight in the National Order of Merit

  Knight in the National Order of Academic Palms

Frédéric Thrum (son of Günther Thrum) is a non-voting observer of the Company's Supervisory Board. Appointed by the Supervisory Board on September 27, 2017, his term of office will expire on March 27, 2021. He also holds the following offices and positions in the companies listed below:

Offices

Current offices and directorships			
Offices	**Company**	**Country**	
Chairman	Fives Cryo SAS	France	
Chairman, Director	Fives Cryo Inc.	USA	
Chairman of the Board, Director	Fives Cryo (Suzhou) Co. Ltd	China	
Chairman of the Board of Directors, Director	Fives Cryomec AG	Switzerland	
Member of the Board	EEIGM (Ecole Européenne d'Ingénieurs en Génie des Matériaux)	France	
Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Director	Fives Cail SA	France	2016
CEO	Fives Cail SA	France	2013
Director	Fives Cail – KCP	India	2013
Manager	Fives Cail Fletcher S. de R.L. de CV	Mexico	2014
Director, Chairman, Managing Director	Fives Fletcher Ltd.	UK	2013

Address

SIDMIA International – 58, Avenue du Général Leclerc – 92100 Boulogne Billancourt

Expertise and experience

- CIVIL STATUS

  Born May 27, 1972 in Neuilly-sur-Seine (92), Married, 3 children

- ACADEMIC BACKGROUND

  ESME–Sudria, Engineer - Telecoms 1996

  Harvard Business School, P.M.D 2002

- PROFESSIONAL BACKGROUND

  FIVES
  Chairman - Cryogenics|Energy since 2013

  Fives Cryo (France), Fives Cryo Suzhou (China), Fives Cryo Inc. (USA), Fives Cryomec (Switzerland)
  Chief Executive Officer – Fives Cail Group 2001-2013
  Fives Cail (France), Fives Fletcher (UK), Fives Lille do Brazil (Brazil), Fives Cail KCP (India), FCFM (Mexico)

  Product Manager, Sales Director, DGA, DG

  After-Sales Commercial Manager – Fives FCB 1998-2001

  BOUYGUES OFFSHORE 1996-1998
  Project Engineer, Control Manager -Refineries (France),
  Oil rig projects (Malaysia, Indonesia)
  Assistant project manager (Nigeria)

  ACTIA, Toulouse 1996

  Internship

- **Jean-Louis Pech** (son of Louis Pech) was appointed Chairman of the Executive Board by the Supervisory Board on June 27, 2014. Appointed member of the Company's Executive Board on March 24, 2014, he was reappointed by the Supervisory Board on September 8, 2014 for a term expiring on November 12, 2018. He also holds the following offices and posts in the Companies listed below:

- **Offices**

Current offices and directorships		
Offices	**Company**	**Country**
Vice-Chairman	GIE France Recyclage Pneumatique	France
	Cluster Automotech	France
Executive Board member	LP2C	France
CEO and Director	ACTIA Automotive S.A.	France
CEO	JLS Invest	France
	ALPHA Recyclage Franche Comté	France
Chairman of the Board of Directors and Director	ACTIA 3E	France
	KARFA	Mexico
	ACTIA Nordic	Sweden
	ACTIA Corp	USA
	ACTIA India	India
	ACTIA Inc	USA
	ACTIA Systems	Spain
	ACTIA UK	United Kingdom
	SCI Los Olivos	Spain
	ACTIA Italia	Italy
Director	ACTIA de Mexico	Mexico
	ACTIA Nederland	Netherlands
	ACTIA Polska	Poland
Observer	ACTIA China	China
Advisory Board member	ACTIA do Brasil	Brazil
Permanent representative of LP2C	ACTIA PCs	France
Permanent representative of ACTIA Group	ACTIA Telecom	France
	Co-Manager SCI SODIMOB	France
Permanent representative of ACTIA Automotive	CIPI ACTIA	Tunisia
	ACTIA Tunisie	Tunisia
	ARDIA	Tunisia
	ACTIA Systems	Spain
Sole Director	ACTIA Muller España	Spain
Manager/Co-Manager	IDE Ingénierie	France
	ALPHA CARBONE	France
	SOREGOM	France
	ALPHA RECYCLAGE COMPOSITES	France
	SCI Jean MERMOZ	France
	SCI Jules VEDRINES	France
	SCI Louis BLERIOT	France
	SCI La CONFLUENCE	France
Advisor	Banque de France de Toulouse	France
Member	Cercle d'Oc	France
Chairman	Commission prospective CNPA	France
Chairman of the Fondation Universitaire	INSA Toulouse since 12/16/2016	France
Chairman of the Used Tires Committee	CNPA	France
Deputy National Treasurer	CNPA	France
Midi-Pyrénées Regional Chairman	CNPA	France

Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Director	OC-TV	France	2014
	ACTIA Telecom	France	2016
	ARDIA	Tunisia	2016
Member, for CGPME (Confédération Générale des Petites et Moyennes Entreprises), the French small and medium-sized employers' organization	Commission Consultative sur le Statut de Déchets	France	2014
Manager/Co-Manager	SOPYRAM	France	2016
National Treasurer	CNPA	France	2015
Chairman of the Board of Directors and Director	ACTIA Muller	France	2015

- **Address**

  ACTIA Group – 5, Rue Jorge Semprun – BP 74215 – 31432 Toulouse Cedex 04

- **Expertise and experience**
  - CIVIL STATUS

    Born on December 19, 1960 in Toulouse

    Married, 2 children

  - ACADEMIC BACKGROUND

    Engineering degree, INSA, specialization in "Industrial and Environmental Engineering Processes"1985

    Postgraduate degree (D.E.A.) "Antipollution Engineering"

  - PROFESSIONAL BACKGROUND

SOTRACIM – Chief Executive Officer	1987 - 1988
I.D.E. Ingénierie S.A. – Founder and Manager	since 1987
LP2C S.A. Toulouse - Member of the Executive Board	since 1992
Alpha Recyclage Franche Comte – Founder and Manager	since 1988
JLS Invest – Founder and Manager	since 2007
GIE France Recyclage Pneumatique – Chairman	2009 - 2014
GIE France Recyclage Pneumatique – Vice-Chairman	since 2014
Chairman of the Executive Board of ACTIA Group	since 2014
Chief Executive Officer of ACTIA Automotive	since 2014

❖ **Catherine Mallet** (daughter of Louis Pech) is a member of the Company's Executive Board. Appointed by the Supervisory Board on November 12, 2002, her term of office was renewed by the Supervisory Board on September 8, 2014 and will expire on November 12, 2018. She also holds the following offices and positions in the companies listed below:

❖ **Offices**

Current offices and directorships		
Offices	**Company**	**Country**
Executive Board member	LP2C	France
Director	ACTIA China	China
	ACTIA PCs	France
	ACTIA Italia	Italy
	ACTIA de Mexico	Mexico
	ACTIA Corp	USA
	ACTIA Inc	USA
	ACTIA India	India
	CIPI ACTIA	Tunisia
	ACTIA Systems	Spain
	Banque Populaire Occitane	France
Advisory Board member	ACTIA do Brasil	Brazil
Permanent representative of MEDEF 31	CILEO (until 12/31/16 – change in organization)	France
Permanent representative of CILEO	CILEO Développement	France
	Promologis S.A. H.L.M.	France
Chairman of the Audit Committee	Promologis S.A. H.L.M.	France

Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Director	Fonderies Financière MERCIE	France	2012
	ACTIA Muller	France	2015
Co-Manager	SCIPIA	France	2013
	SCI du 4 Jules Védrines	France	2013

❖ **Address**

ACTIA Group – 5, Rue Jorge Semprun – BP 74215 – 31432 Toulouse Cedex 04

❖ **Expertise and experience**

- CIVIL STATUS

  Daughter of Louis Pech

  Born on May 26, 1969 in Toulouse (Haute-Garonne)

  Married, 2 children

- ACADEMIC BACKGROUND

  Graduate of the École Supérieure de Commerce of Toulouse 1989 - 1992

- PROFESSIONAL BACKGROUND

  Crédit Mutuel Île de France Boulogne-Billancourt - Account Manager 1992 - 1993
  ACTIA Automotive S.A Toulouse – Executive Assistant 1993 - 1996
  ACTIA Group S.A Toulouse – Executive Assistant 1996 - 2003
  ACTIA Group S.A Toulouse – Chief Financial Officer since 2003
  LP2C S.A. Toulouse – Executive Board member since 1999

- **Marine Candelon-Bonnemaison** (daughter of Pierre Calmels) is a member of the Company's Executive Board. Appointed by the Supervisory Board on November 12, 2002, her term of office was renewed by the Supervisory Board on September 8, 2014 and will expire on November 12, 2018. She also holds the following offices and positions in the companies listed below:

- **Offices**

Current offices and directorships			
Offices	**Company**	**Country**	
Executive Board member	LP2C	France	
Director	ACTIA Telecom	France	
Permanent representative of LP2C	ACTIA 3E	France	
Permanent representative of ACTIA Group	ACTIA Automotive	France	
Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Director	ACTIA Muller	France	2015
	ACTIA 3E	France	2016
	ACTIA PCs	France	2016

- **Address**

ACTIA Group – 5, rue Jorge Semprun – BP 74215 – 31432 Toulouse Cedex 04

- **Expertise and experience**
  - CIVIL STATUS

    Daughter of Pierre Calmels

    Born on December 2, 1961 in Paris

    Married, 2 children
  - ACADEMIC BACKGROUND

    First Certificate of Cambridge 1979

    Proficiency of Cambridge 1980

    BTS Executive Secretary 1982
  - PROFESSIONAL BACKGROUND

    Technal France Toulouse: Export Secretary 1982 - 1985

    Maurice Messegue Auch - Executive Secretary 1986

    Laboratoires Des Herbes Sauvages Fleurance - Executive Secretary 1986 - 1990

    SARL ACTE Nérac - Executive Assistant 1990 - 1993

    SA M3S Castelginest - Chair and Chief Executive Officer 1993–2002

    LP2C S.A. Toulouse - Member of the Executive Board since 1999

The criteria for independence adopted as well as the list of Independent Directors are presented in Subsection 6.1.1 "Corporate governance".

5.14.3 Declaration attesting to the absence of prior convictions by Supervisory and Executive Board members

To the best of the Company's knowledge, over the past five years:

- no member of the Supervisory Board or Executive Board has been found guilty of fraud;
- no member of the Supervisory Board or Executive Board has been a party to a bankruptcy, receivership or liquidation, except in respect of the one entity Fonderies Financières Mercie, wound up in 2012. This entity was wound up through a voluntary liquidation linked to the discontinuation of its operating activities. As indicated above under the heading of offices exercised within the last five years, Louis Pech, Pierre Calmels and Catherine Mallet served on the Board of Directors of this entity. Furthermore, in financial year 2013, SCI du 4 rue Jules Védrines was subject to a voluntary liquidation, for discontinuation of activity. As indicated above, with respect to offices held in the last five years, Louis Pech, Pierre Calmels and Catherine Mallet were co-managers of this entity. In 2013, Société Civile SCIPIA was merged into LP2C for the Group simplification purposes. This merger resulted in the liquidation of SCIPIA. As indicated above, with respect to offices held in the last five years, Pierre Calmels and Catherine Mallet were co-managers of this entity. Finally, in 2015, the French limited company, ACTIA Muller was merged into its parent company, also a French limited company, ACTIA Automotive, for the purpose of simplifying the Group's organization. As a result of this merger, ACTIA Muller was wound up; as indicated above, with respect to the offices exercised in the last five years, Jean-Louis Pech was Chairman of the Board of Directors, and Louis Pech (permanent representative of ACTIA Automotive) Catherine Mallet and Marine Candelon-Bonnemaison were Directors;
- no charges were brought and/or official sentences handed down against any member of the Supervisory Board or Executive Board by statutory or regulatory authorities (including designated professional bodies);
- no member of the Supervisory Board or Executive Board was banned by a Court from acting as a member of an Administrative, Management or Supervisory body of an issuer or from being involved in the management or running of an issuer.

5.14.4 Conflicts of interest within Administrative, Management and Supervisory bodies and Executive Management

To the best of the Company’s knowledge, there are no potential conflicts of interest between their duties as members of the Company's Management and Supervisory Boards and their personal interests.

5.14.5 Appointments, reappointments and confirmation of cooption

No Supervisory Board member is up for reappointment at this General Meeting.

In addition, with the approval of the Supervisory Board, we would like to submit for your approval the appointment of two new Supervisory Board members. In our opinion, it is timely to submit for appointment, as members of the Supervisory Board, Catherine Casamatta and Laura Pech (daughter of Jean-Louis Pech). They will make a contribution thanks to their independent opinion of your Company and reinforce family governance for the second generation while preparing the way for the following ones. These assets will enable a favorable response to the recommendations made in the area of corporate governance and transparency while providing the Company with significant expertise (see the information sheet attached).

5.14.6 Information about the Supervisory Board candidates

INFORMATION TO BE PROVIDED FOR SUPERVISORY BOARD MEMBER CANDIDATES (Article 135-5 of the Decree of March 23, 1967)

- Last name: Casamatta
- First names: Catherine
- Age: 44
- Position held in the Company: None
- Number of shares held: None

- Personal references and professional activities over the past five years and, notably, positions held currently or in the past in other companies, including foreign companies:

Current offices and directorships			
Offices	**Company**	**Country**	
Member	Commission Recherche, Université Toulouse Capitole	France	
	Conseil Académique, Université Toulouse Capitole	France	
	Conseil National des Universités	France	
Member of the Board	IAE Toulouse	France	
Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Director	IAE Toulouse	France	2015
	Université Toulouse Capitole	France	2015

INFORMATION TO BE PROVIDED FOR SUPERVISORY BOARD MEMBER CANDIDATES (Article 135-5 of the Decree of March 23, 1967)

- Name: Pech
- First names: Laura
- Age: 28
- Position held in the Company: None
- Number of shares held: None
- Personal references and professional activities over the past five years and, notably, positions held currently or in the past in other companies, including foreign companies:

Current offices and directorships			
Offices	**Company**	**Country**	
Deputy Chief Executive Officer	ALPHA Recyclage Franche-Comté	France	
Manager/Co-Manager	ALPHA Carbone	France	
	ALPHA Recyclage Composites	France	
	IDE Environnement	France	
Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
None			

5.15 Remuneration and benefits

5.15.1 Remuneration and directors' fees

Pursuant to the provisions of Article L.225-102-1 of the French Commercial Code and the recommendation of the French securities market regulator, the AMF (*Autorité des Marchés Financiers*) of December 9, 2012, we hereby notify you of the total gross remuneration (fixed, variable and non-recurring) and benefits of all kinds paid during this past financial year to each corporate officer, as well as the criteria used to calculate them or the circumstances under which they arose.

We also indicate commitments of all types entered into on behalf of its corporate officers, relating to items of remuneration and benefits likely to be payable upon taking up, leaving or changing duties or subsequent thereto, as well as how such commitments are determined.

It is noted for the record that with the exception of stock option and performance share plans that may be established within ACTIA Group, compensation mentioned concerns mainly that paid by LP2C, the consolidating holding company for the offices exercised at the level of the LP2C, a French limited company, and voted by the Supervisory Board of the latter. As such, this compensation does not specifically represent compensation paid on behalf of ACTIA Group. Furthermore, the remuneration of Jean-Louis PECH, Chairman of the Executive Board of ACTIA Group is broken down between LP2C, for his office as a member of the Executive Board, ACTIA Group, for his office as Executive Board Chairman and ACTIA Automotive, for his office as Chief Executive Officer.

In connection with a service agreement, LP2C invoices the Group only a portion of salaries paid, through miscellaneous services described in Subsection 5.16.3 "Special Report of the Statutory Auditor on regulated agreements and commitments". The balance relating to its own operating costs are charged to LP2C based the rule for allocating time worked.

Compensation paid and decisions rendered for the financial year ended December 31, 2016 were as follows; figures provided concern total remuneration paid to each executive officer of ACTIA Group by the issuer and by any other Group company:

Table 1 – Summary of remuneration of each corporate officer paid by the issuer and any other Group company				
Name and function of executive corporate officer:	**Amounts payable**	**Amount received**	Amounts payable	Amount received
	In 2016		in 2015	
Jean-Louis Pech - Chairman of the Executive Board				
Fixed compensation[1]	215,122	215,122	212,183	212,183
Variable remuneration[2]	100,000	100,000	50,000	50,000
Exceptional remuneration				
Directors' fees				
Benefits in kind	4,472	4,472	3,720	3,720
TOTAL	**319,594**	**319,594**	265,903	265,903
Catherine Mallet - Executive Board member				
Fixed compensation[2]	102,247	102,247	100,276	100,276
Variable remuneration				
Exceptional remuneration[2]	2,056	2,056	1,810	1,810
Directors' fees				
Benefits in kind	1,708	1,708	2,343	2,343
TOTAL	**106,011**	**106,011**	104,429	104,429
Marine Candelon - Executive Board member				
Fixed compensation[2]	61,699 [3]	61,699	49,927	49,927
Variable remuneration				
Exceptional remuneration[2]	1,526	1,526	1,345	1,345
Directors' fees				
Benefits in kind	2,082	2,082	2,078	2,078
TOTAL	**65,307**	**65,307**	53,350	53,350

[1] Remuneration for the office exercised at the level of the French limited corporation LP2C: €166,383 - Remuneration for his executive offices within the ACTIA Group: €48,739.
[2] Remuneration for offices exercised at the level of the French limited corporation LP2C.
[3] Increase due primarily to an increase in work time.

Benefits in kind relate to the use of company cars.

Table 2 – Directors' fees and other compensation received by non-executive corporate officers from the issuer and any other Group company		
Non-executive corporate officers – Name and office	**Amount received in 2016**	Amount received in 2015
Louis Pech - Chairman of the Supervisory Board Directors' fees Other compensation[1]	104,690	103,635
Pierre Calmels - Vice-Chairman of the Supervisory Board Directors' fees Other compensation[1]	60,000	72,000
Henri-Paul Brochet – Supervisory Board member Directors' fees Other compensation	**None**	None
Alain Costes – Supervisory Board member Directors' fees Other compensation	**None**	None
Carole Garcia – Supervisory Board member Directors' fees Other compensation	**None**	None

Table 2 – Directors' fees and other compensation received by non-executive corporate officers from the issuer and any other Group company		
Günther Thrum – Supervisory Board member Directors' fees Other compensation	**None**	None
Véronique Védrine – Supervisory Board member Directors' fees Other compensation	**None**	None
TOTAL	**164,690**	175,635

[(1)] Remuneration for offices exercised at the level of the French limited corporation LP2C.

Table 3 – Executives - Corporate Officers				
	Employment contract	**Supplementary retirement plan**	**Indemnities or benefits payable or that could be payable on termination or change in function**	**Indemnities relating to a non-compete clause**
Name: **Jean-Louis Pech** Post: Chairman of the Executive Board Beginning of term: 07/01/2014 End of term: 11/12/2018	**No**	**No**	**No**	**No**
Name: **Marine Candelon** Post: Executive Board member Beginning of term: 11/12/2002 End of term: 11/12/2018	**No**	**No**	**No**	**No**
Name: **Catherine Mallet** Post: Executive Board member Beginning of term: 11/12/2002 End of term: 11/12/2018	**No**	**No**	**No**	**No**

5.15.2 Compensation policy

As a general rule, the fixed portion of compensation of ACTIA Group executive officers tracks trends for employees of the main French structure, except for exceptional periods when the Group is subject to significant pressure, in which case, any increase is lower or nil. Compensation is compared on a regular basis with that of members of the Management Committee of ACTIA Automotive and when possible it is aligned as in 2014.

The variable portion is paid in the form of target-based bonuses with a minimum indexed to the n^{-1} salary. Qualitative criteria are established and defined with precision in advance before each period. For reasons of confidentiality, they are not disclosed. The targets for these objectives were fully attained, justifying payment of the total amount of the bonus agreed.

Benefits in kind relate to the use of company cars.

No commitment of any kind relating to items of remuneration and benefits payable or likely to be payable upon taking up, leaving or changing duties or subsequent thereto has been entered into other than the commitments discussed above.

Finally, no directors' fees were paid.

5.15.3 Trading in Company shares

To the best of the Company's knowledge, as indicated in Subsection 5.12.1 "Breakdown of the share capital and voting rights - Market in ACTIA Group shares Securities Market", the following transactions were carried out by the corporate officers:

- October 6, 2016: purchase by LP2C of 112,645 securities at the price of €7.45 (AMF notice 2016DD451737);
- October 6, 2016: purchase by SIDMIA International of 13,262 shares at the price of €7.45 (AMF notice 2016DD451774);

- October 11, 2016: disposal (within the Shareholders' Agreement) by Pierre Calmels of 62,622 shares at the price of €7.45 to LPC2C (AMF opinions 2016DD452556 and 2016DD452557).

Excluding the transactions above, the Corporate Officers did not carry out any other transactions on the Company's shares during the 2016 financial year.

5.15.4 Statutory Auditors

No Statutory Auditor is up for reappointment at this General Meeting.

5.16 Related-party transactions

No service contract providing for the grant of benefits upon expiration of the contract establishes relations between Executive Board members, Managers or Supervisory Board members with ACTIA Group S.A. or with any of its subsidiaries other than those presented in the paragraph below.

5.16.1 Specific disclosure on related party agreements

In accordance with the last paragraph of Article L.225-102-1 of the French Commercial Code, relating to agreements entered into between one of the members of its Executive Board or Supervisory Board or a Shareholder possessing more than 10% of a company's voting rights and, on the other hand a controlling company, possessing directly or indirectly more than half the capital, we hereby inform you that no agreement was entered into falling under these provisions in 2016.

5.16.2 Nature and amount of related-party agreements entered into by the Company

We will ask shareholders to approve the new agreements covered by Article L.225-86 of the French Commercial Code, which were duly authorized by the Supervisory Board. These items are covered in the first part of the Special Report of the Statutory Auditor on regulated agreements and commitments and reproduced in full in Subsection 5.16.3 "Special Report of the Statutory Auditor on regulated agreements and commitments".

Selected information on this subject is presented in Note 23 in the Notes to the consolidated financial statements, “Related-party transactions”.

Furthermore, all agreements were reported to the Statutory Auditors who present all the required disclosures on these agreements in their Special Report reproduced below.

Detailed information on the relations between LP2C and ACTIA Group, on the one hand, and between ACTIA Group and its subsidiaries, on the other hand, is provided in Section 4.3 "Brief description of the Group".

5.16.3 Special Report of the Statutory Auditor on regulated agreements and commitments

This is a free translation into English of the original report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, professional guidelines applicable in France.

To the shareholders,

In our capacity as Statutory Auditors of your Company, we hereby present to you our report on regulated agreements and commitments with related parties.

The terms of our engagement do not require us to identify such other transactions, if any, but to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or discovered in the performance of our engagement and the interests thereof for the Company, without expressing an opinion on their merits. It is your responsibility, pursuant to Article R.225-58 of the French Commercial Code, to assess the interest of these agreements and commitments with a view to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article L.225-58 of the French Commercial Code concerning the implementation, during the year, of the agreements and commitments already approved by the General Meeting of Shareholders.

We performed procedures that we considered 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 that we ensure that the information provided to us is consistent with the relevant source documents.

Agreements and commitments submitted for approval to the Shareholders' Meeting

Agreements and commitments approved in the period ended

In application of Article L.225-88 of the French Commercial Code, we have been advised of the agreements and commitments below which received the prior approval of your Supervisory Board.

With ACTIA Telecom S.A.

- **Parties concerned**: ACTIA Group S.A., director of ACTIA Telecom, represented by Jean-Louis Pech, Marine Candelon, Pierre Calmels and LP2C, director of ACTIA Telecom, represented by Louis Pech.
- **Nature and purpose:** Authorization to pledge securities
- **Terms of application:**

  As part of the granting of a loan to your subsidiary in the amount of €3.5 million for seven years, approved by a French bank, your Board authorized as collateral, the pledging of ACTIA Telecom shares held by your Company up to 120% of the financing based on the minority purchase value, i.e., €12.20 per share, for a total of 344,262 shares.

  The guarantee was backed by the loan to finance the purchase of the minority shares of ACTIA Telecom and the taking of an interest in COOVIA, together with the creation of a current account, transactions approved by the Supervisory Board.

Agreements and commitments previously approved by the General Meeting

Agreements and commitments approved in prior years

In accordance with Article R. 225-57 of the French Commercial Code, we have been informed that the following agreements and commitments, approved by the Annual General Meetings in prior years, remained in effect in the period under review.

With ACTIA Automotive S.A.

- **Parties concerned**: ACTIA Group S.A, director of ACTIA Automotive, represented by Marine Candelon, Louis Pech, Pierre Calmels, Jean-Louis Pech and Alain Costes.
- **Nature and purpose**: Service agreement
- **Terms of application:**

  This agreement is concluded for a five year period commencing on January 1, 2013.

  a) Recurring assignments

  Your Company provides support services to its subsidiary ACTIA Automotive S.A. in the following areas:

- application of the general policy and the overall strategies defined by your Company and the parent company, LP2C S.A.;
- facilitation and coordination of strategic and international management;
- human resources, quality and information systems;
- administration, finance (accounting, financing, guarantees, etc.), legal and management control services.
  - your Company receives in compensation for these recurring assignments, a fixed fee based on a provisional budget drawn up at the beginning of the period and subject to revision at the end of the period. This compensation is calculated on the basis of actual costs incurred by your Company, plus a margin of 15% for direct costs and no margin for indirect costs;
  - this fee is invoiced to ACTIA Automotive S.A. on a quarterly basis prior to the end of each calendar quarter in the form of advance interim payments. At the end of the year, the balance payable is adjusted in accordance with the final results.

With respect to this fee, your Company invoiced ACTIA Automotive S.A. €2.011.993 excluding VAT for financial year 2016.

b) Non-recurring assignments

- Guarantees:

  Your Company may, if required, put in place guarantees for the benefit of its subsidiary ACTIA Automotive S.A. It may grant a guarantee to third parties, notably to banking institutions, for the commitments made to them by ACTIA Automotive S.A.

  For these guarantees, your Company receives in exchange a fixed annual fee of 1% excluding VAT of the amount owed by ACTIA Automotive S.A. at the beginning of the quarter. The invoices are established at the end of the quarter with respect to the commitment thus guaranteed.

  On this basis, for the preceding financial periods, your Company executed in favor of its subsidiary a collateral security agreement for €200 million in connection with the Airbus contract of November 1, 2007. The collateral did not result in invoicing by your Company during the financial year given that the guarantee was covered by an insurance policy taken out by ACTIA Automotive in the amount of the guarantee, i.e. €200 million.

  In addition, guarantees were granted by your Company for the period. These bank guarantees are part of the current agreements.

- Current accounts:

  Your Company may also make current account advances to ACTIA Automotive S.A. For these current account advances of treasury, your Company will invoice charges according to the origin of the amounts made available, and namely:

  - if the Company has not sought financing on the market, at the Euribor 3 month rate plus 50 basis points;
  - if the Company has undertaken to secure financing on the market, the interest rate applied to the loan plus 50 basis points.

  At December 31, 2016, the current account debit balance of ACTIA Automotive S.A. was €6,320,831. In financial year 2016, your Company had interest income of €167,254.

- Ad hoc assignments:

  Your Company may execute, pursuant to a formal request by ACTIA Automotive S.A. and on its behalf specific, clearly defined assignments for limited durations not typically included in the services listed above.

  Among its assignments of a non-recurring nature, your Company may intervene in the process of identification, selection, study, negotiation, purchasing of companies and acquiring ownership or controlling interests in outside companies as well as seek to identify partners.

  These assignments are subject to a separate invoicing for which terms are to be defined by mutual consent, taking into account both the specific expenses incurred by your Company and the results obtained for the subsidiary.

  The invoicing for these services is not included in the calculation of the fees for recurring assignments.

  No ad hoc assignments were performed in the period ended December 31, 2016.

With ACTIA Telecom S.A.

- **Parties concerned**: ACTIA Group S.A., director of ACTIA Telecom, represented by Jean-Louis Pech, Marine Candelon, Pierre Calmels and LP2C, director of ACTIA Telecom, represented by Louis Pech.
- **Nature and purpose**: Service agreement
- **Terms of application**

This agreement is concluded for a five year period commencing on January 1, 2013.

a) Recurring assignments

Your Company provides support services to its subsidiary ACTIA Telecom S.A. in the following areas:

- Application of the general policy and the overall strategies defined by your Company and the parent company, LP2C S.A.;
- facilitation and coordination of strategic and international management;
- human resources, quality and information systems;
- administration, finance (accounting, financing, guarantees, etc.), legal and management control services.
  - your Company receives in compensation for these recurring assignments, a fixed fee based on a provisional budget drawn up at the beginning of the period and subject to revision at the end of the period. This compensation is calculated on the basis of actual costs incurred by your Company, plus a margin of 15% for direct costs and no margin for indirect costs.
  - this fee is invoiced to ACTIA Telecom S.A. on a quarterly basis prior to the end of each calendar quarter in the form of advance interim payments. At the end of the year, the balance payable is adjusted in accordance with the final results.

With respect to this fee, your Company invoiced ACTIA Automotive S.A. €257,478 excluding VAT for financial year 2016.

b) Non-recurring assignments

- Guarantees:

Your Company may, if required, put in place guarantees for the benefit of its subsidiary ACTIA Telecom S.A. It may grant a guarantee to third parties, notably to banking institutions, for the commitments made to them by ACTIA Telecom S.A.

For these guarantees, your Company receives in exchange a fixed annual fee of 1% excluding VAT of the amount owed by ACTIA Telecom S.A. at the beginning of the quarter. The invoices are established at the end of the quarter with respect to the commitment thus guaranteed.

In addition, guarantees were granted by your Company during the 2016 financial year. These bank guarantees are part of the current agreements.

- Current accounts:

Your Company may also make current account advances to ACTIA Telecom S.A. For these current account advances of treasury, your Company will invoice charges according to the origin of the amounts made available, and namely:

  - if the Company has not sought financing on the market, at the Euribor 3 month rate plus 50 basis points;
  - if the Company has undertaken to secure financing on the market, the interest rate applied to the loan plus 50 basis points.

At December 31, 2016, the current account balance of ACTIA Telecom S.A. was nil. No interest was invoiced in respect to the 2016 financial year.

- Ad hoc assignments

Your Company may execute, pursuant to a formal request by ACTIA Telecom S.A. and on its behalf specific, clearly defined assignments for limited durations not typically included in the services listed above.

Among its assignments of a non-recurring nature, your Company may intervene in the process of identification, selection, study, negotiation, purchasing of companies and acquiring ownership or controlling interests in outside companies as well as seek to identify partners.

These assignments are subject to a separate invoicing for which terms are to be defined by mutual consent, taking into account both the specific expenses incurred by your Company and the results obtained for the subsidiary.

The invoicing for these services is not included in the calculation of the fees for recurring assignments.

No ad hoc assignments were performed in the period ended December 31, 2016.

- **Nature and purpose:** Authorization to pledge securities
- **Terms of application:**

Within the framework of an overdraft facility authorized by a bank, 125,000 shares of the subsidiary ACTIA Telecom S.A. were pledged as security by your Company. There was no amount outstanding at December 31, 2016.

- **Nature and purpose:** Treasury agreement
- **Terms of application:**

With the goal of rationalizing and optimizing Group cash management, your Company has concluded a treasury agreement with ACTIA Telecom S.A. in order to optimize the use of this subsidiary's surplus cash.

The maximum amount under the treasury agreement amounts to €3 million paying interest at the intermediary rate between the borrowing rate and the interest rate on short-term investments.

At December 31, 2016, the treasury advance by ACTIA Telecom S.A. amounted to €1,965,177 and the interest expense for financial year 2016 for your Company to €13,948.

With LP2C S.A.

- **Parties concerned:** Louis Pech, Jean-Louis Pech and Pierre Calmels, Marine Candelon and Catherine Mallet, executive officers in common
- **Nature and purpose:** Service agreement
- **Terms of application:**

This agreement is concluded for a five-year period commencing on January 1, 2013.

c) Recurring assignments

LP2C S.A. provides support services to ACTIA Group S.A. in the following areas:

1. assistance in the application of the Group's general strategy and management, and in particular all matters relating to:
   - the application of the general policy and the overall strategies defined by LP2C S.A.;
   - facilitation and coordination of corporate governance and management methods;
   - financial engineering;
   - economic forecasting;
2. business coordination support;
3. communications support;
4. accounting, legal and administrative support;
5. financial support.

LP2C S.A. receives in compensation for these recurring assignments, a fixed fee based on a provisional budget drawn up at the beginning of the period and subject to revision at the end of the period.

Remuneration for services 1 and 4 is calculated on the basis of direct and indirect costs actually incurred by LP2C S.A. plus a 15% margin. This fee is invoiced to ACTIA Group S.A. on a quarterly basis prior to the end of each calendar quarter in the form of advance interim payments. At the end of the year, the balance payable is adjusted based on the revised budget referred to above.

Remuneration for services 2 and 3 is based on time spent by LP2C S.A. according to a daily fee of €3,149 excluding VAT. This fee is revised yearly on January 1 according to the changes in the Services Producer Price Index (management consulting) published by INSEE, the French National Institute for Statistics and

Economic Studies. The index to be used is that of the first quarter of 2008, with this benchmark representing the same as the one used for the same quarter of the following year.

For the remuneration of the provision of guarantees (service 5), your Company is invoiced a fixed annual fee of 1% excluding VAT of the amount owed by ACTIA Group S.A. at the beginning of the quarter. The invoices are established at the end of the quarter with respect to the commitment thus guaranteed.

For the current account advances of treasury, your Company will be invoiced charges determined according to the origin of the amounts made available, and namely:

- if the Company has not sought financing on the market, at the Euribor 3 month rate plus 50 basis points;
- if the Company has undertaken to secure financing on the market, the interest rate applied to the loan plus 50 basis points.

With respect to services for categories 1 to 4, LP2C S.A. invoiced your Company €1,792,649 excluding VAT in financial year 2016.

For service 5, no guarantees or current account treasury advances were granted by LP2C S.A. to your Company during financial year 2016.

d) Non-recurring assignments

LP2C S.A. may execute, pursuant to a request by ACTIA Group S.A. and on its behalf specific, clearly defined assignments for limited durations not typically included in the services listed above.

Among these assignments of a non-recurring nature, LP2C S.A. may intervene in the process of studying, negotiating, purchasing companies and acquiring ownership or controlling interests in outside companies.

These assignments shall be subject to a new agreement drawn up in the same form and according to the same terms as this agreement.

No ad hoc assignments were performed in the period ended December 31, 2016.

- **Nature and purpose:** Accounting and financial services
- **Terms of application**

Your Company performed accounting and financial services for LP2C S.A.

For the financial year ended December 31, 2016, your Company invoiced €104,178 excluding VAT for these services.

With ARDIA

- **Parties concerned:** Pierre Calmels, ACTIA Automotive, director of ARDIA, represented by Jean-Louis Pech, LP2C, director of ARDIA, represented by Louis Pech.
- **Nature and purpose**: Current account
- **Terms of application:**

Your Company may also make current account advances to ARDIA. For these current account advances of treasury, your Company will invoice charges according to the origin of the amounts made available, and namely:

- if the Company has not sought financing on the market, at the Euribor 3 month rate plus 50 basis points;
- if the Company has undertaken to secure financing on the market, the interest rate applied to the loan plus 50 basis points.

At December 31, 2016, the current account debit balance of ARDIA S.A. was €56,811. In financial year 2016, your Company had interest income of €862.

- **Nature and purpose:** Service agreement

Your Company provides assistance to its subsidiary ARDIA in certain areas and, in particular, with all items relating to the following matters:

- general management support;
- strategic and international management;
- human resources, quality and information systems;
- administration, finance (accounting, financing, guarantees, etc.), legal and management control services.

Your Company receives in compensation for these recurring assignments, a fixed fee based on a provisional budget drawn up at the beginning of the period and subject to revision at the end of the period.

This compensation is calculated on the basis of actual costs incurred by your Company, plus a margin of 15% for direct costs and no margin for indirect costs. This fee is invoiced to ARDIA on a quarterly basis prior to the end of each calendar quarter in the form of advance interim payments. At the end of the year, the balance payable is adjusted in accordance with the final results.

With respect to this fee, your Company invoiced €21,114 excluding VAT to ARDIA for financial year 2016.

With S.C.I. de L'Oratoire

- **Parties concerned:** Louis Pech and Pierre Calmels, executive officers in common
- **Nature and purpose:** Treasury agreement
- **Terms of application:**

Your Company concluded a treasury agreement with S.C.I. de l'Oratoire in connection with the leaseback transaction on buildings for the purpose of providing remuneration for the provision of funds of €2,000,000 by the SCI. l'Oratoire.

The treasury advance in favor of your Company at December 31, 2016 amounted to €177,964. The corresponding interest expense recognized by your Company at December 31, 2016 amounted to €333.

- **Nature and purpose:** Authorization to pledge securities
- **Terms of application:**

Within the framework of a leaseback agreement for a real estate complex for a maximum amount of €3,000,000 with a 12 year term, your Company has pledged all of the shares of S.C.I de l'Oratoire it holds for the duration of the transaction.

With S.C.I. Les Coteaux de Pouvourville

- **Parties concerned**: Pierre Calmels, related party
- **Nature and purpose:** Sub-lease agreement
- **Terms of application:**

Under the terms of a sublease agreement, S.C.I. les Coteaux de Pouvourville leases to your Company the premises located at 5, rue Jorge Semprun in Toulouse with a chargeback for the property tax.

Rental payments made in the financial year amounted to €77,280 excluding VAT.

Property tax charged back in the period amounted to €7,976.

The sub-lease contract was changed to a commercial lease on December 24, 2016 with monthly rent of €100/m², i.e., annual rent of €51,600, excluding VAT.

Labège, April 26, 2017	Paris, April 26, 2017
KPMG Audit	
A division of KPMG S.A.	
Philippe Saint-Pierre	Eric Blache
Partner	

5.16.4 Related-party transactions

See Note 23 in the Notes to the consolidated financial statements, “Related-party transactions”.

5.17 Conclusion

Shareholders are asked to fully and definitively discharge the Executive Board in respect of its management for the financial year ended December 31, 2016, as well as the Statutory Auditors for the performance of their duties described in their report on the annual financial statements.

The Executive Board asks all shareholders to vote in favor of the proposed resolutions.

THE EXECUTIVE BOARD

6. CORPORATE GOVERNANCE PRACTICES

6.1 Report of the Chairman of the Supervisory Board

By law, the Chairman of the Supervisory Board of French joint stock companies (*Sociétés Anonymes*) whose shares are admitted to trading on a regulated market, is required to include a report with the Executive Board report providing information on:

- the composition, conditions of the preparation and organization of the Board's work, limits that may be imposed on the Executive Board's powers, the Company's code of corporate governance and special procedures relating to participating in shareholders' general meetings;
- Internal control and risk management procedures established by the Company.

Because the shares of our Company are listed on a regulated market, this report also specifies:

- the principles and rules established to determine the remuneration and benefits of any nature granted to corporate officers;
- items with a potential impact in the event of a public offering.

This report was submitted to the Supervisory Board for approval on March 27, 2017 and transmitted to the Statutory Auditors.

6.1.1 Corporate governance

The Company's code of corporate governance is based on the new code for listed companies issued by MiddleNext (the French association of Midcap companies) in September 2016 and available for consultation on the MiddleNext website (hereinafter the "Code"). The Supervisory Board duly noted the items presented under the heading of "vigilance points".

The following provisions of the Code have been adapted to the Group's structure in line with the options specifically provided for by the MiddleNext Code.

- Audit committee

In light of its composition, it is noted in this report that the Board must fulfill the functions of audit committee. In compliance with Article L.823-20 of the French Commercial Code, the Company is accordingly exempted from the obligation to form a specific specialized committee.

In line with the Code's recommendations, a study was undertaken of this subject. On that basis, it was considered that such a committee would not make any material contribution to our Company notably as regards to the monitoring and preparation of financial information or the efficiency of internal control and risk management systems.

- Compensation and Appointments Committee

No such committee has been created to date. Decisions concerning appointments and remuneration are made on a collegial basis. Because the percentage of Independent Members serving on the Board is in line with recommendations of the Code and the Company's shareholder base, it is not deemed necessary to create such a committee in the immediate future.

All useful information relating to compliance with the MiddleNext Code of September 2016 and relating to compensation of directors and/or corporate officers is provided in Section 5.15 "Remuneration and benefits" of this Registration Document.

Membership of the Supervisory Board

At December 31, 2016, the Supervisory Board had the following members:

last name, first name and function of the Directors:	Independent Director (yes/no)	Year of first appointment	End of term
Louis Pech, Chairman of the Supervisory Board	NO	2002	2020
Pierre Calmels, Vice-Chairman of the Supervisory Board	NO	2003	2021
Henri-Paul Brochet, Supervisory Board member	YES	2008	2020
Alain Costes, Supervisory Board member	YES	2003	2021
Carole Garcia, Supervisory Board member	YES	2014	2020
Günther Thrum, Supervisory Board member	NO	2002	2020
Véronique Védrine, Supervisory Board member	NO	2004	2021
Jean-Philippe Brinet, Non-voting observer	YES	2009	2017
Christian Desmoulins, Non-voting observer	NO	2014	2018

Note that the Executive Board has proposed to the next General Shareholders' meeting, the appointment of Catherine Casamatta and Laura Pech to the Supervisory Board of the Company (see 5.14.6 "Information about the Supervisory Board candidates").

It is noted that no limitation was placed on the powers of the Supervisory Board, as defined by law.

Supervisory Board members are appointed for six years. All Supervisory Board members were elected or confirmed at our General Meetings.

The Chairman's report must provide information on the application of the Copé-Zimmermann Act of January 27, 2011 for the balanced representation on the Supervisory Board between men and women members (with at least one woman serving on the date of the law's publication, 20% on January 1, 2014 and 40% on January 1, 2017). The Company was in compliance with this law until December 31, 2016.

Independent Officers

Criteria applied: independent officers may not be:

- former employees or Executive Corporate Officers of the Company or of a company of the Group having held said status in the last five years;
- auditors of the Company or of a company of the Group having served as such in the last six years;
- majority shareholders and those that hold a significant percentage of voting rights:
- significant suppliers, bankers and customers of the Company or a company of the Group;
- Family members of a Corporate Officer or a majority shareholder.

List of independent Corporate Officers:

- Alain Costes Supervisory Board member;
- Henri-Paul Brochet Supervisory Board member;
- Carole Garcia Supervisory Board member.

However, and in general, to the Company's knowledge on the date of this report, there is no conflict of interest between the duties of each of the members of the Board vis-à-vis the Company and their private interests or other duties.

6.1.2 Preparation and organization of the work of the Supervisory Board

ACTIA Group S.A. has been organized as a French corporation with a Supervisory Board and an Executive Board since the Extraordinary General Meeting of November 12, 2002.

The annual financial statements established by the Executive Board as well as the draft Management Report were submitted to members of the Supervisory Board within the week preceding the meeting called for the purpose of reviewing them.

Whenever a Board Member so requested, the Chairman has provided, to the extent possible, him/her with the additional information and documents she/he wished to receive.

In compliance with the Articles of Association, the agenda of the meeting is set by the Chairman of the Supervisory Board.

Frequency of meetings

The rules governing the calling, holding, quorum and majority of Supervisory Board meetings are set out in the Company's Articles of Association and the Internal Rules of the Supervisory Board.

During the past financial year, the Supervisory Board met four times, in line with the law and the Articles of Association.

The Supervisory Board meets as often as is required for the management of any ordinary business within the remit of this body. It is duly convened to review financial statements on the basis of intermediate positions or at the end periods, according to a policy of systematic quarterly, six monthly and annual analysis, and the positions and strategies to be put in place.

Financing issues, either involving the holding or the subsidiaries, are also looked at together with the related guarantees.

At these meetings, the Supervisory Board hears presentations on:

- the accounting policies and methods applied;
- key accounting options taken;
- the impact of any changes in method;
- changes in consolidation scope;
- key figures published relative to the separate and consolidated financial statements (breakdown of net income, presentation of the balance sheet and of the financial position).

It also hears the report of the Statutory Auditors on the scope, progress and conclusions of their work when audits or limited reviews of financial statements are provided for by applicable regulation.

Calling board meetings

In line with applicable regulations, our Articles of Association and the Company's practices, members of the Supervisory Board were invited to meetings by telephone, e-mail and/or post sufficiently in advance to enable the attendance of the largest possible number at all meetings. The date is normally set two months prior to the meeting and the agenda is communicated within the week preceding the meeting.

In addition, in accordance with the provisions of Article L.823-17 and R823-9 paragraph 2 of the French Commercial Code, the Statutory Auditors were invited to all meetings that reviewed and approved the annual and interim financial statements, by e-mail and by registered letter with acknowledgment of receipt.

To enable the Board members to properly prepare for the meetings, the Chairman makes a point to send them all the necessary information or documentation a reasonable time in advance.

Holding of meetings

Supervisory Board meetings were all held at the Registered Office. In accordance with internal rules of procedure, Supervisory Board members may attend meetings through videoconferencing and any means of telecommunications.

The attendance rate of Supervisory Board members may vary from one meeting to the next, while in compliance with the rules on the necessary quorum and majority. Board members were in regular attendance and no particular non-attendance needs to be censured. The attendance rate of members present or represented at all these Board meetings remained stable at 96%.

Resolutions adopted

All resolutions put to the Supervisory Board were unanimously approved.

Meeting minutes

Minutes of Supervisory Board meetings are drawn up at the end of each meeting and immediately given to all members, so that they can be checked through. The approval of these minutes takes place at the subsequent Board meeting.

Number of shares that must be held by Supervisory Board members

As of the Extraordinary General Meeting of May 28, 2015, the Company's Articles of Association provide that the requirement to hold one share in the Company is no longer necessary to be a Supervisory Board member.

In compliance with the recommendations of the Code, we inform you that the number of shares personally held by each Corporate Officer at December 31, 2016 is presented below:

Corporate officer	Interest		Control/gross voting rights	
Louis Pech	61,344	0.31%	122,688	0.39%
Pierre Calmels	273	0.00%	546	0.00%
Henri-Paul Brochet	100	0.00%	200	0.00%
Alain Costes	5	0.00%	10	0.00%
Carole Garcia(1)	1	0.00%	1	0.00%
Günther Thrum	213	0.00%	426	0.00%
Véronique Védrine	20	0.00%	40	0.00%
Jean-Louis Pech	2,996	0.01%	5,992	0.02%
Marine Candelon	74	0.00%	148	0.00%
Catherine Mallet	796	0.00%	1,592	0.01%

(1) This concerns the loan of one share (qualifying share) by ACTIA Group, in connection with her corporate office.

To ensure accurate information about holdings, details at the period close are provided in 5.12.1 "Breakdown of the share capital and voting rights". Note that the Pech and Calmels families and Günther Thrum have indirect holdings via LP2C and SIDMIA International.

Number of Supervisory Board members elected by employees

No member was appointed via the process for appointing employee members.

Number of observers appointed

The Supervisory Board appointed three observers at its meetings.

Internal Rules

The Supervisory Board implemented Internal Rules which can be viewed at the registered office of the Company, on the website (www.actia.com) or on request. The main provisions of these Rules cover:

- the role of the Supervisory Board;
- supervisory Board membership;
- the duties and code of conduct of members;
- supervisory Board meetings;
- board committees;
- remuneration;
- evaluation of Board's performance;
- adaptations, modifications and public notifications of the Internal Rules.

Evaluation of the Board's work

In accordance with the Code adopted by the Supervisory Board, the Board and its work were reassessed during the Board meeting of December 19, 2016: the procedures used to assess the work done by the Board were discussed. With no irregularities noted, an analysis of the different information reported was carried out to improve operating performances.

Remuneration of corporate officers

All information on the remuneration of corporate officers can be found in Subsection 5.15.1 "Remuneration and directors' fees".

6.1.3 Participation in Shareholders' General Meetings

The procedures for participating in Shareholders' General Meetings are set forth in Article 31 of the Articles of Association.

The right to participate in General Meetings is evidenced by an accounting record of shares in the name of the shareholder or with an authorized intermediary at midnight (Paris time) on the second business day preceding the meeting either:

- in the account for registered shares maintained by the Company;
- in the account for bearer shares maintained by the authorized intermediary.

The registration or book entry of bearer shares is evidenced by a special certificate (attestation de participation) issued by the authorized intermediary.

If not personally participating in the Meeting, Shareholders may choose one of the following three options:

- grant a proxy to any individual or legal entity of his or her choice;
- send a proxy to the Company;
- vote by mail.

Requests to place draft resolutions on the agenda by shareholders must be sent to the Registered Office, by registered letter with acknowledgment of receipt no later than 25 days prior to the meeting.

6.1.4 Factors that might have an impact in the event of public offerings

This information is presented in the Executive Board's report in Subsection 5.12.1 "Breakdown of the share capital and voting rights".

6.1.5 Internal control procedures established by the Company

Our Group has established internal control procedures to ensure financial management and risk control and draw up the information provided to shareholders on the financial position and the financial statements. The Executive Board has decided to refer to the "Internal control reference framework – Implementation guide for small and midcaps" published by the French securities market regulator, the AMF. To date, the Group has not carried out an evaluation of its internal control procedures.

The procedures implemented constitute a framework to prevent and control risks stemming from our activities and the risk of error or fraud, in particular in accounting and financial matters, so as to safeguard the Group's assets and sustainability.

Internal control, implemented by the Group's Executive Board, management and employees at the level of the parent company and all consolidated subsidiaries is designed to provide us with assurance that the financial information is accurate, comprehensive and reliable, drawn up in compliance with the general rules applicable in this regard, and that applicable laws and regulations are respected. This process is subject to regular adjustments by Management, to ensure ongoing improvements and its adaptation to the Group's organization.

Control of operating-related risks

ACTIA Group is an electronics equipment manufacturer operating in two business segments:

- the Automotive Division through ACTIA Automotive S.A. and its subsidiaries;
- the Telecommunications Division through ACTIA Telecom S.A.

Referring to the recommendations issued as part of the business coordination role exercised by the holding, LP2C, the Company's Executive Board decides general policy, strategy and the markets in which it wishes to develop.

Business monitoring is structured by business department. It should be recalled that this means:

- for the Automotive Division:
  - OEM (Original Equipment Manufacturers): telematics systems, electronic architecture and multiplexing, instrumentation, audio and video systems, power electronics, electric motors, diagnostics;
  - Aftermarket: multi-make diagnostics, workshop equipment, technical inspection and fleet management solutions, telematics systems;
  - MDS (Manufacturing - Design & Services): electronic production and associated services, life-cycle optimization.
- For the Telecommunications Division:
  - Satcom (SAT): earth station equipment;
  - Energy/Aeronautics/Defense (EAD): energy network transmission and distribution grid control and command equipment, specific transmission systems, operating maintenance services (OMS);
  - Broadcast/Railways/Transport (BRT): equipment and systems for digital TV and radio, equipment for railway applications;
  - Infrastructure/Networks/Telecom (INT): equipment and systems for telecommunications destined for carriers.

In all these areas, the Group has obtained the necessary quality certifications to exercise its activities and in particular ISO 9001. Information on Group certifications is provided in Subsection 6.1.8 "Certification of Group company quality systems at December 31, 2016". The Group has risk management expertise for risks relating to the main design, purchasing, procurement, manufacturing and product control processes. Quality standards are subject to an annual external audit by several authorities and independent certification agencies as well as multiple customer audits.

Several other certifications specific to the different fields/markets (automotive, aeronautics, rail, etc.) obtained and/or in the process of being obtained attest to the Group's desire to continue improving quality levels in line with customer demand.

- Stakeholders

The Executive Board of the ACTIA Group holding company, the Boards of Directors, the Management Committees and their related teams in the subsidiaries play an essential role in internal control. In addition, the Group has recourse, as necessary, to specialists, including for example in the field of insurance, research tax credits, social security taxes and fiscal matters.

- Their role

At their regular meetings, the Executive Board of ACTIA Group, the Boards of Directors and the Management Committees of the subsidiaries track the risks already identified, and continually monitor the markets, technological developments and the competition in order to identify possible new risks that may arise.

They are responsible for establishing and regularly checking indicators in various fields under the supervision of the CFO, the Corporate Secretary and the Chairman of the Executive Board, taking appropriate preventive and/or corrective measures and exercising a key role in risk prevention.

They also coordinate the process of developing budget forecasts at the divisions and monitor actual performance.

- The main areas of intervention identified include:
  - financial, technological, industrial and commercial risks;
  - risks relating to the main design, development, industrialization, purchasing, procurement, manufacturing and product control processes;
  - environmental risks;
  - inventory turnover;
  - interest rate and exchange rate risks;
  - overhead and other expenses;
  - R&D goals and monitoring;
  - legal and litigation risks;
  - risks of fraud and cyber fraud.

An analysis of potential impacts and the estimated level of control over the main risks identified is performed on the basis of the information set out in Note 27 in the Notes to the consolidated financial statements, “Risk factors”.

Internal communication on risks is mainly carried out, depending on their nature, at Management Committee meetings, Budget meetings, Executive Committee meetings, etc. and each time a sensitive event occurs (fake president fraud attempts, for example).

Internal control

With respect to accounting and financial matters, management control and internal audit is organized by each division at the level of each business department and/or operating department/business unit.

Internal control is carried out by a dedicated management control team or by the financial manager of the subsidiary, depending on the size of the subsidiary.

Accounting procedures are in place and specifically adapted to the business activity, identified risks, computer systems and the size of the different subsidiaries concerned.

On Group financial control: a dedicated team is responsible for the Group's international financial control.

This control is carried out through reporting procedures that are regularly updated backed up by on-site visits to the subsidiaries as well as, on a more periodic basis, a meeting of the accounting and finance teams of the subsidiaries. The main areas of work cover:

- supervising, organizing and coordinating the supply and control of financial information by the Group's administrative, accounting and finance departments; ensuring the consistency of the accounting methods applied;
- collecting all the necessary information from line managers and Statutory Auditors;
- structuring the information representative of the Group's performance for decision-making purposes (balance sheets, income statements, scorecards);
- advising executive management on short and medium-term forecasts;
- coordinating the monitoring of internal control procedures and the implementation of the recommendations made by the Statutory Auditors;
- making proposals regarding the Group's management systems, developments and their implementation;
- Carrying out the necessary financial and economic analyses (selection of capital expenditure programs, etc.).

The Group's reporting procedure consists of:

- monthly reporting using computer applications developed in-house and regularly adapted to changing conditions;
- a quarterly update on the financial statements;
- The consolidation of the financial statements.

In addition, the Financial Committee, chaired by the Group's Corporate Secretary, is responsible for monitoring the main subsidiaries to ensure the consistency of the various accounting and financial systems and the reliability of the financial and economic summaries drawn up. The Financial Committee addresses the following areas at its weekly meetings:

- monitoring of budgets and cost accounting structures and, in particular, working capital requirements;
- improving existing reporting procedures;
- the time taken to draft the financial statements;
- monitoring the Group's accounting rules and methods, and in particular those relating to development costs, capitalized and inventoried, revenue recognition;
- monitoring local rules on drawing up the separate financial statements;
- monitoring IFRS developments for the purpose of preparing consolidated financial statements.

The accounting principles used by Group companies are those required under local GAAP (for example in France, Regulation No. 2014-03 of the CRC, the national standards setting body) for producing separate financial statements (statutory accounts). The accounting policies and IFRS restatements are centralized at the parent company at the time of consolidation.

In light of the regulatory compliance required for all listed companies, a schedule of recurring obligations has been drawn up both with regard to disclosure issues and other regulatory matters (legal, tax, etc.). Regulatory monitoring is the responsibility of the consolidation unit and the Group's Finance Department.

Prior to its disclosure, information from the consolidation unit is submitted to management control and approved by the CFO and the Corporate Secretary. All of the information to be published is then approved by Executive Management and the Supervisory Board.

The development of **information systems** is designed to satisfy the requirements in terms of the reliability, availability, security and relevance of the accounting and financial information.

The rationalization of servers and ERP software used (MOVEX, SAP Business One and AX-dynamix-Microsoft) in the main ACTIA Group structures of both France and foreign operations is ongoing, with the ERP software supporting operating activities. IT investments have been focused on systems' robustness, the deployment of recent developments in terms of networks and software solutions for project management and scientific applications.

As a systematic measure, system access (technical IT systems-ERP, HR, financial, messaging, etc.) is only possible after the user has identified him/herself via a password with a restrictive procedure in place for changing it.

The applications we use are off-the-shelf software packages. The manner they process information is checked when brought on line on-site and over the course of their utilization.

Our servers are managed externally on a facilities management basis with third parties or internally by the Group's IT teams. For facilities management, we have service level agreements with our IT service providers that guarantee daily and weekly data backups and the physical integrity of the data on the data servers.

The first audits for IT security certification were performed in 2015. Our subsidiary ARDIA (engineering services in Tunisia) was certified ISO 27001 in 2015.

In accordance with the strategies defined, the Group has recruited high-level, specialized talent in the field of Information Systems Security. It continuously decides on the measures to be taken in terms of:

- prevention, training, information for management and for all staff involved;
- processes, procedures and provisions applicable to the different types of data and information resources (network architecture, personal terminals, etc.);

In order to reduce risks and impacts when incidents occur.

Areas for improvement - Monitoring execution of actions

Certification monitoring audits were successfully performed at the end of 2016 and on that basis the certifications were confirmed, with selected areas for improvement identified but above all with a positive assessment regarding the maturity of the system.

Detailed information on current certifications in force in the Group is provided in 6.1.8 "Certification of Group company quality systems at December 31, 2016"

With regard to IT systems, the main following actions were taken:

- office automation: the continuing renewal of office automation equipment (25%) and harmonization;
- communications services: development of private international networks - improving physical and virtual networks (safety and Wi-Fi);
- management services: operating and improving productivity and reporting tools for financial functions, integrated configuration management, CRM, EDI contract database management, HRIS;
- software development: project management software upgrade – development tools and software validations;
- security services: Group directory – improved business continuity plan – improved archiving systems.

6.1.6 Financial risks related to the effects of climate change

The Group has not identified any major risks related to possible climate changes that could affect its activity. Note that the information about climate change is expanded on in Subsection 5.7.2 "Climate change and biodiversity" of the Executive Board's report. In addition, Group risks are covered in Note 27 in the Notes to the consolidated financial statements, “Risk factors”.

6.1.7 Powers of the Executive Board

The limits of the powers of the Executive Board were laid down by the Supervisory Board at its meeting of February 3, 2004, on the following terms:

"In line with the provisions of Article 16 of the Articles of Association, the Supervisory Board resolved to change the limits it had set at its meeting of November 12, 2002 and accordingly authorized the Executive Board to carry out, without prior authorization from the Supervisory Board, the following transactions within the following limits:

- purchase of buildings worth under €1,000,000 excluding VAT;
- purchase, sale, exchange, contribution of all other real property assets and any rights on real or movable property worth under €1,000,000 excluding VAT;
- establishment of all entities, both in France and abroad, representing capital expenditure of under €1,000,000 with an obligation to inform the Supervisory Board;
- borrowings even unsecured for an amount under €1,000,000 per borrowing with a term of less than seven years. The total annual amount of these borrowings may not exceed €3,000,000 and will be reviewed annually;
- establishment of companies and taking of interests of all forms in any company or entity, involving less than €1,000,000 per transaction, with an obligation to inform the Supervisory Board;
- loans, credits or advances granted by the Company with a term of under one year and a principal of under €500,000 per transaction and €2,000,000 per annum for all transactions taken together;
- renting, leasing of all buildings or business assets, for a period of up to nine years representing annual lease payments of under €500,000 excluding VAT per year;
- commercial contracts with terms of less than three years and involving amounts under €2,000,000 excluding VAT;
- direct commitments even without guarantees, involving amounts under €2,000,000;
- taking on and laying off Company employees with annual salaries of under €300,000.

All transactions exceeding the limits set out above must be authorized in advance by the Supervisory Board. In addition, the Executive Board may not provide deposits, backing or guarantees without the prior authorization of the Supervisory Board".

6.1.8 Certification of Group company quality systems at December 31, 2016

Offices	ISO 9001	ISO TS 16949	ISO 14001	EN 9100	IRIS	NADCAP
	Quality management systems	Quality management systems – automotive industry	Environmental management systems	Quality management systems – aviation/ space and defense	Quality management systems – railway industry standard	Aerospace standard for suppliers of electronics printed circuit boards
ACTIA Automotive S.A.	Certified	Certification of the Toulouse sites	Certification of the Toulouse sites Certification of the Lucé site expected at end 2017	Certification of the Toulouse sites	Certification of the Toulouse sites	Certification of the Toulouse sites
ACTIA PCs	Certified					
ACTIA Italia	Certified					
ACTIA I+Me	Certified		Certified			
ACTIA Systems	Certified		Prepared for 2018			
ACTIA Nordic	Certified	Pending, expected for 2017	Certified			
ACTIA UK	Certified					
ACTIA India	Certified	Certified	Certified			
ACTIA de Mexico	Pending, expected in 2017					

Offices	ISO 9001	ISO TS 16949	ISO 14001	EN 9100	IRIS	NADCAP
	Quality management systems	Quality management systems – automotive industry	Environmental management systems	Quality management systems – aviation/ space and defense	Quality management systems – railway industry standard	Aerospace standard for suppliers of electronics printed circuit boards
ACTIA China	Certified	Certified	Certified			
ACTIA do Brasil	Certified		Certified			
ACTIA Corp. and Inc.	Certified					
CIPI ACTIA	Certified	Certified	Certified			
ACTIA Tunisie	Certified	Certified	Certified			
ARDIA	Certified					
ACTIA Telecom	Certified		Certified		Certified	

- Other certifications:
  - ACTIA Telecom: Total Quality according to Appendix V of the R&TTE directive (Telecom) for the Millau and Dinard sites - PART 21 G + PART 145 (aeronautic requirements for the Provence site),
  - ACTIA CZ: approval of the Quality Management System, according to the criteria of the Slovakian government,
  - ACTIA Automotive: for Lucé: certification of the quality system by LNE (legal metrology, gas analyzer and opacimeter repairs and authorization delivered by the DRIRE for the control of pollution measurement devices); for Toulouse EN 9110 (aerospace repairs), Part 145 (medical devices),
  - ARDIA: ISO 17025 since January 2013, ISO 27001 since March 2015 and CMMI DEV V.1.2 since October 2016.
- Certifications pending official approval:
  - ACTIA India: OHSAS 18001 V2007 in progress.

Toulouse, March 27, 2017
Louis Pech
Chairman of the Supervisory Board

6.2 Report of the Statutory Auditors on the Report of the Chairman of the Supervisory Board

This is a free translation into English of the original report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, professional guidelines applicable in France.

To the shareholders,

In our capacity as Statutory Auditors of ACTIA Group S.A. and in accordance with the provisions of Article L.225-235 of the French Commercial Code, we hereby present our report on the report prepared by the Chairman of your Company in accordance with Article L.225-68 of the French Commercial Code for the financial year ended December 31, 2016.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the Company and containing the other disclosures required by Article L.225-68 of the French Commercial Code, particularly in terms of corporate governance.

It is our responsibility to:

- report to you on the information contained in the Chairman's report with respect to the internal control and risk management procedures relating to the preparation and processing of accounting and financial information; and,
- certify that the report contains the other information required by Article L.225-68 of the French Commercial Code, while specifying that we are not responsible for verifying the fairness of this other information.

We performed our procedures in accordance with the relevant professional standards applicable in France.

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

These standards require us to perform procedures to assess the fairness of the information presented in the Chairman's report on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information. These procedures notably consist of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information, on which the information presented in the Chairman's report is based, as well as reviewing supporting documentation;
- obtaining an understanding of the work performed to prepare this information, as well as reviewing supporting documentation;
- ensuring that any material weaknesses in internal control procedures relating to the preparation and processing of financial and accounting information that might be detected in the course of our engagement have been properly disclosed in the Chairman's report.

On the basis of these procedures, we have no matters to report in connection with the information given on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information, contained in the report of the Chairman of the Supervisory Board, prepared in accordance with Article L.225-68 of the French Commercial Code.

Other information

We certify that the Chairman of the Supervisory Board's report includes the other information required by Article L.225-68 of the French Commercial Code.

Statutory Auditors

Labège, April 26, 2017	Paris, April 26, 2017
KPMG Audit A division of KPMG S.A.	
Philippe Saint-Pierre Partner	Eric Blache Partner

6.3 Report of the Supervisory Board

Called to the Ordinary General Meeting of the shareholders in the legally prescribed manner and in line with the Articles of Association, the shareholders were informed of the Reports of the Executive Board, of the Chairman of the Supervisory Board and of the Statutory Auditors in respect of the financial year ended December 31, 2016.

Pursuant to the provisions of Article L.225-68 of the French Commercial Code, we wish to present our observations on the Reports of the Executive Board and the Chairman of the Supervisory Board and on the financial statements for the period ended December 31, 2016.

6.3.1 Observations of the Supervisory Board

- On the Report of the Executive Board:

  The Supervisory Board has no particular comments to make regarding the report of the Executive Board.

- On the report of the Chairman of the Supervisory Board:

  The Supervisory Board has no particular comments to make regarding the report of the Chairman of the Supervisory Board.

- On the financial statements for the financial year ended December 31, 2016:

  As presented, and after having been certified by the Statutory Auditors, the Supervisory Board has no particular comments to make on the financial statements for the financial year ended December 31, 2016.

  The Board asks you to approve the resolutions proposed by the Executive Board.

6.3.2 **Scope of the Supervisory Board’s work**

In accordance with applicable legal provisions, and in addition to reviewing the separate financial statements and the report of the Executive Board with respect to the observations it has just presented, the Executive Board regularly reports to the Supervisory Board on the Company's performance. It authorizes the granting of sureties, the partial or complete disposal of interests and property assets and rights.

Toulouse
March 27, 2017
The Supervisory Board

6.4 Report of the Supervisory Board on the Executive Management compensation policy

Pursuant to the provisions of Article L.225-82-2 of the French Commercial Code, we hereby notify you of the total gross remuneration (fixed, variable and non-recurring) and benefits of all kinds paid during this past financial year to each member of the Executive Board and to the members of the Supervisory Board for their terms in ACTIA Group, as well as the criteria used to calculate them.

The compensation paid by ACTIA Group for the performance of the terms is as follows:

Summary of the compensation paid to each corporate officer by the issuer		
Name and function of Executive Corporate Officer:	**Amounts payable**	**Amount received**
	2016	
Jean-Louis Pech - Chairman of the Executive Board		
Fixed compensation	8,887	8,887
Variable remuneration		
Exceptional remuneration		
Directors' fees		
Benefits in kind		
TOTAL	**8,887**	**8,887**

Jean-Louis Pech, Chairman of the Executive Board of ACTIA is only paid fixed compensation on a monthly basis for his term of office.

In addition, the Shareholders are informed of the following:

- Furthermore, the remuneration of Jean-Louis Pech, Chairman of the Executive Board of ACTIA Group does not include a variable and/or non-recurring portion. The fixed portion tracks trends for employees of the main French organization of the Group;
- Jean-Louis Pech (son of Louis Pech), Chairman of the Executive Board of ACTIA Group, receives other compensation than that detailed above. He receives compensation for his office as a member of the Executive Board of LP2C, a consolidating holding company and for his office as Chief Executive Officer of ACTIA Automotive, a subsidiary of ACTIA Group;
- Catherine Mallet (daughter of Louis Pech), member of the Executive Board of ACTIA Group and Marine Candelon (daughter of Pierre Calmels), member of the Executive Board of ACTIA Group are not remunerated for their offices. They are remunerated for their offices as members of the Executive Board of LP2C, a consolidating holding company;
- Louis Pech, Chairman of the Supervisory Board of ACTIA Group and Pierre Calmels, Vice-Chairman of the Supervisory Board of ACTIA Group are not remunerated for their offices. They are remunerated for their offices as, respectively, Chairman of the Executive Board of LP2C and as the Chairman of the Supervisory Board of LP2C, a consolidating holding company;
- no directors' fees are currently paid to the members of the Supervisory Board of ACTIA Group;
- all of the compensation paid by the issuer and all other Group companies is detailed in Section 5.15 "Remuneration and benefits" of this Registration Document.

7. FINANCIAL INFORMATION ON THE ASSETS, FINANCIAL POSITION AND EARNINGS OF THE ISSUER

7.1 Consolidated financial statements

7.1.1 Consolidated balance sheet

Consolidated assets (€k)	Notes	12/31/2016	12/31/2015
Goodwill	Note 4	21,668	21,668
Development costs	Note 4	33,937	36,875
Other intangible assets	Note 4	590	554
Total intangible assets	**Note 4**	**56,195**	**59,097**
Land	Note 5	2,849	2,961
Buildings	Note 5	6,620	6,087
Plant and equipment	Note 5	13,739	10,504
Other property, plant and equipment	Note 5	5,885	5,044
Total property, plant and equipment	**Note 5**	**29,093**	**24,597**
Investments in associates (equity method)	Note 6	985	870
Non-current financial assets	Note 12	1,433	789
Deferred tax	Note 11	10,898	8,407
Non-current tax credit	Note 12	11,722	10,239
TOTAL NON-CURRENT ASSETS		**110,326**	**103,998**
Inventory and work-in-process	Note 8	93,778	90,728
Accounts receivable	Note 9	118,378	109,315
Other current receivables from operations	Note 9	6,297	5,634
Current tax credit	Note 9	5,489	5,076
Miscellaneous current receivables	Note 9	814	1,384
Current financial assets	Note 10.2	692	1,212
Total current receivables		**225,447**	**213,349**
Cash equivalents	Note 10.1	184	154
Cash	Note 10.1	27,162	20,884
Total cash and cash equivalents	**Note 10.1**	**27,346**	**21,039**
TOTAL CURRENT ASSETS		**252,793**	**234,388**
TOTAL ASSETS		**363,119**	**338,386**

Shareholders' Equity & Liabilities (€k)	Notes	12/31/2016	12/31/2015
Share capital	Note 14	15,075	15,075
Share premiums	Note 14	17,561	17,561
Reserves	Note 14	61,994	51,422
Retained earnings	Note 14	8,534	6,423
Cumulative translation differences	Note 14	(386)	1,017
Treasury shares	Note 14	(162)	(162)
Net income	Note 14	20,914	15,290
Shareholders' equity attributable to Group shareholders	**Note 14**	**123,528**	**106,626**
Net income/(loss) attributable to non-controlling interests	Note 14	371	870
Reserves attributable to non-controlling interests	Note 14	1,336	3,508
Non-controlling interests	**Note 14**	**1,707**	**4,378**
SHAREHOLDERS' EQUITY	**Note 14**	**125,235**	**111,004**
Bank borrowings	Note 13	54,568	42,195
Other financial liabilities	Note 13	1,941	1,511
Finance lease liabilities	Note 13	3,965	2,455
Total non-current financial liabilities	**Note 13**	**60,474**	**46,161**
Deferred tax liabilities	Note 11	3,786	2,839
Provisions for pensions and other non-current employee benefits	Note 16	9,075	7,607
TOTAL NON-CURRENT LIABILITIES		**73,335**	**56,607**
Other provisions	**Note 16**	**5,466**	**5,431**
Current financial liabilities	Note 13	61,497	74,865
Financial instruments	Note 10.2		251
Total current financial liabilities		**61,497**	**75,116**
Accounts payable	Note 17	52,351	50,403
Other operating liabilities	Note 17	32,888	30,186
Tax payables (income tax)	Note 17	1,457	1,232
Miscellaneous liabilities	Note 17	79	255
Deferred income		10,810	8,153
TOTAL CURRENT LIABILITIES		**164,548**	**170,776**
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		**363,119**	**338,386**

7.1.2 Consolidated income statement

Consolidated income statement (€k)	Notes to the separate financial statements of ACTIA Group S.A.	2016	2015
Revenue *(Sales)*	**Note 18**	**431,648**	**381,208**
- Purchases consumed	Note 18	(230,332)	(203,875)
- Staff costs	Note 18	(103,816)	(94,795)
- External charges	Note 18	(59,672)	(52,797)
- Taxes and duties other than on income		(7,088)	(5,837)
- Depreciation and amortization	Note 18	(16,209)	(13,685)
+/- Changes in inventories of work-in-process and finished goods		5,123	4,674
+/- Translation gains and losses on operating transactions		2,719	1,719
+ Research tax credit		3,761	3,200
Current operating income	**Note 18**	**26,135**	**19,812**
+ Other operating income		362	348
- Other operating expenses		(159)	(254)
+/- Gains (losses) on disposals of non-current assets		22	(35)
- Goodwill impairment	Note 4		(118)
Operating profit/(loss)	**Note 18**	**26,361**	**19,752**
+ Income on cash and cash equivalents		62	73
- Interest expense and other financial charges	Note 18	(2,191)	(2,620)
+ Other financial income		102	1,381
- Other financial expenses		(586)	(936)
Net financial income (expense)	**Note 22**	**(2,614)**	**(2,102)**
+ Share in the earnings of equity-method associates	Note 6	128	143
+ Income tax	Note 18	(2,590)	(1,633)
Net income/(loss) for the period	**Note 18**	**21,285**	**16,160**
*attributable to Group shareholders		20,914	15,290
*attributable to non-controlling interests		371	870
Basic and diluted earnings (loss) per share (in €) – Attributable to the Group	**Note 15**	**1.04**	**0.76**

7.1.3 Statement of comprehensive income

Statement of comprehensive income (€k)	2016	2015
Net income/(loss) for the period	**21,285**	**16,160**
Items that will not be subsequently reclassified in profit or loss		
Post-employment benefits - actuarial gains and losses	(887)	506
Deferred taxes on post-employment benefits - actuarial gains and losses	297	(169)
Items that may be subsequently reclassified in profit or loss		
Cumulative translation differences	(1,658)	1,449
Other comprehensive income	**(2,249)**	**1,786**
Comprehensive income/(loss) of the period	**19,036**	**17,946**
* attributable to Group shareholders	18,920	17,104
* attributable to non-controlling interests	116	842

7.1.4 Changes in shareholders' equity

(€k)	Share capital	Treasury shares	Share premiums	Reserves, retained earnings, net income	Cumulative translation differences	Total attributable to the Group	Non-controlling interests	Total equity including non-controlling interests
At 12/31/2014	**15,075**	**(162)**	**17,561**	**59,207**	**(459)**	**91,221**	**3,797**	**95,018**
Change in method*				234		234	3	237
At 01/01/2015 (restated)	**15,075**	**(162)**	**17,561**	**59,441**	**(459)**	**91,455**	**3,800**	**95,255**
Comprehensive income								
Net income				15,290		15,290	870	16,160
Other comprehensive income				338	1,477	1,814	(28)	1,786
Comprehensive income/(loss) of the period	**0**	**0**	**0**	**15,628**	**1,477**	**17,104**	**842**	**17,946**
Transactions with shareholders								
Dividends paid				(2,008)		(2,008)	(266)	(2,274)
Other				74		74	2	76
At 12/31/2015	**15,075**	**(162)**	**17,561**	**73,135**	**1,017**	**106,626**	**4,378**	**111,004**
Comprehensive income								
Net income				20,914		20,914	371	21,285
Other comprehensive income				(590)	(1,404)	(1,994)	(255)	(2,249)
Comprehensive income/(loss) of the period	**0**	**0**	**0**	**20,324**	**(1,404)**	**18,920**	**116**	**19,036**
Transactions with shareholders								
Dividends paid				(2,009)		(2,009)	(249)	(2,258)
Changes in scope				(8)		(8)	(2,539)	(2,547)
Other						0		0
At 12/31/2016	**15,075**	**(162)**	**17,561**	**91,442**	**(386)**	**123,528**	**1,707**	**125,235**

*Impact of the first-time application of IFRIC 21 - "Levies"

7.1.5 Consolidated statement of cash flows

Consolidated Statement of Cash Flows (€k)	Notes	2016	2015
Net income/(loss) for the period	**7.1.2**	**21,285**	**16,160**
Adjustments for:			
Depreciation, amortization and provisions	7.1.2	17,148	13,039
(Gains) losses on disposal of non-current assets	7.1.2	(33)	1
Interest expense	7.1.2	2,191	2,620
Current income tax (excluding research tax credit)	7.1.2	3,792	2,540
Change in deferred taxes	7.1.2	(1,203)	(906)
Research tax credit	7.1.2	(3,761)	(3,200)
Other income and expenses	7.1.2	196	550
Share in the earnings of equity-method associates	7.1.2	(128)	(143)
Operating cash flows before change in working capital requirements		***39,488***	***30,660***
Change in working capital requirements from operating activities	Note 27.5	(4,854)	(23,339)
Cash generated by operating activities		34,634	7,322
Income tax paid (excluding research tax credit)		(3,567)	(2,391)
Research tax credit collected		603	480
Net cash generated by operating activities		**31,670**	**5,411**
Acquisitions of non-current assets	Note 4	(19,440)	(17,419)
Dividends received from associates		41	25
Proceeds from disposals of non-current assets	7.1.2	95	109
Acquisitions of the period subject to deduction of the cash acquired		(2,547)	
Net cash used by investing activities		**(21,851)**	**(17,285)**
Dividends paid to parent company shareholders		(2,009)	(2,008)
Dividends paid to non-controlling interests in subsidiaries		(249)	(276)
Increases in borrowings	Note 13	39,524	33,006
Repayment of borrowings	Note 13	(21,966)	(20,029)
Interest payments	Note 22	(2,191)	(2,620)
Net cash generated (used) by financing activities		**13,109**	**8,074**
Impact of changes in exchange rates		(135)	(782)
Opening cash and cash equivalents	Note 10.1	(31,444)	(26,861)
Closing cash and cash equivalents	Note 10.1	(8,650)	(31,444)
Net cash and cash equivalents		**22,793**	**(4,583)**

7.1.6 Notes to the consolidated financial statements

Note 1. Information about the Group - Entity presenting the financial statements

ACTIA Group is domiciled in France. The registered office of the Company is 5, Rue Jorge Semprun - 31432 Toulouse (France). The consolidated financial statements of the Company include the Company and its subsidiaries (jointly referred to as the "Group"). The Group's main areas of activity cover high added value, electronic on-board systems for the automotive and telecommunications markets.

The consolidated financial statements at December 31, 2016 were approved by the Executive Board on March 27, 2017 and will be submitted for ratification at the General Meeting of May 30, 2017.

Note 2. Accounting policies

Note 2.1 Basis of preparation of financial statements

The accounting and calculation methods adopted are the same for all periods presented.

Amounts mentioned in these financial statements are denominated in Euros and rounded to the nearest thousand (€k).

The consolidated financial statements were prepared in accordance with IFRS published by the IASB and as adopted by the European Union, including the definitions and procedures for the recognition and measurement recommended by IFRS as well as all disclosures required by them. The financial statements comply with all IFRS provisions mandatory at December 31, 2016. They were also prepared in accordance with the IFRS issued by the International Accounting Standards Board (IASB).

Note 2.2 Use of estimates and judgments

The preparation of financial statements under IFRS requires management to make judgments, estimates and assumptions that have an impact on the application of the accounting methods and on the amounts of the assets, liabilities, income and expenses. These estimates and underlying assumptions are based on past experience and other factors considered reasonable under the circumstances. They are thus used as the basis of judgment required to calculate the carrying amounts of certain assets and liabilities that cannot be obtained directly from other sources. Actual amounts may differ from estimates.

All estimates and underlying assumptions are reassessed on an ongoing basis. The impact of changes in accounting estimates is recognized in the period in which the change occurs where it only affects that period, or in the period in which the change occurs and subsequent periods where the latter are likewise affected by the change.

The main balance sheet line items affected by these estimates are goodwill (see Note 4 "Intangible assets"), Note 4.3development costs (see Note 4.3 "Development expenses and other intangible assets"), deferred tax assets (see Note 11 "Deferred tax") and provisions (see Note 16 "Provisions").

Note 2.3 Changes to IFRS

The new IAS/IFRS effective for periods commencing on January 1, 2016 and applied by the Group for the preparation of its consolidated financial statements for the period ended December 31 were as follows:

	Date of application "IASB"	Date of adoption EU	Date of application EU
Amendments to IAS 1 - Disclosure initiative	01/01/2016	12/18/2015	01/01/2016
Amendments to IAS 16 and IAS 38 - Clarification of acceptable methods of depreciation and amortization	01/01/2016	12/02/2015	01/01/2016
Annual improvements to IFRS 2010-2012	07/01/2014	12/17/2014	02/01/2015
Annual improvements to IFRS 2012-2014	01/01/2016	12/15/2015	01/01/2016
Amendments to IFRS 11 - Accounting of acquisitions of interests in joint operations	01/01/2016	11/24/2015	01/01/2016
Amendments to IAS 19 – Employee contributions	07/01/2014	01/09/2015	02/01/2015

The application of these new standards, interpretations and amendments has no impact on the Group's consolidated accounts.

The new IAS/IFRS, interpretations and amendments having been adopted by the European Union applicable for periods commencing after January 1, 2016 are as follows:

	Application date "IASB"	Adoption date EU	Application date EU
IFRS 9 - Financial instruments	01/01/2018	11/22/2016	01/01/2018
Amendments to IAS 7 - Disclosure initiative	01/01/2017	Q4 2016?	01/01/2017?
Amendments to IAS 12 - Tax assets recognized in respect of unrealized losses	01/01/2017	Q4 2016?	01/01/2017?
IFRS 15 - Revenue from contracts with customers	01/01/2018	09/22/2016	01/01/2018
Annual improvements to IFRS / 2014-2016	01/01/2017 or 01/01/2018	H2 2017?	01/01/2017? 01/01/2018?
Interpretation of IFRIC 22 - Foreign currency transactions and advance consideration	01/01/2018	H2 2017?	01/01/2018?

The Group has not elected to apply in advance these standards, interpretations and amendments in preparing its 2016 consolidated financial statements. The main impacts of applying the new standards IFRS 9 and IFRS 15 are in the process of evaluation at the Group level.

The new IAS/IFRS and interpretations in issue but pending adoption by the European Union and not yet applicable are:

	Application date "IASB"	Adoption date EU	Application date EU
IFRS 14 - Regulatory deferral accounts	01/01/2016	N/A	N/A
IFRS 16 - Leases	01/01/2019	H2 2017?	01/01/2019?
Amendments to IFRS 15 - Clarification	01/01/2018	Q2 2017?	01/01/2018?
Amendments to IFRS 2 - Share-based payments	01/01/2018	H2 2017?	01/01/2018?
Amendments to IFRS 4 - Application of IFRS 9 and IFRS 4	01/01/2018	2017	01/01/2018?

Note 2.4 Translation of financial statements of subsidiaries in foreign currencies

The financial statements of foreign companies outside the Euro zone are translated as follows:

- assets and liabilities, including goodwill and fair-value consolidation adjustments are translated at the exchange rate of the end of the reporting period, except for goodwill items predating the transition date of January 1, 2005;
- income statement line items are translated at the exchange rate applicable on the transaction dates or, in practice, an approximate rate that in the absence of any major currency fluctuations corresponds to the average rate for the period. For operations in high inflation countries, the income statement line items of the subsidiary in question must be translated at the applicable rate at the balance sheet date in line with IAS 29 and IFRIC 7;
- exchange differences are recognized as a separate component of shareholders' equity and do not impact the income statement.

Note 2.5 Translation of foreign currency denominated transactions

Foreign currency transactions are translated into the functional currency of each company at the exchange rate applicable on the transaction date.

Foreign currency liabilities and receivables are translated at the exchange rate applicable on December 31. Unrealized exchange gains (losses) generated as a result are recognized in the income statement.

In accordance with IAS 21 and IFRIC 16 (adopted by the European Union and coming into force for periods beginning on and after July 1, 2009), exchange differences relating to permanent financing constituting part of the net investment in a consolidated subsidiary are recognized in other comprehensive income, under cumulative translation differences. Upon the subsequent disposal of these investments, cumulative translation differences initially recognized in shareholders' equity will be recognized in income.

Note 2.6 Business combinations

Business combinations between January 1, 2004 and December 31, 2009 were accounted for in accordance with the previous version of IFRS 3. Business combinations after January 1, 2010 are accounted for in accordance with the revised IFRS 3.

The Group applies the purchase method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the sum of fair values of the assets transferred and the liabilities incurred by the acquirer at the acquisition date and the equity interest issued by the acquirer. The consideration transferred includes contingent consideration, measured and recognized at fair value at the acquisition date.

At the acquisition date, goodwill corresponds to the aggregate of the consideration transferred and the amount of any non-controlling interest in the acquiree minus the net amounts (usually at fair value) of the identifiable assets acquired and the liabilities assumed. Acquisition-related costs are recorded as an incurred expense.

In the case of a step-acquisition that leads to the Group acquiring control of the acquiree, the equity interest previously held by the Group is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

The initial measurement of goodwill is finalized within a period of twelve months from the acquisition date.

Goodwill is not amortized but tested for impairment annually at the closing date or more frequently if events or changes in circumstances indicate a potential impairment. The main indicators of impairment used by the group are as follows:

- Quantified indicators:
  - a 15% decline in revenue or a 30% decline in operating profit of a CGU at constant structure and exchange rates,
  - a carrying value of the net asset that exceeds the market capitalization;
- Non-quantified indicators:
  - a performance below forecasts,
  - a significant change in the economic, technological, regulatory or political environment in the markets in which the Group operates.

Note 2.7 Tax credits, grants and other public subsidies

ACTIA Group receives government assistance in the form of repayable advances. This form of interest-bearing financing does not fall within the scope of government grant management and criteria of IAS 20. Given the projects financed and the strong likelihood that these advances will be repaid, they are presented in the financial statements under borrowings.

The Group's research and development policy results in the receipt of a research tax credit by the companies established in France. The Research tax credit qualifies as a subsidy under IAS 20. It is allocated to a specific income statement line item, impacting operating income: however, the portion of research tax credits that may be allocated to capitalized projects is recognized under deferred income and associated with operating income for the duration of the useful lives of the assets for which it was received.

Grants received able to be allocated to capitalized projects are also accounted for in this manner.

The CICE tax credit for competitiveness and employment (*Crédit d'Impôt pour la Compétitivité et l'Emploi*) was introduced in France by the 3rd Amending Finance Act (*Loi de Finance rectificative*) for 2012 as from January 1, 2013. This tax credit is calculated by calendar year and for 2016 corresponds to 6% of wages equal to or less than 2.5 times the French minimum wage (SMIC). The Group has not considered the CICE as a subsidy but instead as a tax credit on compensation making it possible to reduce the cost of labor. On that basis, it has been recognized in accordance with IAS 19 as a deduction from staff costs as the corresponding compensation amounts are expensed. The amount of the CICE wage tax credit applied to staff costs for financial year 2016 amounted to €1,149 k.

Note 3. Group structure

Note 3.1 Consolidation criteria

The financial statements of companies directly or indirectly controlled by ACTIA Group are fully consolidated in the consolidated financial statements. The financial statements of companies in which ACTIA Group has a significant influence are accounted for under the equity method.

The balance sheet date for all companies within the scope of consolidation is December 31.

Note 3.2 Consolidated companies

Name	Registered office	Siren no. or country of incorporation	Controlling interest (%)		Consolidation method		Activity
			Dec-15	Dec-16	Dec-15	Dec-16	
ACTIA Group	Toulouse	542 080 791	Consolidating company		Consolidating company		Holding company
Automotive							
ACTIA Automotive	Toulouse	389 187 360	99.98	99.98	FC	FC	Electronics research & manufacturing
ACTIA PCs	Maisons-Alfort	384 018 263	87.80	87.80	FC	FC	Electronics research & manufacturing
ACTIA UK	Newtown	United Kingdom	100.00	100.00	FC	FC	Electronics research & manufacturing
ACTIA Systems	Getafe Madrid	Spain	100.00	100.00	FC	FC	Research and manufacturing of audio and video equipment
ACTIA Muller España	Getafe Madrid	Spain	100.00	100.00	FC	FC	Distribution of products
SCI Los Olivos	Getafe Madrid	Spain	39.99	39.99	EM	EM	Real estate
KARFA	Mexico	Mexico	90.00	90.00	FC	FC	Administration of holdings
ACTIA de Mexico	Mexico	Mexico	100.00	100.00	FC	FC	Electronics research & manufacturing
ACTIA do Brasil	Porto Alegre	Brazil	97.97	97.97	FC	FC	Electronics research & manufacturing
ACTIA Inc.	Dearborn - Michigan	USA	100.00	100.00	FC	FC	Electronics research & manufacturing
ACTIA Cz	Tabor	Czech Republic	89.98	89.98	FC	FC	Electronics research & manufacturing
ACTIA Italia	Torino	Italy	100.00	100.00	FC	FC	Electronics research & manufacturing
ACTIA 3E	Le Bourget du Lac	381 805 514	99.93	99.93	FC	FC	Electronics research & manufacturing
ACTIA I+Me	Braunschweig	Germany	100.00	100.00	FC	FC	Electronics research & manufacturing
ACTIA Corp.	Elkhart-Indiana	USA	100.00	100.00	FC	FC	Electronics research & manufacturing
ACTIA NL	Helmond	Netherlands	100.00	100.00	FC	FC	Electronics research & manufacturing
ACTIA Polska	Piaseczno	Poland	100.00	100.00	FC	FC	Electronics research & manufacturing

Name	Registered office	Siren no. or country of incorporation	Controlling interest (%)		Consolidation method		Activity
			Dec-15	Dec-16	Dec-15	Dec-16	
CIPI ACTIA	Tunis	Tunisia	65.80	65.80	FC	FC	Electronics manufacturing
ACTIA India	New Delhi	India	51.00	51.00	FC	FC	Electronics research & manufacturing
ACTIA China	Shanghai	China	100.00	100.00	FC	FC	Electronics research & manufacturing
ACTIA Nordic	Sollentuna	Sweden	100.00	100.00	FC	FC	Electronics research & manufacturing
ACTIA Tunisie	Tunis	Tunisia	89.87	89.87	FC	FC	Electronics manufacturing
Telecommunications							
ACTIA Telecom [1]	St Georges de Luzençon	699 800 306	91.51	100.00	FC	FC	Electronics research & manufacturing
SCI Sodimob	St Georges de Luzençon	419 464 490	100.00	100.00	FC	FC	Real estate
ARDIA	Tunis	Tunisia	73.33	73.33	FC	FC	Electronics research
SCI de l'Oratoire [2]	Colomiers	345 291 405	100.00	100.00	FC	FC	Real estate
SCI Les Coteaux de Pouvourville	Toulouse	343 074 738	27.50	27.50	EM	EM	Real estate

[1] ACTIA Group purchased the shares of the minority shareholders of its ACTIA Telecom subsidiary in July 2016.
[2] SCI de l'Oratoire is 86% owned by ACTIA Group and 14% by ACTIA Automotive.

Note 4. Intangible assets

Note 4.1 Changes in intangible assets

The gross amounts of intangible fixed assets changed as follows:

- In 2016:

(€k)	12/31/2015	Changes in scope	Cumulative translation differences	Acquisitions (Transfers)	Disposals and other reductions	12/31/2016
Goodwill	23,010					23,010
Development costs	71,969		(550)	7,762	(1,056)	78,125
Other intangible assets	11,399		(50)	333	(162)	11,521
Other intangible assets in process			(1)	67		65
Total	**106,378**		**(601)**	**8,162**	**(1,217)**	**112,722**
Of which finance leases						
Other intangible assets	*513*					*513*
Other intangible assets in process						

-

❖ In 2015:

(€k)	12/31/2014	Changes in scope	Cumulative translation differences	Acquisitions (Transfers)	Disposals and other reductions	12/31/2015
Goodwill	23,010					23,010
Development costs	63,949		778	10,745	(3,503)	71,969
Other intangible assets	10,939		(19)	482	(3)	11,399
Other intangible assets in process						
Total	**97,898**		**758**	**11,227**	**(3,506)**	**106,378**
Of which finance leases						
Other intangible assets	*513*					*513*
Other intangible assets in process						

No intangible asset at ACTIA Group is subject to a pledge or other encumbrance.

Amortization and impairment charges were as follows:

❖ In 2016:

(€k)	12/31/2015	Changes in scope	Cumulative translation differences	Provisions	Reversals	12/31/2016
Goodwill	1,342					1,342
Development costs	35,093		(170)	10,242	(977)	44,188
Other intangible assets	10,845		(59)	401	(192)	10,996
Total	**47,280**		**(228)**	**10,643**	**(1,169)**	**56,526**
Of which finance leases						
Other intangible assets	*513*					*513*

No impairment was recorded at December 31, 2016.

❖ In 2015:

(€k)	12/31/2014	Changes in scope	Cumulative translation differences	Provisions	Reversals	12/31/2015
Goodwill	1,224			118		1,342
Development costs	29,931		173	8,493	(3,503)	35,093
Other intangible assets	10,316		(16)	546	(0)	10,845
Total	**41,470**		**157**	**9,156**	**(3,503)**	**47,280**
Of which finance leases						
Other intangible assets	*513*					*513*

Net carrying amounts:

❖ In 2016:

(€k)	12/31/2015	Changes in scope	Cumulative translation differences	Net acquisitions (disposals)	12/31/2016
Goodwill	21,668				21,668
Development costs	36,875		(380)	(2,558)	33,937
Other intangible assets	554		9	(38)	525
Other intangible assets in process			(1)	67	65
Total	**59,097**		**(373)**	**(2,529)**	**56,195**
Of which finance leases					
Other intangible assets	*(0)*				*(0)*
Other intangible assets in process					

- In 2015:

(€k)	12/31/2014	Changes in scope	Cumulative translation differences	Net acquisitions (disposals)	12/31/2015
Goodwill	21,786			(118)	21,668
Development costs	34,019		605	2,252	36,875
Other intangible assets	623		(3)	(66)	554
Other intangible assets in process					
Total	**56,428**		**601**	**2,068**	**59,097**
Of which finance leases					
Other intangible assets	*(0)*				*(0)*
Other intangible assets in process					

Note 4.2 Goodwill

At the end of 2016, the carrying amounts of **goodwill** were as follows:

(€k)	Net balance sheet amounts at 12/31/2016	Net balance sheet amounts at 12/31/2015
CIPI ACTIA	922	922
ACTIA PCs	390	390
ACTIA CORP	7,501	7,501
ACTIA NORDIC	1,351	1,351
ACTIA Telecom	11,415	11,415
SODIMOB	88	88
Total	**21,668**	**21,668**

Annual **impairment tests** are performed on goodwill:

This test covers a specific asset or a cash generating unit ("CGU"). A CGU is the smallest identifiable group of assets generating cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Goodwill is allocated to one or more CGUs. The CGU for goodwill is generally that of the entity originally acquired. In the specific case of ACTIA Corp., goodwill has been allocated to various CGUs. (see below).

The impairment test is intended to compare the carrying amount of the asset or CGU group with its recoverable amount. The recoverable amount is the greater of:

- the fair value less selling costs; and
- the value in use, this being the present value of the future cash flows likely to flow from the asset or CGU. Future cash flows are determined from four year budgets for the CGU or CGU groups in question, approved by Group management. The growth rates used for subsequent periods are flat. The discount rates are determined by using a risk-free rate for the geographic region in question, plus a specific risk premium for the assets in question.

Where the carrying amount exceeds the recoverable amount, an impairment loss is recognized in the income statement under the line item “goodwill impairment”. Impairment in a CGU is firstly allocated to the goodwill and then to the other assets of the CGU in proportion to their carrying amounts.

Impairment losses recognized in respect of goodwill are never reversed.

In accordance with IAS 36, impairment tests are conducted for all goodwill using the discounted cash flow method to the business plans of the relevant CGUs.

The discount rates used for these impairment tests are presented below:

(€k)	2016		2015	
	Europe	USA	Europe	USA
Automotive Division	between 7.0% and 7.8% (1)	between 7.3% and 8.4%	between 7.3% and 8.2%	between 7.3% and 8.4%
Telecommunications Division	between 7.0% and 8.0%	NA	between 7.4% and 8.2%	NA

(1) CIPI-ACTIA (Tunisia): between 11.3% and 12.3%.

The perpetuity growth rate is 1% for all impairment tests conducted in Europe. In light of the prospects for an earlier recovery from the crisis in the Americas, the perpetuity rate was increased in 2012 to 1.5% for the test performed in this region.

Based on these tests applied to the reasonable cash flow forecast scenarios and including the analysis of the sensitivity of amounts to changes in assumptions and the parameters used, no impairment was identified. The items used to evaluate the most significant entities tested (UGT ACTIA Telecom and ACTIA Corp.) are presented below:

- Tests of **ACTIA Telecom** goodwill:

  ACTIA Telecom's goodwill was allocated to a CGU comprised of all the operating assets of this entity.

  The recoverable amount represents the value in use of the CGU. It was determined on the basis of the following assumptions:

  - **cash flow forecasts** prepared by management taking into account changes in sales, based on an assessment of the order book and reasonable assumptions for winning markets via calls for tender for the subsequent four years and the change in the working capital requirement calculated in relation to business trends;
  - the level of annual replacement capital expenditure;
  - management calculates these assumptions on the basis of its experience as well as prior results;
  - the period covered by these cash flow forecasts is four years (2017 to 2020);
  - the rate used to discount the cash flows and terminal values was 7.30% after tax;
  - below are the assumptions underlying the rates applied:
    - cost of capital:

      Risk-free rate: 1.40%,
      Average market premium risk: 5.77%,
      Unlevered beta: 1.05; levered: 1.24 (five year average),
    - cost of debt:

      Cost of medium- to long-term debt before tax of 3.08%,
      A 33.33% tax rate will be used until 2018, then 28% starting in 2019 to determine cash flows;
  - sector financial leverage is 19%;
  - the AAGR for sales is 4.5%;
  - an EBITDA/Sales ratio used for the calculation of the normalized cash flow of 14.2% (the actual rate in 2016 was 9.4%). Note that this is the EBITDA before the CIR and CICE;
  - the terminal value was calculated from cash flows to which a 1% perpetuity growth rate was applied;
  - analysis of the sensitivity of the value of goodwill to changes in assumptions for expected operating cash flows and the discount rate indicate that the possibility of a loss in value would arise from the following adverse assumptions:
    - a normalized EBITDA/revenue rate of less than 10.1%, i.e. 410 basis points less than the parameters adopted to estimate terminal cash flows,
    - a discount rate of more than 11.2% or 340 basis points above the central rate previously presented.

❖ Test of **ACTIA Corp.** goodwill (USA):

The goodwill of ACTIA Corp. is allocated to a series of CGUs:

- €2 million to the whole Automotive Division, due to synergies relating to the Group's presence in the US; and
- the remainder to the US entities: ACTIA Corp. (Embedded Systems) and ACTIA Inc. (Diagnostics).

The recoverable amount represents the value in use of the CGU. It was determined on the basis of the following assumptions:

- **cash flow forecasts** prepared by management taking into account changes in sales, based on an assessment of the order book and reasonable assumptions for winning markets via calls for tender for the subsequent three years and the change in the working capital requirement calculated in relation to business trends;
- the level of annual replacement capital expenditure;
- Management assumptions are calculated on the basis of past experience;
- the period covered by these cash-flow forecasts is four years (2017 to 2020);
- the rate used to discount the cash flows and terminal values was 7.97% after tax;
- below are the assumptions underlying the rates applied:
  - cost of capital:

    Risk-free rate: 3.05%,
    Average market premium risk: 6.37%,
    Unlevered beta: 0.89; unlevered: 1.10,
  - cost of debt:

    Cost of medium to long-term debt before tax of 4.68%,
    A 40% tax rate used to determine the cash flows;
- sector financial leverage is 29%;
- an AAGR for sales of 18.0%;
- an EBITDA/Sales ratio used for the calculation of the normalized cash flow of 9.8% (the actual rate in 2016 was 10.9%);
- the terminal value was calculated from cash flows to which a 1.5% perpetuity growth rate was applied, in light of the prospects for a recovery from the crisis in the Americas region;
- analysis of the sensitivity of the value of goodwill to changes in assumptions for expected operating cash flows and the discount rate indicate that the possibility of a loss in value would arise from the following adverse assumptions:
  - a normalized EBITDA/revenue rate of less than 5%, i.e. 480 basis points less than the parameters adopted to estimate terminal cash flows,
  - a discount rate of more than 14% or 603 basis points above the central rate previously presented.

To date, **impairment charges for goodwill** amount to €1,342 k and correspond to:

❖ a goodwill impairment loss for ACTIA Polska: €224 k (recognized in 2008);

❖ a goodwill impairment loss for ACTIA Telecom: €1 million (€500 k recognized in 2009 and €500 k in 2012);

❖ a goodwill impairment loss for KARFA: €30 k (recognized in 2015);

❖ a goodwill impairment loss for ACTIA Muller España: €88 k (recognized in 2015).

Note 4.3 Development expenses and other intangible assets

Other intangible assets are presented in the balance sheet at acquisition or production cost, less cumulative amortization and impairment losses. They are recognized as assets, if they are controlled by the Group, when they generate future economic benefits for the Group and meet the identification criteria below:

❖ they are separable from the entity (possibility of sale, transfer, disposal, etc.) individually or together with another asset/liability; or

❖ they stem from contractual or other legal rights.

The various types of intangible assets identifiable in ACTIA Group include development costs and patents and brands.

Except for development costs, the other intangible assets are amortized on a straight-line basis calculated over their useful lives of three to seven years.

Development costs

An intangible asset resulting from a development phase is recognized in assets if and only if the following criteria are satisfied:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- the entity must intend to complete the intangible asset and use or sell it;
- it must be able to use or sell the intangible asset;
- it must know how the intangible asset will generate probable future economic benefits. Among other things, the entity must be able to demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- adequate technical, financial and other resources must be available to complete the development and to use or sell the intangible asset; and
- it must be possible to reliably measure the expenditure attributable to the intangible asset during its development.

The cost of this internally generated intangible asset includes all expenses necessary to create, produce and prepare the non-current asset to be exploited as planned by the Group.

Other development costs are expensed as they arise.

No intangible asset arising from research is recognized as an asset. Research costs are expensed as they arise.

The amortization of development costs reflects the expected rate at which economic benefits will be obtained from the asset. The methods used are straight-line amortization or unit of production. The useful lives depend on the assets in question. They run from three to five years, except for the tachograph, which has an estimated useful life of 15 years (end of the depreciation period in 2020).

The useful lives are reviewed at each balance sheet date. There are no intangible assets for which the useful life is considered indefinite.

The **main intangible assets** added in the last three financial years are presented below:

(€k)	2016	2015	2014
Development costs			
Automotive Division	6,444	8,980	7,703
o.w. Diagnostics	*1,221*	*403*	*810*
o.w. Embedded Systems	*5,223*	*8,577*	*6,893*
Telecommunications Division	1,318	1,765	1,276
Total	**7,762**	**10,745**	**8,979**
Other intangible assets			
Automotive Division	340	442	321
Telecommunications Division	60	39	6
Total	**400**	**481**	**326**

New intangible assets:

- Produced in-house (capitalized development costs) for €7.8 million (€10.7 million in 2015)
- Purchased externally for €0.4 million (€0.5 million in 2015)

The table below summarizes the changes in the total research and development expenditure:

(€k)	2016	2015
Automotive Division	**48,399**	**46,436**
o.w. Cost of research commissioned by customers	*15,762*	*16,976*
non-current assets	*6,491*	*8,980*
o.w. Period expenses	*26,146*	*20,480*
Telecommunications Division	**8,400**	**6,088**
o.w. Cost of research commissioned by customers	*4,505*	*3,203*
non-current assets	*1,318*	*1,765*
o.w. Period expenses	*2,577*	*1,121*
Total	**56,799**	**52,524**
Amortization of capitalized development costs not included in the total expenditure calculation	*10,241*	*8,493*

Most companies of the Automotive Division engage in R&D activity. ACTIA Automotive (France) contributes 47.9% (approximately 51.4% in 2015) ACTIA I+Me (Germany) for 11.6% (11.6% in 2015) and ACTIA Nordic (Sweden) 27.6% (27.9% in 2015), with the balance of R&D activity equally allocated among the other entities of the division.

In the Telecommunications Division, the work is performed by all ACTIA Telecom establishments.

The Group's R&D policy with regard to capital expenditure is focused on three areas:

- embedded systems for vehicles;
- automotive diagnostics and technical inspection;
- professional microwave communications equipment.

In these three areas, ACTIA Group must anticipate the arrival of new products and use the most modern technologies while meeting the requirements of increasing global standardization. ACTIA must also support its customers with exports or identify new foreign markets.

ACTIA Group operates in 15 countries and incurs considerable R&D expenditure. Over the past three years, these expenses have averaged 13.7% of consolidated sales. This proactive policy generates inflows for France in the form of significant research tax credits and grants (€5.8 million for 2016 compared to €4.6 million in 2015).

In 2016, total R&D expenditure accounted for 13.2% of Group revenue compared with 13.8% in 2015. However, a portion of these expenses is shared with customers. This confirms the Group's commitment to meet market needs through innovation.

The level of R&D expenditure incurred in ACTIA Group's income statement, i.e. adjusting for the portion billed to customers, government subsidies and time lags (fixed assets/depreciation), increased to 7.8% of sales in 2016 from 6.8% in the prior period. The customer chargeback rate was 35.7% in 2016 compared to 38.4% in 2015. The Group recorded a decrease in capitalized R&D of (8.0%).

Note 5. Property, plant and equipment

Items of property plant and equipment are recognized as assets at acquisition cost less cumulative depreciation and impairment losses. ACTIA Group has chosen the cost model as the measurement method.

Cost components include:

- the purchase price, including import duties and non-refundable purchase taxes less trade discounts and rebates;
- costs directly attributable to transferring and commissioning the asset; and
- if applicable, the initial estimate of the costs of dismantling and removing the item and restoring the site.

When material components of items of property, plant and equipment can be determined and they have different useful lives and depreciation methods, they are recognized by component as separate items of property, plant and equipment.

The Group recognizes the replacement cost of a component of an item of property, plant or equipment in the carrying amount of that asset when the cost is incurred, if it is likely that the future economic benefits associated with this asset will flow to the Group and its cost can be reliably measured. All ordinary upkeep and maintenance costs are expensed when incurred.

ACTIA Group has identified three components of buildings:

- building shell: 40-year useful life;
- finishing work: 20-year useful life;
- fixtures: 10-year useful life.

The breakdown of certain buildings with very specific structures (exterior glass paneling, etc.) has been adjusted so the useful lives reflect the actual life of the asset.

The depreciable amount is systematically allocated over the useful life of the asset. Depreciation is calculated on a straight-line basis and the useful lives chosen by the Group are as follows:

- plant and equipment, facilities and tools: over 6 to 10 years;
- other property, plant and equipment: over 3 to 10 years.

The useful lives are reviewed at each balance sheet date.

The Group has not determined any material residual value for its property, plant and equipment.

Note 5.1 Changes in property, plant and equipment

Gross amounts of property, plant and equipment changed as follows:

- In 2016:

(€k)	12/31/2015	Changes in scope	Cumulative translation differences	Acquisitions (Transfers)	Disposals and other reductions	12/31/2016
Land	2,974		(113)			2,862
Buildings	16,215		(178)	1,146	(12)	17,172
Plant and equipment Facilities and tools	49,841		(981)	7,424	(392)	55,892
Other items of property, plant and equipment	20,562		(219)	2,498	(368)	22,473
Total	**89,593**		**(1,491)**	**11,068**	**(772)**	**98,399**
Of which finance leases						
Land	*260*					*260*
Buildings	*6,079*					*6,079*
Plant and equipment *Facilities and tools*	*9,136*			*3,543*		*12,679*
Other items of property, plant and equipment	*4,186*			*83*		*4,269*

- In 2015:

(€k)	12/31/2014	Changes in scope	Cumulative translation differences	Acquisitions (Transfers)	Disposals and other reductions	12/31/2015
Land	2,910		61	4		2,974
Buildings	15,244		303	667		16,215
Plant and equipment Facilities and tools	45,378		249	4,275	(62)	49,841
Other items of property, plant and equipment	18,973		154	2,421	(985)	20,562
Total	**82,505**		**767**	**7,368**	**(1,047)**	**89,593**
Of which finance leases						
Land	*260*					*260*
Buildings	*6,079*					*6,079*
Plant and equipment *Facilities and tools*	*7,525*			*1,611*		*9,136*
Other items of property, plant and equipment	*3,707*			*479*		*4,186*

Depreciation:

- In 2016:

(€k)	12/31/2015	Changes in scope	Cumulative translation differences	Provisions	Reversals	12/31/2016
Land	13					13
Buildings	10,128		(70)	592	(98)	10,552
Plant and equipment Facilities and tools	39,337		(587)	3,605	(202)	42,153
Other items of property, plant and equipment	15,518		(136)	1,458	(253)	16,587
Total	**64,996**		**(793)**	**5,655**	**(553)**	**69,305**
Of which finance leases						
Land	*13*					*13*
Buildings	*5,120*		*(52)*	*154*		*5,222*
Plant and equipment *Facilities and tools*	*7,525*			*844*		*8,369*
Other items of property, plant and equipment	*3,011*			*406*		*3,417*

- In 2015:

(€k)	12/31/2014	Changes in scope	Cumulative translation differences	Provisions	Reversals	12/31/2015
Land	13					13
Buildings	9,423		173	532		10,128
Plant and equipment Facilities and tools	36,976		147	2,692	(479)	39,337
Other items of property, plant and equipment	14,511		135	1,331	(459)	15,518
Total	**60,924**		**455**	**4,554**	**(937)**	**64,996**
Of which finance leases						
Land	*13*					*13*
Buildings	*5,029*			*90*		*5,120*
Plant and equipment *Facilities and tools*	*7,350*			*175*		*7,525*
Other items of property, plant and equipment	*2,711*			*300*		*3,011*

Net carrying amounts:

- In 2016:

(€k)	12/31/2015	Changes in scope	Cumulative translation differences	Net acquisitions (disposals)	12/31/2016
Land	2,961		(113)		2,849
Buildings	6,087		(107)	640	6,620
Plant and equipment Facilities and tools	10,504		(394)	3,629	13,739
Other items of property, plant and equipment	5,044		(83)	925	5,886
Total	**24,597**		**(697)**	**5,194**	**29,093**
Of which finance leases					
Land	*247*				*247*
Buildings	*959*		*52*	*(154)*	*856*
Plant and equipment *Facilities and tools*	*1,611*			*2,699*	*4,310*
Other items of property, plant and equipment	*1,175*			*(322)*	*852*

❖ In 2015:

(€k)	12/31/2014	Changes in scope	Cumulative translation differences	Net acquisitions (disposals)	12/31/2015
Land	2,896		61	4	2,961
Buildings	5,821		130	136	6,087
Plant and equipment Facilities and tools	8,402		102	2,000	10,504
Other items of property, plant and equipment	4,462		19	563	5,044
Total	**21,581**		**312**	**2,703**	**24,597**
Of which finance leases					
Land	*247*				*247*
Buildings	*1,049*			*(90)*	*959*
Plant and equipment *Facilities and tools*	*175*			*1,435*	*1,611*
Other items of property, plant and equipment	*997*			*178*	*1,175*

Encumbered property, plant and equipment are set in Note 26 in the Notes to the consolidated financial statements, "Encumbered assets".

The main acquisitions relate to:

(€k)	2016	2015	2014
Land			
Automotive Division	-	4	441
Telecommunications Division	-	-	-
Subtotal		**4**	**441**
Buildings			
Automotive Division	1,125	662	311
Telecommunications Division	21	5	1
Other (incl. holding)	-	-	-
Subtotal	**1,146**	**667**	**311**
Plant and equipment			
Automotive Division	7,113	4,185	4,006
Telecommunications Division	311	90	188
Subtotal	**7,424**	**4,275**	**4,194**
Other property, plant and equipment			
Automotive Division	2,342	2,311	1,769
Telecommunications Division	134	110	67
Other (incl. holding)	22	-	19
Subtotal	**2,498**	**2,421**	**1,854**
Total	**11,068**	**7,368**	**6,800**

All new items of property, plant and equipment were purchased from third party suppliers.

Note 5.2 Impairment of property, plant and equipment

Where there are indications of impairment, an impairment test of the other assets is systematically performed.

Impairment losses recognized in respect of other assets may be reversed where there has been a change in the estimates used to determine the recoverable amount. The carrying amount of an asset that has been increased due to reversal of impairment may not exceed the carrying amount that would have existed, net of depreciation or amortization, if no impairment loss had been recognized.

In the event of an impairment loss on an asset or CGU, a provision is systematically recognized. It is allocated to the "Depreciation and amortization expense" line item in the income statement, which is accordingly renamed "Depreciation and amortization expense and impairment loss".

As of December 31, 2016, no provisions for impairment of property, plant and equipment had been recognized.

Note 6. Investments in associates (equity method)

(€k)	Value of securities		Share of net income	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
SCI Los Olivos	417	428	(11)	20
SCI Les Coteaux de Pouvourville	568	442	139	123
Total	**985**	**870**	**128**	**143**

After the investor's interest is reduced to zero, additional losses are recognized by a provision (liability) only to such extent that the investor has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. (See Note Note 16 in the Notes to the consolidated financial statements, "Provisions").

Financial information on the investments in associates (equity method) is set out below:

- At December 31, 2016:

(€k)	Total assets	Liabilities	Sales	Net income/(loss)
SCI Los Olivos	1,084	40	120	(27)
SCI Les Coteaux de Pouvourville	1,456	397	757	(183)

- At December 31, 2015:

(€k)	Total assets	Liabilities	Sales	Net income/(loss)
SCI Los Olivos	1,118	47	126	50
SCI Les Coteaux de Pouvourville	1,562	275	764	74

Note 7. Non-current financial assets

(€k)	12/31/2016			12/31/2015		
	Gross	Impairment	Net	Gross	Impairment	Net
Non-consolidated fixed securities	506	(238)	**268**	326	(242)	**84**
Receivables on non-consolidated investments	377	(72)	**306**	133	(72)	**62**
Deposits and guarantees	853		**853**	632		**632**
Loans and miscellaneous	6	(0)	**6**	11	(0)	**11**
Total	**1,743**	**(310)**	**1,433**	**1,102**	**(314)**	**789**

In 2016, financial assets generated €71 k in income, included in the income statement under "Other financial income" (€91 k in 2015).

Note 8. Inventory and work-in-process

Inventory costs include:

- purchase cost: purchase price and related expenses;
- conversion costs: labor and indirect production costs;
- other costs: included in inventory costs only if incurred to bring the inventories to their current location and condition.

Inventories of services in process are measured at the cost of production, labor and other personnel expenses directly incurred to provide the service.

Inventory costs are determined according to the weighted average cost method.

Inventories are measured at the lower of cost and net realizable value, this being the estimated selling price in the normal course of business less estimated completion and selling costs.

The net realizable value of inventory breaks down as follows:

(€k)	12/31/2016	12/31/2015
	Net	**Net**
Raw materials	38,768	39,201
Work-/services-in-process	19,979	17,795
Semi-finished and finished goods	25,284	22,938
Goods held for resale	9,746	10,795
Total	**93,778**	**90,728**

Changes in inventories in 2016 are set out below:

(€k)	Gross	Impairment	Net
At 12/31/2015	**99,510**	**(8,782)**	**90,728**
Change in the period	5,191		5,191
Net impairment		(1,833)	(1,833)
Changes in scope			0
Impact of changes in exchange rates	(289)	(20)	(309)
At 12/31/2016	**104,412**	**(10,635)**	**93,777**

In 2016, scrapped inventories amounted to €1,377 k (€2,666 k for 2015) and concerned primarily:

- ACTIA Automotive: €261 k (fully accrued in previous periods);
- ACTIA Telecom: €613 k (accumulated provision of €513 k from prior periods).

The gross value of inventory increased €4.9 million in 2016 compared with €13.3 million in 2015. The breakdown of these changes is presented below:

(€m)		2016	2015
Raw materials		**+ 0.0**	**+ 8.6**
o.w.	ACTIA Automotive	*+ 1.1*	*+ 8.7*
	ACTIA Telecom	*(1.1)*	*(0.0)*
Work-/services-in-progress		**+ 2.6**	**+ 1.6**
o.w.	ACTIA Automotive	*+ 2.0*	*+ 3.2*
	ACTIA Telecom	*+ 0.6*	*(1.7)*
Semi-finished and finished goods		**+ 2.4**	**+ 3.1**
o.w.	ACTIA Automotive	*+ 2.7*	*+ 3.2*
	ACTIA Telecom	*(0.3)*	*(0.1)*
Goods held for resale		**(0.1)**	**+ 0.0**
o.w.	ACTIA Automotive	*(0.1)*	*+ 0.0*
	ACTIA Telecom	-	-

Pledged inventories are set out in Note 26 in the Notes to the consolidated financial statements, "Encumbered assets".

Note 9. Trade and other receivables

Accounts receivable are measured at fair value upon initial recognition and then at amortized cost less any impairment.

Where there are objective indications of impairment, the amount of the loss recognized is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate of the asset.

Trade and other current receivables are presented below:

(€k)	Net value at 12/31/2015	Change in the period	Net allowances / reversals	Changes in scope	Impact of changes in exchange rates	Net value at 12/31/2016
Accounts receivable	**109,315**	**10,725**	**(201)**		**(1,461)**	**118,378**
Advances and prepayments	**2,407**	(515)			(18)	**1,874**
Amounts receivable from payroll tax agencies	**690**	(251)			(3)	**436**
VAT receivable	**1,011**	1,249			(6)	**2,254**
Prepaid expenses	**1,526**	227			(20)	**1,733**
Other current receivables from operations	**5,634**	**710**			**(47)**	**6,297**
Tax receivables	**1,485**	(320)			(5)	**1,159**
Research tax credit	**3,591**	739				**4,330**
Current tax credit	**5,076**	**418**			**(5)**	**5,489**
Miscellaneous current receivables	**1,384**	**(518)**			**(52)**	**814**
Total	**121,410**	**11,335**	**(201)**		**(1,566)**	**130,978**

At December 31, 2016, the maturity of gross receivables not due and due (aged trial balance) was as follows:

(€k)	Not due	Past due 0 to 30 days	Past due 31 to 60 days	Past due 61 to 90 days	Past due more than 91 days	Gross value of total accounts receivable
Gross amounts at 12/31/2016	91,259	11,622	4,823	4,349	8,732	**120,784**
Gross amounts at 12/31/2015	90,478	8,701	3,199	2,402	6,750	**111,530**

No significant **losses on bad debt** were recognized in 2016 as in 2015.

Note 10. Cash and cash equivalents and financial instruments at fair value through profit or loss

Note 10.1 Cash and cash equivalents

Cash is comprised of the sums available in bank accounts at the balance sheet date. Instantly repayable bank overdrafts constitute a component of cash and cash equivalents for cash flow statement purposes.

Cash equivalents are very liquid short-term investments comprised of marketable securities readily convertible into a known amount of cash and subject to an insignificant risk of a change in value. They are recognized at the market value at the balance sheet date, with the investment bonus recognized in income.

These items changed as follows:

(€k)	12/31/2016	12/31/2015	Change
Cash equivalents	184	154	**30**
Cash	27,162	20,884	**6,277**
Cash and cash equivalents	**27,346**	21,039	**6,307**
(Current bank facilities)	**(35,996)**	(52,482)	**16,486**
Total	**(8,650)**	(31,444)	**22,793**

Current bank facilities are included under “Current financial liabilities”.

ACTIA Group sells marketable securities at year-end, which are accordingly recorded under income as definitive capital gains.

Note 10.2 Financial instruments at fair value through profit or loss

ACTIA Group uses derivatives to hedge its exposure to interest rate and exchange rate risks arising from its operating, financing and investing activities. In accordance with its treasury management policy, the Group neither holds nor issues derivatives for trading purposes. However, derivatives not satisfying the hedge accounting criteria are treated as speculative.

- Interest rate hedging

ACTIA Group has adopted a global interest rate hedging policy; these hedging instruments are not directly attributable to specific borrowings but make it possible to hedge variable rate borrowings as a whole. These derivatives are measured at fair value. Gains or losses resulting from fair value re-measurement are immediately recognized in income.

Interest rate hedging instruments break down as follows:

(€k)	Initial amount	Amount at 12/31/2016	Fixed rate	Inception date	Expiry date	Depre-ciation
SWAP 1	5,000	5,000	0.50%	06/01/2016	06/01/2021	End
SWAP 2	5,000	4,500	0.34%	06/01/2016	06/01/2021	quarterly
SWAP 3	5,000	4,750	0.25%	09/01/2016	09/01/2021	quarterly
SWAP 4	5,000	5,000	0.45%	09/01/2016	09/01/2021	End
Total	**20,000**	**19,250**				

While these interest rate hedges are not associated with specific financing agreements, they did cover Group debt for up to €19.3 million at December 31, 2016 (€21.0 million at December 31, 2015).

ACTIA Group recognizes interest rate hedging instruments at fair value through profit and loss.

Details of the impact of this accounting treatment on earnings are set out below:

(€k)	12/31/2016		12/31/2015	
	Fair value	Impact on earnings	Fair value	Impact on earnings
Financial instruments ASSETS (LIABILITIES)				
Swap	(389)	(138)	(251)	427
Total	**(389)**	**(138)**	**(251)**	**427**

The interest rate risk incurred by ACTIA Group is analyzed in Note 27 in the Notes to the consolidated financial statements, "Risk factors".

- Interest rate hedging

Because the applicable criteria were not met for the periods presented, (hedging of future flows - cash flow hedge) hedge accounting was not applied. The foreign exchange hedges were measured at fair value and recognized as interest rate risk hedging instruments.

Exchange rate hedging instruments break down as follows:

In foreign currency	Maximum Initial amount	Maximum amount to be acquired at 12/31/2016	Floor	Strike	Inception date	Expiry date
EUR/USD accumulator	$8,500,000	$2,000,000	1.0285	1.1620	12/07/2015	04/18/2017
EUR/USD accumulator	$5,700,000	$1,700,000	1.0500	1.2110	04/28/2015	04/28/2017
EUR/USD accumulator	$11,800,000	$3,600,000	1.0500	1.2108	04/28/2015	04/28/2017
EUR/USD accumulator	$12,400,000	$4,800,000	1.0680	1.2050	04/15/2016	06/16/2017
EUR/USD accumulator	$15,000,000	$6,000,000	1.0650	1.1945	04/26/2016	06/26/2017
EUR/USD accumulator	$4,030,000	$1,612,000	1.0800	1.1760	04/06/2016	06/30/2017
EUR/USD accumulator	$7,500,000	$4,500,000	1.1200	1.2740	08/24/2015	08/24/2017
EUR/USD accumulator	$11,400,000	$6,150,000	1.0720	1.1963	05/06/2016	10/17/2017
EUR/USD accumulator	$5,200,000	$4,500,000	1.0470	1.2170	03/10/2016	11/10/2017
EUR/USD target	$7,500,000	$0	-	1.2000	09/07/2016	12/18/2017
EUR/USD accumulator	$7,500,000	$6,000,000	1.1050	1.2007	09/07/2016	12/18/2017
EUR/USD options	$9,300,000	$9,300,000	-	1.1975	01/28/2016	12/18/2017
EUR/USD target	$17,400,000	$0	-	1.1355	11/22/2016	12/29/2017
EUR/USD accumulator	$28,000,000	26,400,000	1.0480	1.1745	11/21/2016	04/05/2018
EUR/USD accumulator	$21,000,000	$19,800,000	1.0480	1.1770	11/21/2016	04/09/2018
EUR/USD accumulator	$10,800,000	$10,800,000	1.0510	1.1755	12/08/2016	06/06/2018
EUR/USD accumulator	$14,400,000	$14,400,000	1.0510	1.1735	12/06/2016	06/12/2018
EUR/USD accumulator	$12,000,000	$11,400,000	1.0420	1.1657	11/24/2016	07/10/2018
EUR/USD accumulator	$12,000,000	$12,000,000	1.0900	1.2294	09/22/2016	08/20/2018
EUR/JPY accumulator	¥180,000,000	¥144,000,000	112.0000	122.2000	10/07/2016	12/19/2017

ACTIA Group recognizes these exchange rate hedging instruments at fair value through profit or loss.

Details of the impact of this accounting treatment on earnings are set out below:

(€k)	12/31/2016		12/31/2015	
	Fair value	Impact on earnings	Fair value	Impact on earnings
Financial instruments ASSETS (LIABILITIES)				
EUR/USD hedge	1,129	(76)	1,205	800
EUR/JPY hedge	(48)	(54)	6	(7)
Total	**1,081**	**(130)**	**1,212**	**793**

Note 11. Deferred tax

Deferred taxes stems in particular from:

- tax-loss carryforwards; and
- temporary differences that may exist between the consolidation amount and the tax base of certain assets and liabilities.

In line with the balance sheet liability method, deferred tax is measured on the basis of the tax rates and regulations adopted or substantially adopted at the balance sheet date.

Tax liabilities of a company may under certain conditions be reduced by the amount of deferred tax losses that may be reasonably allocated as a reverse entry and deferred taxes on deductible temporary differences.

Deferred tax assets are recognized when their recovery is likely. Tax losses or timing differences must be applied to future taxable income, within the limits that may apply under French law. Deferred tax assets are written down where the availability of sufficient taxable profit ceases to be likely.

Use of tax loss carryforwards for French companies is capped and in accordance with our business plans, ACTIA Group now works with four year budgets. In consequence unused tax losses for which no deferred tax asset was recognized amount to **€21.1 million** (€29.2 million at December 31, 2015). The potential tax gain represents €6.0 million (€9.5 million at December 31, 2015). These tax losses do not expire.

Pursuant to IAS 12, deferred tax assets and liabilities are not discounted. They are presented in the balance sheet according to the case as non-current assets and liabilities.

(€k)	12/31/2016	12/31/2015
Tax assets recognized in respect of:		
Temporary differences	4,672	3,096
o.w. provision for retirement severance payments	*2,011*	*1,532*
o.w income from inventory	*456*	*576*
o.w other adjustments	*2,205*	*988*
Tax-loss carryforwards	6,226	5,311
Total net tax assets	**10,898**	**8,407**
Tax liabilities recognized in respect of:		
Deferred tax liabilities	3,786	2,839
Total net tax liabilities	**3,786**	**2,839**
Total net deferred tax assets/(liabilities)	**7,111**	**5,568**

Note 12. Financial assets and liabilities

The various financial instrument categories are held-to-maturity assets, loans and receivables issued by the Company, financial assets and liabilities at fair value through profit or loss and other financial liabilities.

Held-to-maturity assets

ACTIA Group does not have any such assets.

Loans and receivables issued by the Company

After their initial recognition, they are carried at amortized cost using the effective interest rate method and an impairment may be recognized where there are indications of a loss in value.

Derecognition of financial assets from the financial statements is dependent on the transfer of the risks and rewards inherent in the asset, as well as the transfer of control over it. Accordingly, discounted bills not yet due and the Dailly-type factored receivables for guarantee purposes are carried in "Accounts receivable".

Financial assets and liabilities at fair value through profit or loss

Purchases and sales of financial assets at fair value through profit or loss are recognized at the transaction date.

Marketable securities are recognized at market value at the balance sheet date.

Other liabilities (interest-bearing loans and borrowings)

After their initial recognition, they are recognized using the effective interest rate method.

Investment securities

The Group has holdings in companies without having significant influence or control. In accordance with IAS 39, the securities are considered as available for sale and normally accounted for at fair value with the change in value recognized under other comprehensive income, except when the decrease in fair value is material or durable. However, if the fair value cannot be reliably determined, the securities are carried at cost. Where there are objective indications of impairment, an impairment loss is recognized.

Hybrid financial instruments

The Group may also issue convertible bonds and share warrants. These hybrid financial instruments are broken down into debt and shareholders' equity components.

Derivatives

They are detailed in Note 10.2 "Financial instruments at fair value through profit or loss".

Transfers of financial instrument assets

The Group derecognizes a financial asset when the contractual rights to receive cash flows generated by it expire, or when it transfers the rights to receive these contractual cash flows through a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or when it neither retains nor transfers substantially all the risks and rewards of ownership and no longer retains control of the transferred asset. Any interest in derecognized financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Otherwise, receivables are maintained as balance sheet assets and the Group continues to bear the risk of debtor default. The sum paid by the bank is recognized in cash with an offset for the bank debt in liabilities. This debt and the receivable are only eliminated from the balance sheet where the debtor has settled its debt with the financial institution. Expenses incurred are recognized as a deduction from debt, which is measured using the amortized cost method at the effective interest rate.

Three categories of financial instruments are defined by the Group according to the consequences of their characteristics on the valuation method. The Group refers to this classification for the purpose of presenting certain disclosures required by IFRS 13:

- Level 1: “market price”: financial instruments with observable fair market values based on quoted prices in an active market;
- Level 2: "model with observable inputs": financial instruments valued using inputs other than quoted prices as described for Level 1 but which are observable;
- Level 3: "model with unobservable inputs".

Note 12.1 Financial assets

The following table presents the carrying value of financial assets:

(€k)	12/31/2016				12/31/2015			
	Available-for-sale financial assets	Financial assets at fair value through profit or loss	Loans and receivables	Group consolidated financial statements (*)	Available-for-sale financial assets	Financial assets at fair value through profit or loss	Loans and receivables	Group consolidated financial statements (*)
Non-current assets								
Non-current financial assets	563		870	**1,433**	119		670	**789**
Non-current research tax credit			11,722	**11,722**			10,239	**10,239**
Current assets								
Accounts receivable			118,378	**118,378**			109,315	**109,315**
Current tax credit			5,489	**5,489**			5,076	**5,076**
Miscellaneous current receivables			814	**814**			1,384	**1,384**
Financial instruments		692		**692**		1,212		**1,212**
Cash equivalents		184		**184**		154		**154**
Cash			27,162	**27,162**			20,884	**20,884**
Total	**563**	**876**	**164,435**	**165,873**	**119**	**1,366**	**147,568**	**149,053**

(*) For all financial assets, fair value is identical to the value recognized in the consolidated financial statements.

At December 31, 2016, financial assets measured at fair value were classified as follows:

(€k)	Category 1 Market price	Category 2 With observable inputs	Category 3 With unobservable inputs
Financial instruments		692	
Cash equivalents	184		
Total	**184**	**692**	**-**

Note 12.2 Financial liabilities

The following table presents the carrying value of financial liabilities:

(€k)	12/31/2016			12/31/2015		
	Financial liabilities at amortized cost	**Financial liabilities at fair value through profit or loss**	**Group consolidated financial statements (*)**	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Group consolidated financial statements (*)
Non-current liabilities						
Bank borrowings	54,568		**54,568**	42,195		42,195
Other financial liabilities	394	1,547	**1,941**	440	1,071	1,511
Finance lease liabilities	3,965		**3,965**	2,455		2,455
Current liabilities						
Current financial liabilities	60,810	687	**61,497**	74,183	682	74,865
Financial instruments			**0**		251	251
Accounts payable	52,351		**52,351**	50,403		50,403
Miscellaneous liabilities	79		**79**	255		255
Total	**172,168**	**2,234**	**174,401**	169,931	2,004	171,935

(*) For financial liabilities, fair value is close to the value recognized in the consolidated financial statements.

At December 31, 2016, financial liabilities measured at fair value were classified as follows:

(€k)	**Category 1** Market price	**Category 2** With observable inputs	**Category 3** With unobservable inputs
Non-current liabilities			
Other financial liabilities	1,547		
Current liabilities			
Current financial liabilities	687		
Financial instruments			
Total	**2,234**	**-**	**-**

Note 13. Financial liabilities

Financial liabilities by type of financing and maturity break down as follows:

(€k)	12/31/2016				12/31/2015			
	<12/31/17	**>01/01/18 <12/31/21**	**>01/01/22**	**Total**	**<31/12/16**	**>01/01/17 <12/31/20**	**>01/01/21**	**Total**
Bank borrowings	22,512	50,733	3,835	**77,080**	19,687	40,476	1,720	**61,883**
Other financial liabilities	1,414	1,667	274	**3,355**	1,354	1,244	267	**2,864**
Finance lease liabilities (*)	1,576	3,538	426	**5,540**	1,342	2,071	384	**3,797**
Bank facilities and overdrafts	35,996			**35,996**	52,482			**52,482**
Total	**61,497**	**55,939**	**4,534**	**121,971**	**74,865**	**43,791**	**2,370**	**121,026**

*See section "Property, plant and equipment”

Changes in financial liabilities in 2016 are set out below:

(€k)	At 01/01/16	Increases in borrowings	Repayments of loans and other changes	Cumulative translation differences	At 12/31/2016
Bank borrowings	**61,883**	35,430	(20,281)	48	**77,080**
Other financial liabilities	**2,864**	468	19	3	**3,355**
Finance lease liabilities	**3,797**	3,627	(1,883)		**5,540**
Bank facilities and overdrafts	**52,482**		(16,261)	(225)	**35,996**
Total	**121,026**	**39,524**	**(38,406)**	**(174)**	**121,971**

Changes in financial liabilities in 2015 are set out below:

(€k)	At 01/01/15	Increases in borrowings	Repayments of loans and other changes	Cumulative translation differences	At 12/31/2015
Bank borrowings	**49,149**	30,633	(18,055)	155	**61,883**
Other financial liabilities	**3,526**	46	(739)	32	**2,864**
Finance lease liabilities	**2,892**	2,089	(1,184)		**3,797**
Bank facilities and overdrafts	**51,361**		966	156	**52,482**
Total	**106,928**	**32,768**	**(19,012)**	**342**	**121,026**

At December 31, 2016, the maturity of financial liabilities including non-accrued interest was as follows:

(€k)	<12/31/17		>01/01/18 <12/31/21		>01/01/22		Total		
	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal + Interest
Bank borrowings	22,512	904	50,733	1,193	3,835	33	**77,080**	**2,129**	**79,209**
Other financial liabilities	1,414		1,667		274		**3,355**	**0**	**3,355**
Finance lease liabilities	1,576	74	3,538	125	426	6	**5,540**	**204**	**5,744**
Bank facilities and overdrafts	35,996	491					**35,996**	**491**	**36,487**
Total	**61,497**	**1,469**	**55,939**	**1,317**	**4,534**	**38**	**121,971**	**2,824**	**124,795**

At December 31, 2015, the maturity of financial liabilities including non-accrued interest was as follows:

(€k)	<12/31/16		>01/01/17 <12/31/20		>01/01/21		Total		
	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal + Interest
Bank borrowings	19,687	922	40,476	1,194	1,720	11	**61,883**	**2,127**	**64,009**
Other financial liabilities	1,354		1,244		267		**2,864**	**0**	**2,864**
Finance lease liabilities	1,342	82	2,071	119	384	8	**3,797**	**209**	**4,006**
Bank facilities and overdrafts	52,482	610					**52,482**	**610**	**53,092**
Total	**74,865**	**1,613**	**43,791**	**1,313**	**2,370**	**19**	**121,026**	**2,945**	**123,972**

At December 31, 2016 financial liabilities by currency break down as follows:

(€k)	EUR	USD	Other	Total
Bank borrowings	75,524	1,542	14	**77,080**
Other financial liabilities	2,804	0	551	**3,355**
Finance lease liabilities	5,540	0	0	**5,540**
Bank facilities and overdrafts	34,605	427	963	**35,996**
Total	**118,473**	**1,969**	**1,529**	**121,971**

At December 31, 2015 financial liabilities by currency break down as follows:

(€k)	EUR	USD	Other	Total
Bank borrowings	60,216	1,493	174	**61,883**
Other financial liabilities	1,817	368	680	**2,864**
Finance lease liabilities	3,797			**3,797**
Bank facilities and overdrafts	51,964	10	508	**52,482**
Total	**117,794**	**1,870**	**1,362**	**121,026**

Bank lines and overdrafts are generally granted for a year and are renewable mid-period. They are impacted by the proportion of accounts receivable financing (Dailly-type factored receivables, bills discounted not yet due and other factoring) amounting to €11.9 million at December 31, 2016 compared to €26.2 million at December 31, 2015 and other government related receivables financing (CIR/CICE) amounting to €10.5 million at December 31, 2016 compared to €9.0 million at December 31, 2015.

The ratio of net debt to shareholders' equity or gearing breaks down as follows:

(€k)	12/31/2016	12/31/2015
Bank borrowings	77,080	61,883
Other financial liabilities	3,355	2,864
Finance lease liabilities	5,540	3,797
Bank facilities and overdrafts	35,996	52,482
Subtotal A	**121,971**	**121,026**
Cash equivalents	184	154
Cash	27,162	20,884
Subtotal B	**27,346**	**21,039**
Total net debt = A - B	**94,625**	**99,988**
Total shareholders' equity	**125,235**	**111,004**
Gearing	**75.6%**	**90.1%**

The "net debt/equity" ratio (gearing) adjusted for the impact of the receivables account for French research tax credits and wage tax credits (CIR and CICE) is as follows:

(€k)	12/31/2016	12/31/2015
Bank borrowings	77,080	61,883
Other financial liabilities	3,355	2,864
Finance lease liabilities	5,540	3,797
Bank facilities and overdrafts	35,996	52,482
- Financing receivables account	*(11,945)*	*(26,205)*
- CIR collateralization	*(8,078)*	*(7,236)*
- CICE collateralization	*(2,400)*	*(1,737)*
Subtotal A	**99,548**	**85,848**
Cash equivalents	184	154
Cash	27,162	20,884
Subtotal B	**27,346**	**21,039**
Total net debt = A - B	**72,202**	**64,810**
Total shareholders' equity	**125,235**	**111,004**
Gearing	**57.7%**	**58.4%**

The breakdown between variable and fixed rate debt is set out below:

(€k)	12/31/2016			12/31/2015		
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Bank borrowings	51,503	25,577	**77,080**	26,948	34,934	**61,883**
Other financial liabilities	3,355	0	**3,355**	2,864	0	**2,864**
Finance lease liabilities	5,540	0	**5,540**	3,797	0	**3,797**
Bank facilities and overdrafts	2,760	33,236	**35,996**	2,474	50,008	**52,482**
Total	**63,158**	**58,813**	**121,971**	**36,083**	**84,943**	**121,026**
Breakdown by percentage	51.8%	48.2%	**100.0%**	29.8%	70.2%	**100.0%**

All covenants on the borrowings and bank credit lines must be verified annually at the end of each period. They apply to 20.11% of borrowings, or €24.5 million.

In 2016, the trend for ACTIA Group sales had a significant impact on the "Net Debt to Equity" and "Net debt/EBITDA" ratios with:

- an improvement in equity reflecting the limited payout of consolidated profit (dividend for financial year 2015 = 12.4% of 2015 consolidated profit);
- growth in gross debt after significant financing was obtained to cover working capital requirements and investments (R&D, production);
- a significant increase in cash and lower use of short-term debt from the financing receivables account related to the creation of liquidity from operations;
- a net increase in EBITDA.

All non-current debts are in compliance with the financial ratios. In consequence, there was no request for waivers or reclassifications.

Detailed information on these covenants at December 31, 2016 is presented below:

Debt subject to a covenant				Covenant		Respected (3)		Reclassification under current borrowings (4)	
Category (1)	Year of inception	Balance at 12/31/2016 (€k)	Final maturity	Ratios	Basis of calculation (2)	Year-end 2016	Year-end 2015	Year-end 2016	Year-end 2015
Borrowings									
L	2012	100	Jun. 2017	Net debt to equity < 1.20	CA AG	R	R	0	0
				Net financial expense to EBITDA < 30%	CA AG	R	R		
				Net debt to EBITDA < 5	CA AG	R	R		
L	2012	450	Sept. 2017	Net debt to equity < 1.20	CA AG	R	R	0	0
				Net debt to EBITDA < 4	CA AG	R	R		
L	2013	288	Jul. 2017	Equity to net debt ≥ 1	CA AD	R	R	0	0
				SN N ≥ 90% x SN N-1	CA AD	R	R		
L	2013	174	Aug. 2018	Net debt to equity ≤ 1.15	CA AG	R	R	0	0
				Net financial expense to EBITDA < 30%	CA AG	R	R		
				Net debt to EBITDA < 5	CA AG	R	R		
L	2013	199	Nov. 2018	Net debt to equity ≤ 1.15	CA AG	R	R	0	0
				Net financial expense to EBITDA < 30%	CA AG	R	R		
				Net debt to EBITDA < 5	CA AG	R	R		
L	2014	1,094	Jul. 2018	Equity to net debt ≥ 1	CA AG	R	R	0	0
				SN N ≥ 90% x SN N-1	CA AG	R	R		

Debt subject to a covenant				Covenant		Respected (3)		Reclassification under current borrowings (4)	
Category (1)	Year of inception	Balance at 12/31/2016 (€k)	Final maturity	Ratios	Basis of calculation (2)	Year-end 2016	Year-end 2015	Year-end 2016	Year-end 2015
L	2014	500	Dec. 2018	Net debt to equity ≤ 1.15	CA AG	R	R	0	0
				Net financial expense to EBITDA < 30%	CA AG	R	R		
				Net debt to EBITDA < 5	CA AG	R	R		
L	2014	558	Aug. 2019	Net debt to equity ≤ 1.15	CA AG	R	R	0	0
				Net financial expense to EBITDA < 30%	CA AG	R	R		
				Net debt to EBITDA < 5	CA AG	R	R		
L	2015	1,138	Jan. 2020	Net debt (> 1 year) to equity ≤ 1.20	CA AG	R	R	0	0
				Net debt to EBITDA ≤ 4	CA AG	R	R		
L	2015	1,875	Jun. 2019	Equity to net debt ≥ 1	CA AG	R	R	0	0
				SN N ≥ 90% x SN N-1	CA AG	R	R		
				Net debt to SN ≤ 2	CA AG	R	R		
L	2015	2,756	Sept. 2020	Net debt to equity < 1.20	CA AG	R	R	0	0
				Net debt to EBITDA ≤ 4	CA AG	R	R		
L	2015	1,600	Dec. 2018	Net debt to equity < 1.15	CA AG	R	R	0	0
				Net debt to EBE < 3.5	CA AG	R	R		
L	2015	1,447	Jul. 2020	Net debt to equity ≤ 1.15	CA AG	R	R	0	0
				Net financial expense to EBITDA < 30%	CA AG	R	R		
				Net debt to EBITDA < 5	CA AG	R	R		
L	2016	1,605	Dec. 2020	Net debt to equity < 1.15	CA AG	R	-	0	-
				Net debt to EBE < 3.5	CA AG	R	-		
L	2016	2,500	Dec. 2021	Net debt to equity ≤ 1.20	CA AG	R	-	0	-
L	2016	2,813	Sept. 2020	Equity to net debt ≥ 1	CA AG	R	-	0	-
				Net debt to SN ≤ 2	CA AG	R	-		
				SN N ≥ 90% x SN 2014	CA AG	R	-		
L	2016	1,934	Dec. 2021	Net debt to equity < 1.15	CA AG	R	-	0	-
				Net financial expense to EBITDA < 30%	CA AG	R	-		
				Net debt to EBITDA < 5	CA AG	R	-		
L	2016	3,500	Jul. 2023	Net debt to equity < 1.15	CA AG	R	-	0	-
				Net debt to EBE < 3.5	CA AG	R	-		
Overdraft facility									
O	-	1	-	HG debt to (CP + Group debt) <3	SA AC	R	R	-	-
				EBITDA to interest > 1	SA AC	R	R		
				Equity > $3,500,000	SA AC	R	R		
Total		**23,637**						**0**	**0**

(1) L = Loan
O = Overdraft

(2) CA AD = Consolidated Accounts - Automotive Division
CA AG = Consolidated Accounts - ACTIA Group
SA AC = Separate Accounts - ACTIA Corp

(3) R = Respected
B = Breached

(4) Non-current portion of debt reclassified under "Current financial liabilities"

Guarantees given in respect of borrowings and liabilities are set out in Note 26 in the Notes to the consolidated financial statements, "Encumbered assets".

In connection with the loan agreements obtained by the Group, certain banks include in these agreements general provisions relating to the right to use assets or obtain new loans.

Note 14. Shareholders' equity

Note 14.1 Capital management

Ordinary shares, excluding own shares held in treasury (Note 14.3 in the Notes to the consolidated financial statements, "Treasury shares") are recognized in shareholders' equity.

The Group regularly monitors changes to its debt to shareholders' equity ratio.

At present, there is no Group Savings Plan (*Plan d'Epargne Groupe*, or "PEG") or International Group Savings Plan (*Plan d'Epargne Groupe International*, or "PEGI") within ACTIA Group.

In addition, shares held in registered form for more than four years carried double voting rights (see Subsection 8.2.3 “Rights, preferences and restrictions in respect of shares” of the Registration Document).

The Group's main capital management goal is to maintain the balance between shareholders' equity and debt, so as to facilitate its business and increase shareholder value.

To maintain or adjust the structure of its capital, the Group can propose dividend distributions to shareholders or carrying out new capital increases.

The main ratio used by the Group to manage its capital is the debt ratio.

Capital management goals, policies and procedures remain unchanged.

Detailed information about **the share buyback program** is presented in Note 3.7 in the Notes to the consolidated financial statements, “Treasury shares”.

At December 31, 2016, there were no stock option plans established.

The General Meeting of May 30, 2016 authorized the issue of new shares to participants in an employee stock ownership plan representing 3% of the capital of ACTIA Group S.A. The authorization is granted to the Executive Board for 26 months. At December 31, 2016, no new shares were issued under this authorization.

Note 14.2 Capital breakdown

The breakdown of **the changes in numbers of shares** over the period is as follows:

In units	12/31/2015	Capital increase	12/31/2016
ACTIA Group shares - ISIN FR 0000076655	**20,099,941**	**None**	**20,099,941**

At December 31, 2016, the share capital was comprised of 9,046,001 shares with ordinary voting rights, 11,050,612 shares with double voting rights and 3,328 treasury shares with no voting rights. There are 12,314,515 registered shares and 7,785,426 bearer shares.

There are no preferred dividend stock or preference shares within ACTIA Group S.A.

The par value is €0.75 per share.

The appropriation of 2016 earnings proposed to the General Meeting of May 30, 2017 is set out in Subsection 5.11.3 of the Registration Document on "Appropriation of earnings". A proposal will be submitted to distribute a dividend of €0.15 per share.

Note 14.3 Treasury shares

The treasury shares held by ACTIA Group are deducted from shareholders' equity. No gain or loss is recognized in the income statement upon the purchase, sale or cancellation of treasury shares. The consideration paid or received in these transactions is recognized directly in shareholders' equity.

Note 15. Earnings per share

Note 15.1 Basic earnings per share

Basic earnings per share are calculated using the income attributable to the Group divided by the weighted average number of shares in circulation in the period, less treasury shares.

Basic earnings per share at December 31, 2016 were calculated on the basis of consolidated income attributable to Group shareholders according to the breakdown provided below:

Euros	12/31/2016	12/31/2015
Consolidated net income (loss) attributable to Group shareholders *(in €)*	**20,913,875**	**15,290,034**
Weighted average number of shares		
Shares issued at January 1	20,099,941	20,099,941
Treasury shares held at the end of the period	(3,328)	(3,328)
Weighted average number of shares	**20,096,613**	**20,096,613**
Basic earnings (loss) per share *(in €)*	**1.04**	**0.76**

Note 15.2 Diluted earnings per share

Diluted earnings per share take into account all arrangements that could grant the holder the right to buy ordinary shares known as dilutive potential ordinary shares.

Diluted earnings per share at December 31, 2016 were calculated on the basis of net income attributable to Group. This result was not subject to any adjustments. The weighted average number of potential ordinary shares that may be created for the period totaled 20,096,613. These calculations break down as follows:

Euros	12/31/2016	12/31/2015
Diluted net income *(in €)*	**20,913,875**	**15,290,034**
Weighted average number of potential shares		
Weighted average number of ordinary shares	20,096,613	20,096,613
Impact of share subscription plans	0	0
Diluted weighted average number of shares	**20,096,613**	**20,096,613**
Diluted earnings per share *(in €)*	**1.04**	**0.76**

Note 16. Provisions

A provision is recorded:

- when an entity has a legal or constructive obligation stemming from a past event;
- when it is likely that an outflow of resources will be required to settle the obligation; and
- where the amount of the obligation can be reliably estimated.

The amount provided for corresponds to the best estimate of the expense. If the impact is material, the amount is discounted using a pretax interest rate that reflects the time value of money and the risks specific to the liability.

A provision for warranties is recognized upon the sale of the corresponding good or service. The provision is based on past warranty data and is measured by weighting all possible outcomes in accordance with their likelihood.

Except in special cases that are duly justified, provisions are recognized in the balance sheet under current liabilities.

Note 16.1 Changes in provisions

- In 2016:

(€k)	12/31/2015	Changes in scope, translation difference	Provisions	Reversals		12/31/2016
				Applied	Unused	
Provisions for pension and other non-current employee benefits	**7,607**	**(14)**	**1,823**	**(96)**	**(244)**	**9,075**
Other provisions						
Lawsuit contingencies	**94**					**94**
Warranties	**2,282**	(5)	586	(204)		**2,659**
Losses on contracts	**240**			(240)		**0**
Fines/penalties	**805**	13	203	(182)		**839**
Other risks	**1,742**	(49)	1,510	(1,625)		**1,579**
Other expenses	**268**	0	49	(23)		**294**
Other provisions	**5,431**	**(41)**	**2,349**	**(2,274)**	**0**	**5,466**
Total	**13,038**	**(54)**	**4,172**	**(2,370)**	**(244)**	**14,541**

- In 2015:

(€k)	12/31/2014	Changes in scope, translation difference	Provisions	Reversals		12/31/2015
				Applied	Unused	
Provisions for pension and other non-current employee benefits	**7,467**	**2**	**489**	**(148)**	**(203)**	**7,607**
Other provisions						
Lawsuit contingencies	**225**			(131)		**94**
Warranties	**2,524**	20	444	(707)		**2,282**
Losses on contracts	**266**		27	(53)		**240**
Fines/penalties	**981**	(16)	124	(283)		**805**
Other risks	**1,256**	26	637	(177)		**1,742**
Tax	**0**			(7)	7	**0**
Other expenses	**286**	2	22	(42)		**268**
Other provisions	**5,536**	**33**	**1,254**	**(1,399)**	**7**	**5,431**
Total	**13,003**	**35**	**1,743**	**(1,547)**	**(196)**	**13,038**

Provisions for other risks are comprised primarily of tax and sales related lawsuit contingency provisions.

At December 31, 2016, ACTIA Group had no noteworthy material contingent liability to be disclosed.

Note 16.2 Employee benefits

Short-term benefits are recognized in personnel expenses for the period.

Long-term benefits involve:

- defined-contribution plans: the Group's liabilities are limited to paying periodic contributions to external bodies. The expense is recognized in the period under the "Personnel expenses" line item;
- defined-benefit plans: these are retirement benefits, provided for using the projected unit credit method and taking into account demographic factors such as staff turnover and mortality tables and financial variables such as wage increases. The discount rate used is that of investment grade bonds (i.e. rated “AA”). When there does not exist an active market for these bonds, the rate of government bonds is used. Actuarial gains and losses are recognized in Other Comprehensive Income (OCI);
- other long-term benefits: provisions are recorded for these benefits as they vest for the employees in question. The amount of the liability is measured using the projected unit credit method. Changes in fair value of

obligations relating to other long-term benefits are recognized under net income of the period in which they occur.

In line with IAS 19 - Employee Benefits, the pension provision recognized in balance sheet shareholders' equity and liabilities is designed to show the pension benefit vested for staff members at period-end. A provision is recorded for the full amount of pension benefit obligations, which are not covered by dedicated assets.

In 2016, provisions for pension and other non-current employee benefits rose €1,468 k to €9,075 k at December 31, 2016. This increase in the provision reflects the following items:

- service cost: €427 k;
- finance cost: €168 k;
- actuarial gains and losses: €887 k.

The actuarial gain recognized in OCI results from the change in the:

- discount rate of 1.31% (2.03% in 2015) for French companies and 7.31% (6.60% in 2015) for Tunisian companies;
- Mortality table: INSEE 2013 (INSEE 2007 mortality table used in 2015):

Age of employee	20	30	40	50	60	65
Life expectancy for men (%)	99,274	98,549	97,489	94,963	88,615	83,631
Life expectancy for women (%)	99,469	99,222	98,745	97,436	94,414	92,075

The other assumptions have not changed:

- retirement age: 67 for French companies and 60 for Tunisian companies;
- salary escalation rate: 2.25% for French companies, 3% for Tunisian companies;
- low or high turnover rates according to the companies and employee category (management or non-management):

Age of employee	20	30	40	50	60	65
Low turnover rate	5.80%	2.77%	2.04%	0.10%	0.05%	0.00%
High turnover rate	18.30%	10.90%	6.30%	4.20%	1.00%	0.00%

A study of the sensitivity of a change in the discount rate indicates that:

- a 1% increase would have a positive impact on consolidated income of €866 k;
- a 1% decrease would have a negative impact on consolidated income of (€1,479 k).

Provisions for retirement liabilities amounted to:	**2016**	**2015**
All French subsidiaries of the Group	€7,620 k	€6,245 k
For the Italian subsidiary:	€1,294 k	€1,206 k
For the Group's Tunisian subsidiaries	€161 k	€156 k

Provisions for pension liabilities at the balance sheet dates of preceding years were as follows:

- at December 31, 2015 €7,607 k;
- at December 31, 2014 €7,467 k;

Retirement liabilities at the end of the next financial year (12/31/2017) should total approximately €9,777 k at a consistent discount rate.

Retirement severance payments paid in financial year 2016 amounted to €96 k.

Concerning defined contribution schemes, pension contributions paid for financial year 2016 totaled €3,518 k versus €3,318 k for 2015.

Note 17. Other current liabilities

A breakdown **of other current financial liabilities** is presented below:

(€k)	Net value at 12/31/2015	Change in the period	Changes in scope	Impact of changes in exchange rates	Net value at 12/31/2016
Accounts payable on goods and services	**50,403**	**2,278**	**0**	**(330)**	**52,351**
Advances and prepayments received	**5,704**	(464)		(12)	**5,228**
Amounts payable to payroll tax agencies	**17,874**	1,917		(155)	**19,637**
Tax payables (other than income tax)	**6,608**	1,587		(172)	**8,023**
Other operating liabilities	**30,186**	**3,041**	**0**	**(339)**	**32,888**
Tax payables (income tax)	**1,232**	**259**		**(34)**	**1,457**
Liabilities on non-current assets	**33**	(10)		(0)	**22**
Creditor current accounts	**90**	(392)		(13)	**(315)**
Other miscellaneous liabilities	**132**	131		109	**372**
Miscellaneous liabilities	**255**	**(271)**	**0**	**96**	**79**
Total	**82,076**	**5,307**	**0**	**(607)**	**86,776**

Advances and prepayments received on orders that decreased by €464 k in 2016 included mainly:

	2016	2015
❖ ACTIA Automotive	€327 k	€355 k
❖ ACTIA I+ME	€2,866 k	€3,683 k
❖ ACTIA Telecom	€1,641 k	€1,263 k

Trade and other payables are recognized at fair value upon initial recognition and then at amortized cost.

Deferred income involves subscription agreements signed with customers. The revenue from these contracts is allocated on a straight-line basis over their term (see Note 19 in the Notes to the consolidated financial statements, "Revenue recognition principles").

Note 18. Operating segments

In line with the analysis of performance based on the internal management approach, information is presented for two distinct operating segments “Automotive” and “Telecommunications”.

In compliance with IFRS 8, information provided by operating sector is based on the management approach, i.e. the method used by management to allocate resources according to the performances of different sectors. At ACTIA Group, the Chairman of the Executive Board is the entity's chief operating decision-maker. The Group has two segments that propose different products and services and are managed separately as they require different technological and commercial strategies. The activities covered by the different segments can be summarized as follows:

- the Automotive Division, which includes "Original Equipment Manufacturers (OEM)", "Aftermarket", and "Manufacturing Design & Services (MDS)" products;
- the Telecommunications Division, which includes "Satcom (SAT)", "Energy, Aeronautics, Defense (EAD)", "Broadcast, Railways, Transport (BRT)", and "Infrastructure, Networks, Telecom (INT)" products.

In addition to these two operating segments there are two other headings:

- “Other” that includes the holding company, ACTIA Group S.A., and the real estate investment company, SCI Les Coteaux de Pouvourville (accounted for under the equity method).

In 2016, the breakdown of key line items by operating segment was as follows:

(€k)	12/31/2016			
	Automotive Division	Telecommunications Division	Other	Group consolidated financial data
Revenue				
(Sales)				
*Non-Group (external customers)	392,347	39,196	104	**431,648**
Purchases consumed	(215,625)	(14,413)	(294)	**(230,332)**
Staff costs	(88,898)	(14,056)	(862)	**(103,816)**
External charges	(51,569)	(5,343)	(2,760)	**(59,672)**
Depreciation (A)	(15,048)	(1,157)	(4)	**(16,209)**
Current operating income	**23,144**	**3,217**	**(226)**	**26,135**
Goodwill impairment (C)	0	0	0	**0**
Operating profit/(loss)	**23,311**	**3,284**	**(235)**	**26,361**
Interest expense and other financial charges (B)	(1,988)	(75)	(129)	**(2,191)**
Tax (D)	(2,646)	162	(106)	**(2,590)**
NET INCOME/(LOSS) (E)	**18,269**	**3,304**	**(288)**	**21,285**
EBITDA (F) = (E)-(A)-(B)-(C)-(D)	**37,950**	**4,373**	**(49)**	**42,275**
SEGMENT ASSETS				
Non-current assets	89,881	18,995	1,449	**110,326**
Inventories	84,413	9,365	0	**93,778**
Accounts receivable	96,647	21,727	5	**118,378**
Other current receivables	12,218	1,011	63	**13,291**
Cash and cash equivalents	25,086	1,690	570	**27,346**
TOTAL SEGMENT ASSETS	**308,244**	**52,787**	**2,087**	**363,119**
CAPITAL EXPENDITURE				
Intangible assets	6,784	1,378	0	**8,162**
Property, plant and equipment	10,590	466	22	**11,078**
Financial assets	0	0	200	**200**
TOTAL CAPITAL EXPENDITURE	**17,374**	**1,844**	**222**	**19,440**
SEGMENT LIABILITIES				
Non-current liabilities	60,975	5,126	7,235	**73,335**
Current financial liabilities	55,671	1,578	4,248	**61,497**
Accounts payable	49,084	2,568	699	**52,351**
Other current liabilities	38,164	11,985	551	**50,700**
TOTAL SEGMENT LIABILITIES	**203,893**	**21,257**	**12,733**	**237,883**

In 2015, the breakdown of key line items by operating segment was as follows:

(€k)	12/31/2015			
	Automotive Division	**Telecommunications Division**	**Other**	**Group consolidated financial data**
Revenue				
(Sales)				
*Non-Group (external customers)	347,808	33,313	88	**381,208**
Purchases consumed	(192,989)	(10,601)	(285)	**(203,875)**
Staff costs	(80,663)	(13,314)	(818)	**(94,795)**
External charges	(45,570)	(4,365)	(2,862)	**(52,797)**
Depreciation (A)	(12,572)	(1,110)	(3)	**(13,685)**
Current operating income	**19,115**	**1,538**	**(841)**	**19,812**
Goodwill impairment (C)	(118)	0	0	**(118)**
Operating profit/(loss)	**18,859**	**1,757**	**(864)**	**19,752**
Interest expense and other financial charges (B)	(2,371)	(85)	(164)	**(2,620)**
Tax (D)	(1,388)	(150)	(95)	**(1,633)**
NET INCOME/(LOSS) (E)	**15,083**	**1,554**	**(476)**	**16,160**
EBITDA (F) = (E)-(A)-(B)-(C)-(D)	**31,533**	**2,898**	**(215)**	**34,216**
SEGMENT ASSETS				
Non-current assets	85,747	17,643	608	**103,998**
Inventories	80,755	9,973	0	**90,728**
Accounts receivable	92,314	17,000	2	**109,315**
Other current receivables	11,617	1,613	76	**13,306**
Cash and cash equivalents	19,295	1,541	202	**21,039**
TOTAL SEGMENT ASSETS	**289,729**	**47,769**	**888**	**338,386**
CAPITAL EXPENDITURE				
Intangible assets	9,422	1,804	1	**11,227**
Property, plant and equipment	7,162	205	0	**7,368**
Financial assets	11	42	0	**53**
TOTAL CAPITAL EXPENDITURE	**16,595**	**2,051**	**1**	**18,647**
SEGMENT LIABILITIES				
Non-current liabilities	47,540	4,487	4,580	**56,607**
Current financial liabilities	66,751	1,386	6,728	**74,865**
Accounts payable	45,539	3,969	895	**50,403**
Other current liabilities	34,831	9,970	706	**45,507**
TOTAL SEGMENT LIABILITIES	**194,661**	**19,812**	**12,910**	**227,382**

Note 19. Revenue

Recognition of revenue in the consolidated financial statements depends on the type of revenue:

- services: research, after-sales service etc.;
- sale of goods;
- construction contracts.

Revenue is recognized where the following criteria are satisfied:

- the amount of revenue can be reliably measured;
- the costs that have been or are to be incurred can be reliably identified; and
- it is likely that the future economic benefits associated with the transaction will flow to the Company.

Note 19.1 Services

Revenue from **after-sales services** is allocated on a straight-line basis over the warranty period.

Under **subscription** contracts, companies invoice at the beginning of the period for services that are delivered on a staggered basis. Revenue is recognized on a straight-line basis over the periods in question.

In the case of other services, where the outcome can be reliably measured, the revenue and profit are recognized using the percentage-of-completion method.

Note 19.2 Sale of goods

Revenue from the sale of goods is recognized as sales upon transfer of the risks and rewards relating to the goods. In most cases this is the delivery date of the good.

Note 19.3 Construction contracts

IAS 11 construction contract selection criteria

A construction contract is a contract specifically negotiated for the construction of an asset or a group of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Two or more contracts, whether with a single customer or with several customers, should be treated as a single construction contract where:

- the contracts are negotiated as a single package;
- the contracts are so closely interrelated that they are, in effect, part of a single project with an overall profit margin; and
- the contracts are performed concurrently or in an uninterrupted sequence.

Type of construction contract

Within ACTIA Group, there are two types of construction contracts:

- research and manufacturing contracts for a specific customer; profit is recognized in accordance with the actual stage of completion, or "milestones", or the components manufactured;
- specific multi-year manufacturing contracts: sales and profit are recognized in accordance with the amount of costs incurred compared to the estimated cost of the contract.

Where it becomes likely that estimated contract costs will exceed forecast revenue, the expected loss is immediately expensed.

The breakdown for **construction contracts** of the Group in progress at December 31, 2016 was as follows:

(€k)	12/31/2016	12/31/2015
Income recognized in the period	18,130	16,268
Advances and prepayments received (Liabilities)	(459)	(470)
Accounts receivable	3,751	3,954

Note 20. Income tax

Income tax includes current and deferred taxes.

Current tax

Current tax is the estimated amount of tax due on taxable profit for the period at applicable tax rates and any adjustment to current tax liabilities in respect of previous periods.

Deferred taxes

Deferred taxes are detailed in Note 11 in the Notes to the consolidated financial statements, "Deferred tax".

The CVAE added value business tax

The Group decided not to account for CVAE contributions assessed on added value (*cotisation sur la valeur ajoutée des entreprises*) as a tax on income and as from January 1, 2010 records it as an operating expense. The Group in effect considers that added value corresponds to an intermediary income statement aggregate for which the amount varies significantly from that on which income tax is assessed.

Tax on dividends

In France, payment of the 3% levy on dividend distributions introduced by the 2nd amending 2012 Finance Act is attached to the date of the decision on the distribution by the General Management. In 2016, this tax was recognized in full in the income statement under current tax in the amount of €116 k.

The breakdown for **Group income tax** aggregates is as follows:

(€k)	12/31/2016	12/31/2015
Earnings (loss) of consolidated companies	21,157	16,017
Current tax (credit)	3,792	2,540
Deferred tax (credit)	(1,203)	(906)
Of which: Deferred tax arising from timing differences	*(1,203)*	*(895)*
Deferred tax on change in tax rate	*0*	*(11)*
Pretax earnings (loss) of consolidated companies	**23,747**	**17,650**

The table below provides an analysis of tax in the consolidated financial statements:

(€k)	12/31/2016	12/31/2015
Theoretical income tax calculated at the standard rate in France (theoretical tax rate: 33.33%)	7,915	5,883
Research tax credit	(1,252)	(1,067)
CICE wage tax credit	(383)	(369)
Tax on dividends	116	165
Impact on theoretical income tax of:		
- Tax rate differential (between French and foreign rates)	(1,292)	*(835)*
- Impact of changes in deferred tax rates	0	11
- Non-capitalized tax losses	286	816
- Change in outlook for utilization of tax losses	(2,396)	(2,615)
Income on the utilization of non-capitalized tax losses	*(1,481)*	*(868)*
Income on modification of capitalization of tax losses	*(915)*	*(1,500)*
Losses on changes to capitalization of tax losses	*0*	*(247)*
- Tax on capital gains	0	0
- Adjustment of prior year's tax	(23)	(367)
- Adjustment of current year's tax	167	(144)
- Other (including permanent differences)	(548)	154
Income tax recognized (actual tax rate: 9.25%)	**2,590**	**1,633**

Note 21. Other operating income and expenses

These line items present only income or expenses resulting from a major event occurring during the accounting period that might distort the presentation of the Group's performance. These include accordingly a very limited number of income or expense items, unusual and infrequent in nature, presented separately by the Group in its income statement.

Note 22. Net financial income (expense)

Net financial income (expense) is detailed in the following table:

(€k)		12/31/2016	12/31/2015
Income on cash and cash equivalents		62	73
Interest expense and other financial charges		(2,191)	(2,620)
	o.w.: Interest expense on financial liabilities	*(2,191)*	*(2,620)*
Other financial income		102	1,381
o.w.	*Interest income*	*73*	*91*
	Dividends received	*28*	*12*
	Income from financial instruments	*0*	*1,237*
Other financial expenses		(586)	(936)
	o./w.: Expenses on financial instruments	*(269)*	*(632)*
Net financial income (expense)		**(2,614)**	**(2,102)**

Note 23. Related-party transactions

Related party transactions with ACTIA Group have been defined in accordance with IAS 24 and are presented below along with details of transactions in financial year 2016.

Note 23.1 With the holding company: LP2C S.A.

The **scope of relations** with LP2C is defined in an agreement signed between the two companies on June 14, 2013:

- Recurring assignments concern:
  - Group general strategy and management;
  - business coordination support;
  - communications support;
  - accounting, legal and administrative support; and
  - financial support.
- Non-recurring assignments: ACTIA Group may ask LP2C to carry out on its behalf specific, clearly defined assignments for limited durations not typically included in the services listed above. These periodic assignments shall be subject to a new agreement prepared in the same manner and terms as the contract governing the recurring assignments and must be authorized in advance by the Board.

This agreement is concluded for a fixed period of five years from January 1, 2013 to December 31, 2017.

The **financial details** for 2016 are set out below:

(€k)		Dedicated staff (number of people)	2016
Recurring assignments			**1,793**
o.w.	*Management support*	*3*	*398*
	Business coordination support	*4*	*688*
	Communications support	*4*	*206*
	Accounting, legal and administrative support	*5*	*366*
	Financial support	*3*	*134*
Non-recurring assignments		-	

The **financial details** for 2015 are set out below:

(€k)		Dedicated staff (number of people)	2015
Recurring assignments			**1,951**
o.w.	*Management support*	*4*	*467*
	Business coordination support	*5*	*768*
	Communications support	*5*	*214*
	Accounting, legal and administrative support	*5*	*352*
	Financial support	*4*	*150*
Non-recurring assignments		-	

No particular benefit was granted under this agreement.

This agreement is also covered in 5.16.3 "Special Report of the Statutory Auditors on regulated agreements and commitments" of the Registration Document.

The financial details concerning key balance sheet aggregates are set out below:

(€k)		2016	2015
Net transaction amount (expense)		**(1,685)**	**(1,858)**
o.w.	*Invoicing agreement*	*(1,793)*	*(1,951)*
	Sundry services to the holding company	*108*	*93*
Net balance sheet amount (liability)		**(528)**	**(804)**
o.w.	*Current accounts*	*0*	*0*
	Accounts payable	*(528)*	*(804)*
	Trade receivables	*0*	*0*
Invoicing terms		Quarterly	Quarterly
Payment terms		Cash	Cash
Impairment of doubtful receivables		**0**	**0**

Note 23.2 With equity-method associates

Group relations with SCI Los Olivos and SCI Les Coteaux de Pouvourville relate to **real estate operations**:

- SCI Los Olivos owns land and a building in Getafe (Spain) leased to ACTIA Systems,
- SCI Les Coteaux de Pouvourville owns the land and buildings in Toulouse, which are leased to ACTIA Group and ACTIA Automotive in proportion to floor space used.

The financial details concerning **SCI Los Olivos** are set out below:

(€k)		2016	2015
Net transaction amount (expense)		**(120)**	**(126)**
o.w.	*Rental charges*	*(120)*	*(126)*
	Interest expense and other financial charges	*0*	*0*
Net balance sheet amount (liability)		**0**	**0**
o.w.	*Current accounts*	*0*	*0*
	Accounts payable	*0*	*0*
	Trade receivables	*0*	*0*
Invoicing terms		Monthly	Monthly
Payment terms		Cash	Cash
Impairment of doubtful receivables		**0**	**0**

The financial details concerning **SCI Les Coteaux de Pouvourville** are set out below:

(€k)		2016	2015
Net transaction amount (expense)		**(847)**	**(802)**
o.w.	*Rental charges*	*(757)*	*(764)*
	Chargebacks of misc. expenses	*(90)*	*(74)*
	Building security charges	*0*	*36*
Net balance sheet amount (liability)		**(9)**	**43**
o.w.	*Current accounts*	*0*	*0*
	Accounts payable	*(9)*	*0*
	Trade receivables	*0*	*43*
Invoicing terms		Quarterly	Quarterly
Payment terms		Cash	Cash
Impairment of doubtful receivables		**0**	**0**

Note 23.3 With subsidiaries

All transactions between consolidated companies as well as internal gains and losses from the disposal of fixed assets or inventories of these companies are eliminated. Internal losses are eliminated in the same way as internal gains though only to when they do not represent an impairment loss.

These are companies included in the Group's scope of consolidation (see Note 3.2 in the Notes to the consolidated financial statements, “Consolidated Companies”).

Transactions with subsidiaries are wholly eliminated in the consolidated financial statements, as are all transactions between fully consolidated subsidiaries of the Group. They are varied in nature:

- purchase or sale of goods and services;
- leasing of premises;
- transfer of research and development;
- purchase or sale of capitalized assets;
- license agreements;
- management fees;
- current accounts;
- loans…

Note 23.4 With members of management bodies

This involves the remuneration paid to **corporate officers of ACTIA Group S.A.**:

- by ACTIA Group: members of the Executive Board and of the Supervisory Board;
- By LP2C, controlling company: members of the Executive Board and of the Supervisory Board;
- by the control Companies, subsidiaries of ACTIA Group.

The **breakdown of remuneration paid** to corporate officers is set out below:

(€k)		2016	2015
Remuneration of corporate officers		**491**	**424**
o.w.	*Fixed*	*383*	*366*
	Variable	*100*	*50*
	Non-recurring	*0*	*0*
	Benefits in kind	*8*	*8*
Other remuneration of non-executive Corporate Officers		**165**	**176**
Directors’ fees		**0**	**0**
Total		**656**	**599**

To date, no stock option plans are in force at ACTIA Group S.A or at other Group companies.

Information relating to retirement plans, amounts paid on retirement as well as other benefits is provided in Subsection 5.15.1 “Remuneration and directors' fees” of the Registration Document.

Note 23.5 With other related parties

❖ GIE PERENEO

ACTIA Automotive S.A. owns 50% of GIE PERENEO. The goal of this economic interest grouping (EEIG) is to provide operating maintenance services (OMS) and to extend the lifespan of electronic systems, Spherea Tests & Services, joint-partner of the EEIG.

The **financial details relating to transactions** with GIE PERENEO are set out below:

(€k)	12/31/2016	12/31/2015
Amount of transaction (expense)	1,483	1,735
Balance sheet amount (liability)	663	903
Payment terms	Cash	Cash
Impairment of doubtful accounts	0	0

Key **financial aggregates** for GIE PERENEO are set out below:

(€k)	12/31/2016	12/31/2015
Total assets	1,698	2,069
Liabilities	1,658	2,033
Sales	4,046	4,429
Net income/(loss)	3	12

Note 24. Headcount

In numbers of employees	2016	2015
France	1,068	1,005
Foreign operations	2,200	2,062
Total	**3,268**	**3,067**

The breakdown of headcount by operating segment at December 31, 2016 was as follows:

Headcount	Management staff	Non-management	Total
Automotive	992	2,016	3,008
Telecommunications	129	125	254
Other (including holding company)	5	1	6
Total	**1,126**	**2,142**	**3,268**

For further information, see Subsection 5.7.1 "Employees" of the Registration Document.

Note 25. Off-balance-sheet commitments

Off-balance-sheet commitments break down as follows:

(€k)	12/31/2016	12/31/2015
Commitments received		
Bank guarantees	1,699	3,553
Total commitments received	**1,699**	**3,553**

The above information does not include:

- amounts owed under finance leases dealt with in Note 13 in the Notes to the consolidated financial statements, "Financial liabilities";
- commitments relating to capital leases and operating leases presented in Note 28 in the Notes to the consolidated financial statements, "Other information";
- interest on borrowings presented in Note 13 in the Notes to the consolidated financial statements, "Financial liabilities";
- commitments relating to forward currency sales and interest rate swaps described in Note 10.2 in the Notes to the consolidated financial statements, “Financial instruments at fair value through profit or loss”.

Note 26. Encumbered assets

Encumbered assets are assets used as collateral for balance sheet liabilities. They break down as follows:

(€k)	12/31/2016				12/31/2015			
	Automotive Division	**Telecoms Division**	**Other subsid-iaries**	**Total**	**Automotive Division**	**Telecoms Division**	**Other subsid-iaries**	**Total**
Participating interests in consolidated companies (*)	199	4,916	0	**5,115**	199	1,290	0	**1,489**
Balance of debt guarantee	*0*	*3,500*	*0*	***3,500***	*339*	*0*	*0*	***339***
Trade receivables pledged	16,010	0	0	**16,010**	34,540	0	0	**34,540**
o.w. Dailly-type, guaranteed	*5,591*	*0*	*0*	***5,591***	*15,096*	*0*	*0*	***15,096***
Dailly-type, with recourse	*10,419*	*0*	*0*	***10,419***	*19,444*	*0*	*0*	***19,444***
Bills discounted not yet due	*0*	*0*	*0*	***0***	*0*	*0*	*0*	***0***
Pledges on CIR & CICE tax credits	10,478	0	0	**10,478**	8,973	0	0	**8,973**
Inventory pledged	1	0	0	**1**	9	0	0	**9**
Other receivables pledged	0	0	0	**0**	0	0	0	**0**
Equipment pledged	1,942	0	0	**1,942**	1,680	0	0	**1,680**
Mortgages / pledges (land / buildings)	3,963	0	0	**3,963**	4,621	0	0	**4,621**
Total	**32,593**	**4,916**	**0**	**37,509**	**50,023**	**1,290**	**0**	**51,312**

(*) Carrying value of pledged securities

Note 27. Risk factors

In addition to the other information set out in the Registration Document, shareholders and potential shareholders should carefully consider the factors set out below when assessing the Group and its business activities.

ACTIA Group has conducted assessments of risks that could have a material adverse effect on its business, financial position, results and ability to meet its objectives. This section presents the relevant material risk factors identified as of the date of publication of the Registration Document. ACTIA Group does not consider that there exist material risks other than those presented below.

Note 27.1 Legal and tax risks

To the best of our knowledge, there are no legal or tax risks relating to the regulatory environment and/or the performance of contracts that could or have had in the last 12 months a material impact on the Group's financial position or profitability (see 7.3.3 “Legal and arbitration proceedings”).

Note 27.2 Industrial and environmental risks

As mentioned in our environmental report included in the Registration Document in Subsection 5.7.2 “The environmental impact of the business activities”, the Group does not have any particular exposure to environmental risks.

The Group's activities do not pose any material risks to the environment and the Group is not subject to any actual regulatory constraints specifically related to its business.

Note 27.3 Credit and/or counterparty risks

Because of both the profile of its main counterparties, the solvency of its main customers and the highly diversified nature of its other customers, the Group's exposure to credit risk is limited. The ten largest customers account for 53.0% of total sales. The largest customer in terms of sales accounts for 14.9% of total Group revenue. This is an exceptional level given the deployment of a product, the withdrawal of which has been announced and will help to return to a desirable situation in which none of the Group's customers accounts for more than 10% of revenue. It is important to note that these entities are in most cases international groups with many subsidiaries operating in differentiated markets both in terms of legal form (subsidiaries/divisions) and products addressing the needs of independent segments. The next nine customers account for percentages of between 10.2% and 2.2% of consolidated revenue. This situation did not change significantly in 2016 despite the growth in business.

The Group does not anticipate any material risks relating to customer default with respect to amounts not accrued (see Note 9 in the Notes to the consolidated financial statements, "Accounts receivable").

Furthermore, the Group may have recourse to credit insurers in certain cases. In 2016, based on an analysis of the risk covered compared to revenue, the Group decided to cancel its credit insurance (2015 cost: €24 k, less than 3% of consolidated sales covered).The analysis will be updated on a regular basis to eventually repurchase this type of tool.

For specific geographic areas subject to particular risks, product deliveries are assured by means of recognized tools such as documentary credit facilities. These deliveries however concerned amounts of only 0.4% of sales in 2016.

Note 27.4 Operational risks

Following the merger-absorption of ACTIA Muller by ACTIA Automotive in 2015 which enabled the implementation of the new business line organization and, notably, the emergence of the Aftermarket Business Unit which grew by 20% this year, 2016 did not see any major events with an impact on the Group's operations.

The implementation of a new large series production line for electronic cards at Colomiers (France), whose installation began in October 2015 and produced its first cards in April 2016, contributed to improving the Group's quality and productivity. Further development will be done in this area to maintain our production tools at the highest possible level, in terms of capacity, quality and cost control.

As a result of a greater focus, inventories grew less significantly (3.4%) than the business thanks to the dual impact of increasingly streamlined supply management and the positive impact of a Last Buy Order (LBO, covering all future component needs following the announced end of production by the supplier) in 2015 which swelled inventories by nearly €2.5 million at the end of the period. All of these components were fully used in 2016.

This situation (LBO) is common in the component industry. It requires careful handling and we have implemented a life-cycle optimization team to manage it and track the regulations applicable to sensitive components (ITAR, EAR). In addition to increasingly onerous regulations, there is a supply risk for certain components. The significant development of connected objects of all types can generate tension in the market due to their volumes or the use of certain materials. Since the end of 2016, tension has become apparent in the supply of batteries for connected objects. This requires a very high level of responsiveness by production teams to limit the impact on customers.

Despite constantly growing R&D teams (headcount up by 11.1%), the Group continues to use R&D subcontractors, notably for highly technical items and during periods of intense activity. The teams were used both for customer projects and for the Group's own projects.

Note that the change in the political environment in Tunisia has reinforced the Group's position in that country. There were no disruptions in either production or R&D in 2016, and local teams focus on continuous improvements in processes and quality for the renewed recognition of our know-how from customers.

Note 27.5 Liquidity risks

The Company is carrying out a specific review of its liquidity risk and considers that it is able to honor its future debt obligations. By performing reviews on a regular basis in this matter, rapid responses can be adopted as necessary.

A detailed analysis of financial liabilities, cash, net debt and other financial liabilities including interest-bearing debt is presented in Note 13 in the Notes to the consolidated financial statements, "Financial liabilities".

Liquidity risk for ACTIA Group is concentrated with the ACTIA Group parent company and its subsidiary ACTIA Automotive that account for 85.7% of total debt. Furthermore, dependency on lenders is limited by diversifying sources of financing.

In 2016, thanks to an excellent level of medium-term financing (€39.5 million), the Group was able to decrease its use of short-term financing by (€16,486) k:

- Dailly-type: (€14,260) k,
- Overdraft facility: +€2,346 k,
- CIR research tax credit financing: +€842 k,
- CICE wage tax credit financing: +€663 k,
- Cash credit lines: €7,030 k.

Note that approvals for short-term credit lines increased by 1.2% and were only 33.7% used by the end of the period.

The level of gross debt increased by €945 k.

It should be noted that the increase in collateralized research tax credits (RTC) in 2016 (11.6%) reflects the difference between the 2015 tax credit collateralized in 2016 and the 2011 tax credit repaid by the French government in 2016. Total collateralized research tax credits amounted to €8,078 k.

Furthermore, in 2016, cash and cash equivalents increased by €6.3 million (Note 10.1 in the Notes to the consolidated financial statements, "Cash and cash equivalents"), highlighting the considerable improvement in working capital requirements with a change of €18.5 million (-€4.8 million in 2016, compared to -€23.3 million in 2015). Given the very low level of market yields and the allocation of cash available within the Group, ACTIA Group has used its cash to reduce the use of its overdraft facilities.

All non-current debts are in compliance with the financial ratios (Note 13 in the Notes to the consolidated financial statements "Financial liabilities").

The level of debt, in particular excluding the collateralization of receivables (see Note 13 in the Notes to the consolidated financial statements, "Financial liabilities") and the continuing improvement in equity provides confirmation that the liquidity risk is effectively managed by the Group.

A detailed analysis of financial assets and liabilities is provided in Note 12 in the Notes to the consolidated financial statements, "Financial Assets and Liabilities". It is presented in the following tables by maturity:

- At December 31, 2016:

(€k)	<12/31/17	>01/01/18 <12/31/21	>1/1/22	Total
Total financial assets	152,719	11,722	1,433	**165,873**
Total financial liabilities	(113,928)	(55,939)	(4,534)	**(174,401)**
Net position before hedging	**38,791**	**(44,217)**	**(3,102)**	**(8,528)**
Off-balance-sheet commitments	(179)			**(179)**
Net position after hedging	**38,612**	**(44,217)**	**(3,102)**	**(8,707)**

- At December 31, 2015:

(€k)	<12/31/16	>01/01/17 <12/31/20	>1/1/21	Total
Total financial assets	138,025	10,239	789	**149,053**
Total financial liabilities	(125,774)	(43,791)	(2,370)	**(171,935)**
Net position before hedging	**12,251**	**(33,552)**	**(1,582)**	**(22,882)**
Off-balance-sheet commitments	(3,553)			**(3,553)**
Net position after hedging	**8,698**	**(33,552)**	**(1,582)**	**(26,435)**

For ACTIA Group, an entity's risk of experiencing difficulties in meeting its financial obligations is linked to the level of amounts invoiced and the collection of receivables. In this respect, there are no difficulties to be reported.

ACTIA Group companies independently manage their cash needs. The parent company only intervenes in the event of difficulties. The cash is generated from the Company's operating activities and from bank lines put in place locally. Major investments are decided at the Group Management level (buildings, plant and machinery, significant R&D projects) and are generally financed through borrowing or lease financing by the entity concerned.

ACTIA Automotive S.A., as the head of the Automotive Division, sometimes finances major capital expenditure programs for its subsidiaries (for example, a telematics equipment investment for its subsidiary ACTIA Nordic).

In 2015, in response to the sharp increase in interest rates by banks in Brazil, for several months, the Group has decided to carry the short-term financing needs of the structure from France and provide it with the funds required to cover its operating activity, through current account advances from its parent company. In this way, significant savings were achieved in terms of bank interest starting in 2016 (€245 k).

The Group has from cash surpluses in some subsidiaries, and has set up bilateral cash management agreements.

To date, ACTIA Automotive S.A. has signed master agreements for cash pooling with its subsidiaries ACTIA Systems (Spain), I+Me ACTIA (Germany), ACTIA Italia (Italy) and ACTIA PCs (France) to optimize surplus cash flows within the Group. In 2016, ACTIA Automotive S.A had cash of €1,000 k originating from its subsidiaries:

- ACTIA I+Me: €1,000 k.

At December 31, 2016, a balance of €1.0 million remained available for ACTIA Automotive S.A. and will be largely repaid in the first half of 2017.

Similarly, ACTIA Telecom executed a bilateral cash pooling agreement with its parent company ACTIA Group S.A. for €3.0 million, with €2.0 million used at December 31, 2016.

It should be noted that the purpose of these cash pooling agreements is to make use of available cash within the Group to limit recourse to short-term financing facilities and, therefore, reduce financial expenses: as such, they do not involve the transfer of bank loans to the subsidiaries.

- Financing strategy

The Group's expertise is based on an active innovation strategy, with research and development accounting for nearly 75% of investments. This priority guides our financing strategy that is broken down into two parts:

- Medium-term financing: the Group has recourse to this type of funding to ensure the sustainability of its developments and lay the foundations for its future. In particular, medium-term financing is arranged in the form of bank loans or finance leases (production equipment and vehicles) for average terms of 4 to 5 years. The bank loans are used to finance key strategic R&D projects representing approximately half of 5.6the Group's R&D expenditure (see Section 5.6 "Investments" of the Registration Document). The remaining R&D financing is assured either by customers, through different forms of public aid (grants, advances, research tax credits) or equity financing. Other investments concern the renewal of equipment to maintain high quality standards and manufacturing capacity for the Group's products that as a general rule are financed through capital leases (France) or medium-term loans (Tunisia).
- Short-term financing: short-term credit lines that are generally subject to requests for renewal, have remained stable for several years (1.2% in 2016), except for trade receivables financing which is adapted to business trends. These tools are used to manage working capital requirements.

It should be noted that short-term credit lines are rarely notified. The Group has accordingly requested that they be renewed on the same basis and has not experienced any difficulties as of December 31 with regards to these lines, which have a usage rate of 33.7%.

Note 27.6 Market risks

❖ Interest rate risk

The Company has conducted an analysis of its interest rate risk. The resulting figures are provided below:

(€k)	Financial assets*(a)		Financial liabilities*(b)		Net position before hedging (c)=(a)-(b)		Interest rate risk hedges (d)		Net position after hedging (e) = (c) + (d)	
	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate
< 1 year	152,719		69,982	43,946	82,737	(43,946)	19,250	(19,250)	**63,487**	**(24,696)**
From 1 to 2 years	3,316		12,786	7,852	(9,470)	(7,852)			**(9,470)**	**(7,852)**
From 2 to 3 years	3,675		12,278	5,007	(8,603)	(5,007)			**(8,603)**	**(5,007)**
From 3 to 4 years	4,731		10,543	1,929	(5,811)	(1,929)			**(5,811)**	**(1,929)**
From 4 to 5 years			5,465	80	(5,465)	(80)			**(5,465)**	**(80)**
> 5	1,433		4,534		(3,102)	0			**(3,102)**	**0**
Total	**165,873**	**0**	**115,588**	**58,813**	**50,285**	**(58,813)**	**19,250**	**(19,250)**	**31,035**	**(39,563)**

*See Note 12 in the Notes to the consolidated financial statements for detailed information on financial assets and liabilities.

At Group level, the control is carried out on the breakdown of total interest rate risk to ensure that interest expense on bank loans remains at a reasonable level.

The ACTIA Group took advantage of low bank interest rates and the implementation of a zero percent rate floor for variable-rate financing to take out fixed-rate financing in 2016. The breakdown of financial liabilities between variable- and fixed-rate debt is set out in Note 13 in the Notes to the consolidated financial statements, "Financial liabilities". Given the level of market interest rates, and not expecting a significant rise in the short term, the Group did not consider it necessary to hedge all its floating-rate debt exposure. Tools will gradually be put into place in order to benefit from the exceptionally low interest rates, with the lowest possible risk.

With that objective, the Group has made use of hedging instruments, which reduced the variable portion of its bank borrowings to 35%. The characteristics of interest rate swaps obtained by ACTIA Automotive S.A. are described in Note 10.2 in the Notes to the consolidated financial statements, "Financial instruments at fair value through profit or loss".

The sensitivity to a 1% increase or decrease in the benchmark has been calculated on a post-hedging basis. Detailed figures on the basis of this analysis are presented below:

(€k)	12/31/2016	
	Impact on pretax earnings	Impact on shareholders' equity before tax
Impact of a 1% increase in interest rates	**(396)**	**(396)**
Impact of a 1% decrease in interest rates	**396**	**396**

It is important to note that many banks impose a floor of 0%, which prevents ACTIA Group from taking advantage of the financial market's negative rates.

❖ Exchange rate risk

Foreign currency-denominated commercial and financial transactions present a systematic exchange rate risk.

The Group invoices in Euros all inter-company flows in countries with the highest currency risks and limits customer payment terms in countries with weakening currencies.

For transactions denominated in foreign currencies (for example, purchases or sales by Euro zone entities denominated in US dollars (USD) or Japanese Yen (JPY)), the companies involved manage their exchange rate risks independently, putting in place exchange rate hedges when necessary.
At December 31, 2016, ACTIA Automotive, the main buying entity of the Group, obtained foreign exchange hedges for which details are presented in Note 10.2 in the Notes to the consolidated financial statements, "Financial instruments at fair value through profit or loss" for the purpose of ensuring an average purchase price for US dollars (USD) for 2017 to better respond to constraints with respect to the sale prices of products sold to its customers.

Very rapid movements in the EUR/USD exchange rate, such as the very significant drop in the Euro in 2015, have had very different impacts depending on the approaches adopted by the Group from a short-term or medium-term perspective:

- in the short term, this trend adversely penalized component purchases that are in part bought in US dollars and largely manufactured in US dollar regions. Beyond the use of hedging instruments to limit the impact of rapid changes in exchange rates, measures are implemented with suppliers as well as customers to make the necessary price adjustments. However, in both cases, in light of our size, few products have benefited from price adjustments in our favor in the past;
- for the medium-term, changes in exchange rates must enable the Group to restore its competitiveness in international calls for tender but with a time lag of 18 months to 3 years at the level of revenue, reflecting the development (R&D) and industrialization cycle. However, due to our size compared to our competitors, this European EUR/USD exchange rate strategy has not yet demonstrated its benefits for the ACTIA Group.

Thanks to its active hedging strategy, ACTIA Group was able to preserve a portion of its margins in 2016, with an average exchange rate for purchases of 1.166 compared to 1.107 had the Group purchased USD on the spot market. However, compared to the average purchase price for 2015 of 1.172, the impact is not very significant despite the growing business volume and the acquisition of dollars (20.0%).

For information, the hedging tools are part of a policy, which can be shown as follows:

The Company has conducted an analysis of its **foreign exchange risk,** after hedging for accounts receivable and payable. Figures obtained from this analysis are provided below:

(€k)	Trade receivables (Gross amounts)(a)	Trade payables(b)	Off-balance-sheet commitments(c)	Net position before hedging (d)=(a)+(b)+(c)	Financial hedging instruments (e)	Net position after hedging (f)=(d)+(e)
EUR	101,799	(37,205)	179	64,772		64,772
USD	3,535	(8,618)		(5,083)	6,872	1,789
Other currencies	15,451	(6,528)		8,923	206	9,129
Total	**120,784**	**(52,351)**	**179**	**68,612**	**7,078**	**75,690**

The majority of transactions are accordingly in Euros. The analysis of the sensitivity to a 1% increase or decrease in foreign exchange rates was performed on the US dollar, the second currency most used within the Group. The nine other currencies grouped together in the above table under "Other currencies" do not present a material risk.

The sensitivity to a 1% increase or decrease in the EUR/USD exchange rate has been calculated on a post-hedging basis. Detailed figures on the basis of this analysis are presented below:

(€k)		Impact on pretax earnings		Impact on shareholders' equity before tax	
		Increase of 1%	Decrease of 1%	Increase of 1%	Decrease of 1%
Net position after hedging in USD		1,789	1,789	1,789	1,789
USD	0.94868	0.95817	0.93919	0.95817	0.93919
Estimated risk		**+17**	**(17)**	**+17**	**(17)**

❖ Risks on equities and other financial instruments

There are no investments in equities. Only a limited number of own shares are held for ACTIA Group S.A (Note 3.7 in the Notes to the separate financial statements, "Treasury shares"). No financial instruments have been implemented other than those in connection with interest rate and foreign exchange hedging (see Note 10.2 in the Notes to the consolidated financial statements, "Financial instruments at fair value through profit or loss").

❖ Raw material sourcing and energy supply risks

ACTIA Group does not implement hedges in connection with the sourcing of raw materials and/or energy. In effect, because the Group does not engage in purchases of source materials it is therefore not directly impacted by the current pressure on supplies in certain markets. However, tension in the copper market, a metal required for the production of printed circuits, can have an indirect impact on supplies. Likewise, changes in prices in rare earths impact the price of electric vehicle motors, which we supply as part of the complete delivery of engine blocks.

Because the Group's energy consumption requirements are limited (see Subsection 5.7.2 "Consumption and waste" of the Registration Document), price increases in this area would not have a significant impact on the cost structure.

Note 28. Other information

❖ Operating leases

Operating leases mainly relate to lease agreements for buildings, vehicles and IT equipment.

At December 31, 2016, the minimum future lease payments under these operating leases are as follows:

(€k)	12/31/2016			
	<12/31/17	>01/01/18 <12/31/21	>01/01/22	Total
Buildings	771	674	4	**1,449**
Equipment and vehicles	703	474	8	**1,185**
Total	**1,474**	**1,148**	**13**	**2,635**

At December 31, 2015:

(€k)	12/31/2015			
	<12/31/16	>01/01/17 <12/31/20	>01/01/21	Total
Buildings	1,091	1,566	92	**2,749**
Equipment and vehicles	783	603	14	**1,400**
Total	**1,874**	**2,169**	**106**	**4,149**

❖ Finance leases

Leases that effectively transfer substantially all risks and rewards inherent in the ownership of an asset to the Group are classified as finance leases.

Assets financed by means of finance leases are presented as assets at the lower of the fair value or the present value of minimum lease payments. This value is subsequently reduced to reflect cumulative depreciation and any impairment losses. The corresponding debt is recognized under financial liabilities using the effective interest rate method over the term of the lease.

The asset is depreciated in accordance with the useful life applied by the Group for similar assets.

Finance leases relate to software, buildings and plant and equipment leases.

At December 31, 2016, the minimum future lease payments under these agreements were as follows:

(€k)	12/31/2016			
	<12/31/17	>01/01/18 <12/31/21	>01/01/22	Total
Software				**0**
Buildings	344	15		**359**
Plant and equipment	1,232	3,523	426	**5,181**
Total	**1,576**	**3,538**	**426**	**5,540**

At December 31, 2015:

(€k)	12/31/2015			
	<12/31/16	>01/01/17 <12/31/20	>01/01/21	Total
Software				**0**
Buildings	669	359		**1,029**
Plant and equipment	672	1,712	384	**2,768**
Total	**1,342**	**2,071**	**384**	**3,797**

Note 29. Post-closing events

There have been no noteworthy events to report since December 31, 2016.

7.1.7 Report of the Statutory Auditors on the consolidated financial statements

This is a free translation into English of the original report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, professional guidelines applicable in France.

To the shareholders,

In accordance with our appointment as Statutory Auditors by your Annual General Meeting, we hereby present you with our report for the financial year ended December 31, 2016 on:

- the audit of the consolidated financial statements of Actia Group S.A. enclosed herewith;
- the justification of our assessments;
- The specific procedures and disclosures required by law.

These consolidated financial statements were prepared by the Executive Board. Our role is to express an opinion on these annual financial statements based on our audit.

Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatements. An audit includes examining, on a test basis as well through the use of other methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained provides a sufficient and appropriate basis for our audit opinion.

In our opinion, the financial statements for the financial year ended December 31, 2016 give a true and fair view of the assets, financial position and the results of the companies and entities comprising the consolidated group, in accordance with IFRS standards as adopted by the European Union.

Justification of our assessments

In application of the terms of Article L. 823-9 of the French Commercial Code relating to the basis of our assessments, we bring to your attention the following matters:

- in performing our assessment of the accounting policies applied by your Company, we have verified the criteria adopted for capitalizing development expenditure as well as those applied for their amortization and the estimation of recoverable value. We have also verified that Note 4.3 of Subsection 7.1.6 to the financial statements provides the appropriate disclosures;
- Note 19 of Subsection 7.1.6 to the financial statements describes the revenue recognition method used for long-term contracts and studies in progress spread over several periods that involves in part the use of estimates. Our work has consisted in assessing by sampling the data and assumptions on which estimated results on completion of the previous periods are based compared with the actual results and in reviewing the procedures for their approval by the Company;
- the Company also tests goodwill impairment at each close, according to the procedures described in Note 4.2 of Subsection 7.1.6 of the financial statements. We reviewed the procedures implemented for these impairment tests as well as the cash flows and assumptions applied and verified that Note 4.2 to the financial statements provided the appropriate disclosures;
- Note 11 of Subsection 7.1.6 to the financial statements presents the procedures for the recognition and measurement of deferred tax assets. We verified the overall consistency of data and assumptions used for measuring these assets.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to our opinion expressed in the first part of this report.

Specific procedures

As required by professional standards applicable in France and by law, we also specifically verified the information provided in the management report.

We have nothing to report with respect to the fair presentation of such information and its consistency with the consolidated financial statements.

Statutory Auditors

Labège, April 26, 2017	Paris, April 26, 2017
KPMG Audit *A division of KPMG S.A.*	
Phillipe Saint-Pierre *Partner*	Eric Blache *Partner*

7.2 Separate financial statements

7.2.1 Balance sheet of ACTIA Group S.A.

Balance sheet - assets (in €)	12/31/2016			12/31/2015
	Gross amount	Amortization/ Depreciation	Net	Net
Share capital subscribed and uncalled				
INTANGIBLE ASSETS				
Start-up expenses				
Research and development costs				
Concessions, patents and similar rights	62,585	62,585	**0**	441
Goodwill				
Other intangible assets				
Advances and prepayments on intangible assets				
PROPERTY, PLANT AND EQUIPMENT				
Land				
Buildings				
Plant and equipment, facilities and tools				
Other property, plant and equipment	88,043	51,732	**36,311**	17,944
Property, plant and equipment in process				
Advances and prepayments				
NON-CURRENT FINANCIAL ASSETS				
Investments in associates				
Other holdings	51,334,774	57,314	**51,277,460**	48,529,988
Receivables on investments	6,677,641		**6,677,641**	9,433,875
Other non-current investments				15,550
Loans	778	103	**675**	1,035
Other non-current financial assets	4,573		**4,573**	4,573
TOTAL NON-CURRENT ASSETS	**58,168,395**	**171,734**	**57,996,661**	**58,003,405**
INVENTORY AND WORK-IN-PROCESS				
Raw materials and supplies				
Work-in-process - goods				
Work-in-process - services				
Semi-finished and finished goods				
Goods held for resale				
Advances and prepayments on orders				
RECEIVABLES				
Accounts receivable	803,612		**803,612**	1,132,447
Other receivables	26,890		**26,890**	6,376
Subscribed and called capital but not yet paid up				
MISCELLANEOUS				
Marketable securities	346,713	143,290	**203,424**	170,383
o.w. treasury shares: 162,076				
Cash at bank and in hand	386,527		**386,527**	48,297
ACCRUAL ACCOUNTS				
Prepaid expenses	36,003		36,003	69,217
TOTAL CURRENT ASSETS	**1,599,745**	**143,290**	**1,456,455**	**1,426,720**
Deferred expenses				
Bond redemption premiums				
Translation difference - assets				
TOTAL ASSETS	**59,768,140**	**315,024**	**59,453,116**	**59,430,126**

Balance sheet - shareholders' equity and liabilities (in €)		12/31/2016	12/31/2015
Share capital	(of which paid up: 15,074,956)	15,074,956	15,074,956
Share premiums (issue, merger, contribution)		17,560,647	17,560,647
Revaluation reserves	(of which equity method revaluation: 0)		
Legal reserve		1,507,496	1,507,496
Reserves under bylaws or agreements			
Tax-based reserves	(including price fluctuation reserve: 0)	189,173	189,173
Other reserves	(including purchases of original works of art: 0)		
Retained earnings		8,533,810	6,189,394
NET INCOME/(LOSS) FOR THE PERIOD		**2,262,529**	**4,353,577**
Investment subsidies			
Restricted provisions			
SHAREHOLDERS' EQUITY		**45,128,611**	**44,875,244**
	Proceeds from issues of equity securities		
Subordinated loans			
OTHER SHAREHOLDERS' EQUITY			
Provisions for contingencies			
Provisions for expenses			
PROVISIONS FOR RISKS AND EXPENSES			
FINANCIAL LIABILITIES			
Convertible bonds			
Other bonds			
	Bank borrowings	11,297,547	11,225,058
Other financial liabilities	(including equity loans: 0)	2,143,141	2,145,540
	Advances and prepayments on orders		
OPERATING LIABILITIES			
	Accounts payable	700,369	895,660
Amounts payable to payroll tax agencies		134,893	158,231
OTHER MISCELLANEOUS LIABILITIES			
	Liabilities on non-current assets		
Other liabilities		48,556	47,893
ACCRUAL ACCOUNTS			
Deferred income			82,500
LIABILITIES		**14,324,506**	**14,554,882**
Unrealized translation differences			
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**59,453,116**	**59,430,126**

7.2.2 Separate income statement of ACTIA Group S.A.

Income statement (in €)	**12/31/2016**	**12/31/2015**
Sales of goods held for resale		
Sales of work		
Sales of services	2,394,764	2,527,501
NET SALES	**2,394,764**	**2,527,501**
Stored production		
Capitalized production		
Operating subsidies		
Reversals of depreciation, amortization and provisions and expense reclassifications	641,827	650,667
Other income		
OPERATING INCOME	**3,036,591**	**3,178,168**
Purchases of goods held for resale (including customs duties)		
Changes in inventories of goods held for resale		
Purchases of raw materials and other supplies (including customs duties)		
Changes in inventories of raw materials and other supplies		
Other purchases and external charges	3,070,963	3,175,458
Taxes and duties other than income tax	26,111	23,525
Wages and salaries	595,203	564,687
Payroll charges	258,119	244,267
OPERATIONAL APPROPRIATIONS		
On non-current assets: depreciation and amortization	4,080	2,740
On non-current assets: provisions		
On current assets: provisions		
For contingencies and expenses: provisions		
Other expenses		
OPERATING EXPENSES	**3,954,477**	**4,010,677**
NET OPERATING INCOME/(LOSS)	**(917,886)**	**(832,509)**
JOINT VENTURES		
Profits attributed or losses transferred		
Losses incurred or profits transferred		
FINANCIAL INCOME		
Financial income from investments	2,984,255	5,097,271
Income from other marketable securities and capitalized receivables	399,647	323,316
Other interest and similar income		
Reversals of provisions and expense reclassifications	4,184	309,314
Foreign exchange gains		510
Net gains on disposal of marketable securities	40,140	38,305
FINANCIAL INCOME	**3,428,226**	**5,768,717**
Amortization and provisions	924	2,604
Interest and similar charges	154,773	179,486
Foreign exchange losses	62	15
Net losses on disposal of marketable securities	10,359	34,653
FINANCIAL EXPENSES	**166,118**	**216,758**
NET FINANCIAL INCOME/(LOSS)	**3,262,108**	**5,551,959**
NET INCOME/(LOSS) BEFORE INCOME TAX	**2,344,222**	**4,719,449**

Income statement (in €)	**12/31/2016**	**12/31/2015**
Non-recurring income from hedging transactions	5	14,168
Non-recurring income from capital transactions	16,422	30
Reversals of provisions and expense reclassifications		
NON-RECURRING INCOME	**16,428**	**14,198**
Non-recurring expenses on hedging transactions	5	2,870
Non-recurring expenses on capital transactions	15,550	306,724
Non-recurring depreciation, amortization and provisions		12
NON-RECURRING EXPENSES	**15,555**	**309,606**
NET NON-RECURRING ITEMS	**873**	**(295,408)**
Statutory employee profit-sharing scheme		
Income tax	82,566	70,465
TOTAL INCOME	**6,481,244**	**8,961,083**
TOTAL EXPENSES	**4,218,715**	**4,607,506**
NET INCOME/(LOSS) FOR THE PERIOD	**2,262,529**	**4,353,577**

7.2.3 Notes to the separate financial statements of ACTIA Group S.A.

Note 1. Highlights of the financial year

ACTIA Group S.A. fulfilled its role as Group holding company in 2016.

Over the period, the Company purchased the shares of minority shareholders of its ACTIA Telecom subsidiary for €2.5 million and now holds 100% of the shares.

It also took a minority holding (20% for €200 k) in COOVIA, an Internet start-up specialized in urban carpooling, and took out a loan in the total amount of €800,000 which will be allocated gradually through the end of 2017.

Note 2. Accounting policies

The 2016 annual financial statements were prepared on the basis of French GAAP and notably the provisions of Regulation 2014-03 of the French accounting standard body (*Autorité des Normes Comptables*) approved by the Ministerial Decree of September 8, 2014 relating to the French General Chart of Accounts (*Plan Comptable Général*).

Note 2.1 Intangible assets

Rights and concessions are amortized on a straight-line basis over one or two years.

Note 2.2 Property, plant and equipment

Capitalized assets are broken down and amortized or depreciated over their own useful lives if these differ from the principal item of property, plant and equipment.

Items of property, plant and equipment are recognized at acquisition cost. Cost components include:

- the purchase cost, including customs duties and non-refundable purchase taxes less trade discounts and rebates;
- costs directly attributable to transferring and commissioning the asset; and
- if applicable, the initial estimate of the costs of dismantling and removing the item and restoring the site.

Borrowing costs are excluded from the cost of non-current assets.

Where material components of items of property, plant and equipment can be determined and they have different useful lives and depreciation methods, the depreciation is recognized by component. To date the treatment by component has not been applied for any non-current asset, in the absence of significant capitalization.

The depreciable amount is systematically allocated over the useful life of the asset. Depreciation is calculated on a straight-line basis and the useful lives applied are as follows:

- plant and equipment, facilities and tools: over 6 to 10 years;
- other property, plant and equipment: over 3 to 10 years.

Note 2.3 Financial assets

Investment securities are recognized in the balance sheet at acquisition cost or contribution value.

When the net assets of the Company fall below the acquisition cost and there are no grounds to expect a recovery, an impairment loss may be recorded to the extent that the value in use is under the carrying amount of the securities held in this Company.

The value in use is assessed using in particular the discounted future cash flow method. This approach is based on the outlook for revenue and future profitability at the end of the reporting period. It should be noted that this approach that is subject to unpredictable occurrences and uncertainties like any forecasting method, confirms that the securities in question did not incur any impairment.

Note 2.4 Receivables

Receivables are measured at their nominal value. A provision for impairment is recognized depending on the age of the receivables and risks of non-recovery.

Note 2.5 Pension liabilities

Pension liabilities are calculated according to French accounting recommendation CNC 2013-02 based on an actuarial estimate of potential rights vested by employees on the balance sheet date.

The main assumptions applied at the end of the reporting period were:

- a discount rate: 1.31% (2.03% in 2015);
- salary escalation rate: 2.25%;
- retirement age: 67;
- low turnover rate:

Age of employee	20	30	40	50	60	65
Turnover rate: (management and non-management staff)	5.80%	2.77%	2.04%	0.10%	0.05%	0.00%

- Mortality table: INSEE 2013:

Age of employee	20	30	40	50	60	65
Life expectancy for men (%)	99,274	98,549	97,489	94,963	88,615	83,631
Life expectancy for women (%)	99,469	99,222	98,745	97,436	94,414	92,075

Off-balance sheet commitments include pension liabilities of €107,358.

Note 3. Additional information on the balance sheet and the income statement

The balance sheet date of the financial statements is December 31, 2016 and covers a period of 12 months.

Note 3.1 Intangible assets

The gross amounts of **intangible fixed** assets changed as follows:

In €	12/31/2015	Acquisitions	Disposals and write-offs	12/31/2016
Start-up expenses	0			0
Other intangible assets	62,585			62,585
Total	**62,585**	**0**	**0**	**62,585**

The amortization was as follows:

In €	12/31/2015	Provisions	Reversals	12/31/2016
Start-up expenses	0			0
Other intangible assets	62,145	441		62,585
Total	**62,145**	**441**	**0**	**62,585**

Note 3.2 Property, plant and equipment

Gross amounts of **property, plant and equipment** changed as follows:

In €	12/31/2015	Acquisitions	Disposals and write-offs	12/31/2016
Land	0			0
Buildings	11,627		11,627	0
Plant and equipment, facilities and tools	0			0
Other	134,914	22,007	68,878	88,043
Property, plant and equipment in process	0			0
Total	**146,541**	**22,007**	**80,505**	**88,043**

The amortization was as follows:

In €	12/31/2015	Provisions	Reversals	12/31/2016
Land	0			0
Buildings	11,627		11,627	0
Plant and equipment, facilities and tools	0			0
Other	116,970	3,639	68,878	51,732
Total	**128,597**	**3,639**	**80,505**	**51,732**

Note 3.3 Financial assets

These changed as follows:

In €	Amounts of Securities in the Balance Sheet				Held at 12/31/16 (%)	Shareholders' equity prior to earnings appropriation at 12/31/16	2016 sales excl. VAT	Net income / (loss) at 12/31/16
	12/31/2015		**12/31/2016**					
	Gross amounts	Carrying amounts	**Gross amounts**	**Carrying amounts**				
HOLDINGS								
Subsidiaries and holdings > 10%								
ACTIA Automotive	24,891,882	24,891,882	24,892,212	24,892,212	99.98%	48,350,202	254,261,289	8,910,531
ACTIA Telecom	23,225,509	23,225,509	25,772,641	25,772,641	100.00%	32,130,576	40,385,965	2,515,582
MORS INC.	0	0	0	0	100.00%	ND	ND	ND
CYT	33,494	0	33,494	0	15.00%	ND	ND	ND
ARDIA (*)	151,680	151,680	151,680	151,680	53.33%	999,540	7,339,968	459,746
SCI Oratoire	199,098	199,098	199,098	199,098	86.00%	244,995	454,007	245,073
SCI Pouvourville	41,161	41,161	41,161	41,161	27.50%	1,241,655	756,901	(183,159)
Subsidiaries and holdings < 10%								
CIPI ACTIA (*)	10,138	10,138	10,138	10,138	0.20%	3,884,103	10,762,864	611,260
SCI SODIMOB	7,030	7,030	7,030	7,030	2.00%	218,655	101,332	64,119
Non-Group								
MPC	3,489	3,489	3,489	3,489	0.02%	ND	ND	ND
Continental	47	0	47	0	NM	ND	ND	ND
STEM	22,812	0	22,812	0	NM	ND	ND	ND
CGC	960	0	960	0	NM	ND	ND	ND
COOVIA	0	0	200,010	200,010	19.98%	185,247	17,239	(305,347)
Total	**48,587,303**	**48,529,988**	**51,334,774**	**51,277,460**				
OTHER NON-CURRENT INVESTMENTS								
1% Construction (French social housing tax)	15,550	15,550	0	0				
Total	**15,550**	**15,550**	**0**	**0**				
OTHER NON-CURRENT FINANCIAL ASSETS								
Loan	1,138	1,035	778	675				
Miscellaneous receivables	4,573	4,573	4,573	4,573				
Total	**5,712**	**5,608**	**5,352**	**5,248**				

NM: Not Material - ND: Not Disclosed
(*) Foreign subsidiaries for which the balance sheet data is translated at the year-end exchange rate and income statement data at the average exchange rate.

Note 3.4 Inventories

None.

Note 3.5 Advances and prepayments on orders

None.

Note 3.6 Accounts receivable

In €	Gross amounts	Carrying amounts	Expiry < 1 year	Expiry > 1 year
Investment-related receivables	6,677,641	6,677,641	3,706,811	2,970,830
Accounts receivable	803,612	803,612	803,612	
Current accounts on investments				
Other receivables (including deferred expenses)	62,893	62,893	62,893	
Total	**7,544,146**	**7,544,146**	**4,573,316**	**2,970,830**

Note 3.7 Treasury shares

ACTIA Group holds **1,399 treasury shares** with a gross value of €153,043. These shares were owned by MORS S.A. at the time of the merger in 2000.

Since the merger with MORS S.A., the Group has proceeded with a number of share buyback programs.

The last share buyback program was authorized by the General Meeting of May 30, 2016 for 18 months. This program complies with Articles L. 225-209 *et seq*. of the French Commercial Code. Under this program, shares may be purchased to:

- ensure the orderly trading of and liquidity in the Company's share;
- retain shares for future use for payment or exchange in connection with acquisitions;
- set aside shares for bonus share and stock option plans;
- set aside shares to meet requirements relating to securities giving rights to share grants.

Since the inception of the programs to December 31, 2016, ACTIA Group bought back 61,966 shares.

In addition, ACTIA Group also transferred:

- 35 treasury shares to a shareholder upon the exercise of 70 share warrants in 2005; and
- 32 treasury shares to two shareholders upon exercise of 64 share warrants in 2007.

On September 20, 2010, at the end of the grant period 60,000 treasury shares were transferred to Christian Desmoulins, Chairman of the Executive Board until June 30, 2014.

At December 31, 2016, ACTIA Group S.A. now holds in connection with the **buyback programs, 1,929 treasury shares** recognized as current assets at a gross value of €9,033, representing an average price of €4.68.

A provision for treasury shares (1,929 shares of the share buyback program and 1,399 shares held pursuant to the MORS S.A. merger) is calculated on the basis of the closing price, i.e. on December 31, 2016 a provision of €142,480 on the basis of a price of €7.55.

Breakdown of treasury shares at December 31, 2016:

Origin (in €)	Number of shares	Gross amount	Provision	Net value
Merger with MORS S.A. in 2000	1,399	153,043	142,480	10,562
Share buyback programs	1,929	9,033		9,033
Total	**3,328**	**162,076**	**142,480**	**19,596**

In addition, on December 31, 2016, ACTIA Group held through a **liquidity contract** assigned to Portzamparc, **13,045 of its own shares** and €80,664.52 in cash.

Note 3.8 Shareholders' equity

At December 31, 2016, there were no stock option plans established by the Company and the share capital amounted to €15,074,955.75. It consists of 20,099,941 shares with a par value of €0.75 per share. The total amount of additional paid-in capital is €14,693,643.96.

Accordingly net assets changed as follows over the period:

In €	Balance at 12/31/2015 prior to appropriation of earnings	Appropriation of earnings 2015			Share capital increase	Balance at 12/31/2016 prior to proposed appropriation of earnings
		Retained earnings	Dividends			
Share capital	15,074,956					15,074,956
Share premiums	14,693,644					14,693,644
Merger premiums	2,867,003					2,867,003
Legal reserves	1,507,496					1,507,496
Restricted reserves	189,173					189,173
Retained earnings	6,189,394	2,343,583		832		8,533,810
Net income/(loss) for 2015	4,353,577	(2,343,583)	(2,009,162)	(832)		(0)
Net income/(loss) for 2016						2,262,529
Total	**44,875,244**	**0**	**(2,009,162)**	**0**	**0**	**45,128,611**

At December 31, 2016, restricted reserves set aside to cover treasury shares totaled €19,596.

Note 3.9 Provisions for expenses

None.

Note 3.10 Liabilities

The breakdown of liabilities by type and maturity at the balance sheet date was as follows:

In €	12/31/2016			Total
	<12/31/17	>01/01/18 <12/31/21	>01/01/22	
Bank borrowings and debts to credit establishments	4,169,234	6,109,529	1,018,784	11,297,547
o.w. MLT borrowings	*2,802,782*	*6,109,529*	*1,018,784*	*9,931,094*
ST bank lines and commercial paper	*1,350,000*			*1,350,000*
Interest accruing on financial liabilities	*16,453*			*16,453*
Other financial liabilities		2,143,141		2,143,141
Advances and prepayments on orders				0
Accounts payable	700,369			700,369
Amounts payable to payroll tax agencies	134,893			134,893
Other liabilities (including deferred income)	48,556			48,556
Total	**5,053,052**	**8,252,669**	**1,018,784**	**14,324,506**

Certain medium- to long-term loans are subject to conditions imposed by covenants. These covenants apply to loans for amounts totaling €8,213,535 or 82.7% of medium and long-term debt. Compliance with these covenants is verified at the end of each period on the basis of ACTIA Group's consolidated financial statements.

At December 31, 2016 the breakdown of the medium to long-term borrowings and covenants is as follows:

Amount at inception (in €)	Year of inception	Term (years)	Outstanding principal at 12/31/2016	Covenant				
				Ratios at year-end 2016 (calculated on the basis of the consolidated financial statements)	Compliance (1)		Reclassification under current borrowings (2)	
					Year-end 2016	Year-end 2015	Year-end 2016	Year-end 2015
1,000,000	2012	5 years	100,000	Net debt to equity < 1.20 Net financial expense to EBITDA < 30% Net debt to EBITDA < 5	R R R	R R R	-	-
1,000,000	2012	5 years	156,949	-				
500,000	2013	5 years	173,650	Net debt to equity ≤ 1.15 Net financial expense to EBITDA < 30% Net debt to EBITDA < 5	R R R	R R R	- - -	- - -
2,000,000	2013	5 years	719,490	-				
1,000,000	2014	5 years	558,347	Net debt to equity ≤ 1.15 Net financial expense to EBITDA < 30% Net debt to EBITDA < 5	R R R	R R R	-	-
1,000,000	2014	4 years	500,000	Net debt to equity ≤ 1.15 Net financial expense to EBITDA < 30% Net debt to EBITDA < 5	R R R	R R R	-	-
1,500,000	2014	5 years	841,121	-				
2,000,000	2015	5 years	1,447,466	Net debt to equity ≤ 1.15 Net financial expense to EBITDA < 30% Net debt to EBITDA < 5	R R R	R R R		
2,000,000	2016	5 years	1,934,071	Net debt to equity < 1.15 Net financial expense to EBITDA < 30% Net debt to EBITDA < 5	R R R		-	
3,500,000	2016	7 years	3,500,000	Net debt to equity < 1.15 Net debt to EBE < 3.5	R R		-	
Total			**9,931,094**				**0**	**0**

(1) R = Respected - NR = Not respected

(2) Non-current portion of debt reclassified under "Current financial liabilities"

In 2016, the trend for ACTIA Group sales had a significant impact on the "Net Debt to Equity" and "Net debt/EBITDA" ratios with:

- an improvement in equity reflecting the limited payout of consolidated profit (dividend for financial year 2015 = 12.4% of 2015 consolidated profit);
- growth in gross debt related to significant financing obtained to cover working capital requirements and investments (R&D, production);
- a significant increase in cash and lower use of short-term debt from the financing receivables account related to the creation of liquidity from operations;
- a net increase in EBITDA.

Based on these factors, all covenants at December 31, 2016 were satisfied, as at December 31, 2015.

Note 3.11 Revenue

Because of the nature of its activity as a holding company, revenue of ACTIA Group S.A. corresponds to amounts originating from chargebacks to its affiliated undertakings.

Note 3.12 Reclassifications of operating expenses

Under operating expenses, expense reclassifications concern amounts invoiced for expenses incurred by ACTIA Group S.A. for its subsidiaries:

- travel and miscellaneous expenses: €2,856
- licenses: €285,026
- insurance (including brokerage services): €353,945

Note 3.13 Net financial income (expense)

The most significant items of **financial income** are:

- dividends received from subsidiaries: €2,814,506
- interest on current accounts of subsidiaries: €169,749
- income from off-balance sheet commitments in favor of subsidiaries: €399,597

Financial expenses are mainly comprised of:

- interest on commercial paper: €38,702
- interest and similar expenses on bank borrowings: €91,524
- interest on bank current account credit balances: €10,265

Note 3.14 Non-recurring items

There were no other material non-recurring items in financial year 2016.

Note 3.15 Earnings per share

Basic earnings per share at December 31, 2016 are calculated on the basis of the net income of €2,262,529 divided by the number of shares in circulation excluding treasury shares. These calculations break down as follows:

In €	12/31/2016	12/31/2015
Net income/(loss)	2,262,529	4,353,577
Shares issued at January 1	20,099,941	20,099,941
Issuance of new shares	0	0
Treasury shares	(3,328)	(3,328)
Earnings per share	**0.11**	**0.22**

Note 3.16 Financial commitments and collateral provided

Collateral provided by ACTIA Group S.A. to banks on behalf of its subsidiaries represented €36,129,132 at December 31, 2016 versus €30,080,067 at December 31, 2015.

The guarantees provided by ACTIA Group S.A. on behalf of its subsidiaries to non-banking third parties amounted to €208,441,573, breaking down as follows:

- customer guarantees (1): €207,957,073
- lease payment guarantees: €484,500

(1) *Including a guarantee of €200,000,000 covered by an insurance policy taken out directly by the subsidiary in question.*

Collateral provided by ACTIA Group S.A. for bank borrowings:

- 469,262 shares in its subsidiary ACTIA Telecom;

Leaseback agreement guarantees:

- 860 shares in its subsidiary SCI Oratoire.

Note 4. Other information

Note 4.1 Accrued expenses

Accrued expenses consist of auditors' fees in the amount of €48,556.

Note 4.2 Dividends

The appropriation of 2016 earnings is set out in 5.11.3 "Appropriation of earnings" of the Registration Document. A proposal will be submitted to the General Meeting of May 30, 2017 to distribute a dividend of €0.15 per share.

Note 4.3 Unrealized tax position

At December 31, 2016, the unrealized tax position was comprised of losses of €7,211,564 remaining to be carried forward.

Note 4.4 Headcount at year-end

	2016	2015
Managers and supervisors	5	5
Employees	1	2
Students on work placements		
Workers		
Total	**6**	**7**

Note 4.5 Related-party transactions

Related-party balances at 12/31/2016	Parent	Subsidiaries	Other related companies
Balance sheet ASSETS			
Investment-related receivables		6,377,641	300,000
Provision for receivables on investments			
Accounts receivable		799,084	10
Other receivables			
Balance sheet SHAREHOLDERS' EQUITY AND LIABILITIES	-	-	-
Accounts payable	527,935	2,145,354	
Income statement	-	-	-
Operating expenses	1,792,649	93,055	
Financial expenses		14,281	
Non-recurring expenses			
Operating income	107,760	2,925,975	
Financial income		3,382,220	1,633
Non-recurring income			

Operating expenses payable to the parent company represent amounts invoiced for services rendered.

Note 4.6 Risks and hedging policy

❖ Interest rate risk:

The table below provides a breakdown between fixed and variable rate financial debt of ACTIA Group S.A. at December 31, 2016:

In €	2016			2015		
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Medium and long-term borrowing	7,155,187	2,775,907	**9,931,094**	2,470,625	4,397,700	**6,868,326**
Commercial paper/short-term bank lines		1,350,000	**1,350,000**		4,348,119	**4,348,119**
Total value	**7,155,187**	**4,125,907**	**11,281,094**	**2,470,625**	**8,745,819**	**11,216,444**
Total in %	63%	37%	**100%**	22%	78%	**100%**

The sensitivity to a 1% increase in the benchmark (three month Euribor) was calculated on a pre-hedging basis. At December 31, 2016, this represented €41 k including €28,000 for medium and long-term borrowings (€87 k at December 31, 2015 including €44 k for medium and long-term borrowings).

However, interest rate hedges have been set up at the level of the main subsidiary ACTIA Automotive S.A., with an analysis of interest rate risk at the Group level, which reduces it on a consolidated basis to 35%.

❖ Equity risk

At December 31, 2016, ACTIA Group S.A. held 3,328 treasury shares. The sensitivity to a 1 point decline in the share price is consequently €3 k.

❖ Exchange rate risk

There are currently no foreign currency transactions in progress.

Note 4.7 Remuneration for management body members

Supervisory Board members do not receive any remuneration from ACTIA Group S.A and only the Chairman of the Executive Board receives remuneration for his office. For further information see Section 5.15 "Remuneration and benefits".

Note 4.8 Post-closing events

No noteworthy events have taken place since December 31, 2016

Note 4.9 Consolidating company

S.A. **LP2C** with capital of €6,751,560

Registered office: 5, Rue Jorge Semprun – 31432 Toulouse

Toulouse Companies Register (RCS): Toulouse B 384,043,352

7.2.4 Report of the Statutory Auditors on the annual financial statements of ACTIA Group S.A.

This is a free translation into English of the original report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, professional guidelines applicable in France.

To the shareholders,

In accordance with our appointment as Statutory Auditors by your Annual General Meeting, we hereby present you with our report for the financial year ended December 31, 2016 on:

- the audit of the annual financial statements of ACTIA Group S.A., as enclosed herewith;
- the justification of our assessments;
- the specific procedures and disclosures required by law.

The financial statements have been approved by the Executive Board. Our role is to express an opinion on these annual financial statements based on our audit.

Opinion on the annual financial statements

We conducted our audit in accordance with professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatements. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the annual financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained provides a sufficient and appropriate basis for our audit opinion.

In our opinion, the annual financial statements give a true and fair view of the financial position and the assets and liabilities of the Company as at December 31, 2016 and the results of its operations for the year ended in accordance with French accounting standards.

Justification of our assessments

In application of the terms of Article L. 823-9 of the French Commercial Code relating to the basis of our assessments, we bring to your attention the following matters:

Note 2.3 on "Financial Assets" of Subsection 7.2.3 to the financial statements presents the accounting rules and methods to determine value in use of investment securities.

Our work has consisted in evaluating the data and assumptions on which these estimations have been based, reviewing the calculations made by the Company and examining the procedures for management's approval of these estimations.

These assessments were made as part of our audit of the annual financial statements taken as a whole and, therefore, contribute to the audit opinion we formed which is expressed in the first part of this report.

Specific verifications and information required by law

We have also performed in accordance with professional practice standards applicable in France the specific verifications required by French law.

We have nothing to report with respect to the fairness and compliance with the annual financial statements of the information given in the Executive Board's management report and in the documents addressed to the shareholders on the financial condition and annual financial statements.

Regarding the information provided in accordance with the provisions of Article L. 225-102-1 of the French Commercial Code on compensation and benefits paid to Corporate Officers as well as commitments incurred in their favor, we have verified their consistency with the accounts or with the data used to prepare these accounts, and when necessary, obtained by your Company from companies exercising control over or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

As required by law, we have verified that the management report contains the appropriate disclosures relating to the identity of holders of capital and voting rights.

Statutory Auditors

Labège, April 26, 2017	Paris, April 26, 2017
KPMG Audit *A division of KPMG S.A.*	
Philippe Saint-Pierre	Eric Blache
Partner	*Partner*

7.3 Miscellaneous financial information

7.3.1 Fees paid to the Statutory Auditors

Pursuant to Article 222-8 of the General Regulations of the AMF, the table below presents the amount excluding VAT of audit fees paid in respect of the Group's separate and consolidated financial statements. These fees cover services provided and expensed in financial year 2016 in the accounts of ACTIA Group S.A. and its subsidiaries whose income statements of the period and balance sheets are fully consolidated. For information, the balance of Auditors' fees relating to the period is often invoiced in the first half of the following period. This was the case for the balance of fees for 2015 invoiced in early 2016.

For improved clarity with respect to information on the parent company and subsidiaries, we have opted for a presentation of amounts as agreed in the letter of engagement.

Overall, Auditors' fees have remained stable from one period to the next.

(€k)	KPMG				Eric Blache			
	Amount excluding VAT		%		Amount excluding VAT		%	
	2016	2015	2016	2015	2016	2015	2016	2015
Audit fees in respect of the separate annual and consolidated financial statements:								
Issuer: ACTIA Group S.A.	84	82	18.2%	16.6%	42	41	100.0%	100.0%
Fully consolidated subsidiaries	367	400	79.4%	81.5%	0	0	0.0%	0.0%
Other services directly related to statutory auditing:								
Issuer: ACTIA Group S.A.	10	7	2.2%	1.4%	0	0	0.0%	0.0%
Fully consolidated subsidiaries	1	2	0.2%	0.4%	0	0	0.0%	0.0%
SUBTOTAL	**462**	**491**	**100.0%**	**100.0%**	**42**	**41**	**100.0%**	**100.0%**
Other services provided by the networks to fully consolidated subsidiaries:								
Legal, tax, labor	4	4	54.4%	100.0%	0	0		0.0%
Other	3	0	45.6%	0.0%	0	4		100.0%
SUBTOTAL	**7**	**4**	**100.0%**	**100.0%**	**0**	**4**		**100.0%**
ACTIA Group TOTAL	**469**	**495**	**100.0%**	**100.0%**	**42**	**44**	**100.0%**	**100.0%**

Audit fees for the separate and consolidated financial statements for the financial years ended December 31, 2016 and 2015 respectively concern primarily professional services undertaken to review and certify the consolidated financial statements of the Group prepared in accordance with IFRS as adopted in the European Union and certification of the statutory accounts of certain Group subsidiaries, compliance with local regulations and review of documents filed with the AMF, the French securities market regulator.

Other services provided related directly to missions performed by the Auditors or a member of their networks concern those relating to normal statutory auditing missions (independent third party report on social and environmental information, drafting of special certificates, performance of due diligence in connection with acquisitions or disposals of activities or of companies to be consolidated or deconsolidated).

Other legal, tax, labor services concern services provided by the network to fully consolidated subsidiaries that do not fall under the scope of auditing services rendered by a member of the network of KPMG or by Eric Blache and his firm to consolidated subsidiaries. These assignments concern primarily providing assistance in respect to compliance with tax obligations unrelated to services relating to the statutory audit engagement, and outside of France.

7.3.2 Dividend policy

FY	Dividend per share €	Total dividend distributed €
2013	0.07	1,406,995.87
2014	0.10	2,009,994.10
2015	0.10	2,009,994.10

After a period of support by the Group, notably in connection with requirements relating to R&D expenditure for electronic diagnostics and the emergence of digital tachographs, ACTIA Group has adopted a dividend policy since financial 2007, in line with its policy for Shareholders' Equity described in Note 14 in the Notes to the consolidated financial statements, "Shareholders' equity", and in relation with consolidated earnings. This policy was temporarily interrupted for financial years 2009 to 2011 in response to the economic situation and was resumed as soon as results returned to the level for equity initially budgeted in order to permit the Group to reduce debt for all Group structures.

It is furthermore specified that this policy covers all qualifying Group companies showing a profit to which is applied a percentage of distribution defined in accordance with their authorized capital spending requirements and legal constraints.

7.3.3 Legal and arbitration proceedings

In the normal conduct of its operating activities, the Group is faced with a certain number of disputes or legal proceedings (involving employees, customers, suppliers, etc.). Provisions are established for these proceedings in accordance with applicable accounting procedures.

As indicated since the 2010 Registration Document, a claim was filed against our subsidiary ACTIA Muller S.A. (today merged into its parent company ACTIA Automotive, its successor-in-interest) by the Work Inspectorate in connection with two fatal accidents that occurred at its expert shock absorber units for trucks, arising under very similar circumstances, whereby an error caused by the victims had been identified in both cases.

Charged in 2012 for manslaughter in connection with the workplace in both these cases, on January 8, 2013 ACTIA Muller S.A. was granted a ruling of dismissal for one of these cases.

The other case was referred to the Criminal Court by a ruling of August 7, 2013 issued by the investigating judge. In connection with this proceeding, ACTIA Muller appeared before the Criminal Court on July 2, 2015 and was convicted of corporate manslaughter within a work-related situation. In light of, in particular, the limited reasons presented in support of the judgment, the Company immediately filed an appeal against this decision. The hearing took place on January 16, 2017 and the judgment has been set for May 15, 2017.

For a period of at least the last twelve months there have been no other governmental, legal or arbitration proceedings, (including any of which the Company is aware that are pending or threatened), that could have or recently had a material impact on the financial position or profitability of the issuer and/or the Group.

Concerning disputes in progress in 2016, provisions are established on a case-by-case basis according to the degree of risk or the duration of the proceeding (see details provided in Note 16 in the Notes to the consolidated financial statements, “Provisions"). However, none of these disputes constitutes material risks for the Group.

7.3.4 Significant changes in the issuer's financial or trading policies

There have been no material events since the balance sheet date of December 31, 2016 in connection with the Group's financial or trading position.

8. ADDITIONAL INFORMATION

8.1 Share capital

At December 31, 2016, shares of ACTIA Group S.A. were included in Segment C of NYSE Euronext Paris (companies with a capitalization of less than €150 million) under ISIN code FR0000076655 (see **Note 14** in the Notes to the consolidated financial statements, "Shareholders' equity"). Since January 27, 2017 and until the publication date of this document, shares of ACTIA Group S.A. are included in Segment B of NYSE Euronext Paris (companies with a capitalization between €150 million and €1 billion inclusive) under ISIN code FR0000076655.

8.1.1 Subscribed share capital

The share capital amounts to €15,074,955.75, split into 20,099,941 shares with a par value of €0.75 each, fully paid up and all in the same class.

Since the last capital increase recorded on September 15, 2008, there has been no change in the share capital up until the date of signature of this document.

8.1.2 Shares not representing capital

Not applicable.

8.1.3 Treasury shares

Information on these securities is provided in Note 3.7 in the Notes to the separate financial statements, "Treasury shares".

8.1.4 Convertible or swappable securities or securities with warrants

Not applicable.

8.1.5 Vesting conditions

Not applicable.

8.1.6 Information about any capital of any member of the Group which is under option or agreed conditionally or unconditionally to be put under option

None.

8.1.7 History of the share capital

FY	Transactions	Par value	Premium	Successive capital amounts	Cumulative number of shares
1993		FFR 50	FFR 113,645,832	FFR 142,727,000	2,854,540
June 1994	Capital reduction by reducing the par value of shares from FFR 50 to FFR 10	FFR 10	FFR (113,645,832)	FFR 28,545,400	2,854,540
July 1994	Capital increase for cash via the issue of shares with share warrants	FFR 10	FFR 129,917,897	FFR 92,772,550	9,277,255
January 1995	Capital increase via the exercise of share warrants	FFR 10	FFR 6,696	FFR 92,775,340	9,277,534
August 1997	Capital increase via the exercise of share warrants	FFR 10	FFR 2,400	FFR 92,776,340	9,277,634

FY	Transactions	Par value	Premium	Successive capital amounts	Cumulative number of shares
June 1998	Capital reduction by reducing the par value of shares from FFR 10 to FFR 4	FFR 4	FFR (129,926,993)	FFR 37,110,536	9,277,634
February 1999	Issue of share warrants in favor of Electropar	FFR 4	FFR 1	FFR 37,110,536	9,277,634
May 2000	Share capital reduction pursuant to losses by reducing the par value of shares	FFR 0.5	-	FFR 4,638,817	9,277,634
May 2000	Capital increase via the contribution of ACTIELEC securities	FFR 0.5	FFR 31,737,488	FFR 77,341,042	154,682,084
May 2000	Reverse share split and capital reduction	FFR 5	-	FFR 77,341,040	15,468,208
May 2000	Conversion of capital into Euros	€0.75	-	€11,601,156	15,468,208
October 2000	Recording of the exercise of subscription options by Group employees (5th tranche)	€0.75	€327,168	€11,792,856	15,723,808
December 2000	Capital increase for cash	€0.75	€9,148,160	€12,864,906	17,153,208
October 2004	Capital increase for cash in the form of share warrants	€0.75	€4,875,000	€14,271,156	19,028,208
April 2005	Capital increase for cash following the grant of bonus share warrants	€0.75	€3,606,685	€14,879,024	19,838,699
March 2006	Capital increase for cash, following the subscription of share warrants	€0.75	€79,466	€14,894,956	19,859,941
September 2008	Capital increase for cash, following the exercise of stock options	€0.75	€280,800	€15,074,956	€20,099,941

8.1.8 Description of the Company's share buyback program

See Note 3.7 in the Notes to the separate financial statements, “Treasury shares".

8.2 Memorandum of Incorporation and Articles of Association

8.2.1 Corporate purpose

"Article 3 of the Articles of Association: purpose

The Company's purpose in France and abroad includes:

- the analysis, design, manufacture and after-sales servicing of mechanical, hydraulic, electrical and electronic systems;
- any transaction of any kind whatsoever directly or indirectly relating to this object and likely to facilitate its development, achievement or sale;
- the concession, franchising of any trademark, patent, product or service and more generally investment by the Company in any existing or future company or entity, that may directly or indirectly relate to the corporate purpose or to any similar or connected purpose and by any means in particular via the incorporation of new companies, contributions, mergers, alliances or joint ventures;

- the management of its portfolio of securities as well as all movable and real property transactions and related services;
- the provision of services in particular legal, financial, accounting, administrative, organization and management, communications, marketing and in general all financial, commercial, industrial, movable and real property transactions that may directly or indirectly relate to the above objects or to any similar or related activity."

8.2.2 Members of Administrative, Management and Supervisory bodies

ACTIA Group S.A. has been organized as a French corporation with a Supervisory Board and an Executive Board since the Extraordinary General Meeting of November 12, 2002.

Membership of the management bodies, Supervisory Board and Executive Board, is covered in Subsection 5.14.1 "Supervisory Board and Executive Board membership" of the Registration Document.

Supervisory Board

"Article 22 of the Articles of Association: responsibilities and powers of the Supervisory Board

The Supervisory Board exercises permanent control over the management of the Company by the Executive Board. Throughout the course of the year it carries out whatever checks and controls it feels are appropriate and may request any documentation it feels necessary for the performance of its work. It authorizes the Executive Board, to the extent permitted under applicable legislation, to provide deposits, endorsements or guarantees in the Company's name, to dispose of buildings, to partially or wholly dispose of or acquire interests and to grant sureties."

Executive Board

"Article 16 of the Articles of Association: powers and obligations of the Executive Board – Executive Management

The Executive Board is empowered with the broadest possible powers to act on the Company's behalf vis-à-vis third parties in all circumstances, within the scope of the corporate purpose and subject to those powers expressly reserved by the French Commercial Code for the Supervisory Board and General Meetings. In its dealings with third parties, the Company is bound even by the acts of the Executive Board outside the scope of the corporate purpose, unless it transpires that the third party was aware that such acts exceeded said purpose or could not but have been aware given the circumstances.

However, other than transactions in respect of which the Supervisory Board's authorization is required by law, it is stipulated for internal purposes and not binding on third parties, that certain decisions may not be taken by the Executive Board and that certain acts or undertakings may not be entered into or signed by the Chairman of the Executive Board or, as the case may be, by a Chief Executive Officer, without prior authorization by the Supervisory Board when they in particular relate to the following:

- purchase of buildings worth in excess of a sum determined by the Supervisory Board;
- purchase, sale, exchange, contribution of all other real property assets and any rights on real or movable property worth in excess of a sum determined by the Supervisory Board;
- the setting up of entities of any kind both in France and abroad, representing an investment in excess of a sum determined by the Supervisory Board; closure of these entities;
- borrowings even unsecured, of an amount in excess of a sum determined by the Supervisory Board;
- incorporation of companies and taking of interests of all forms in any company or entity where the amount exceeds a sum determined by the Supervisory Board;
- loans, credits or advances granted by the Company for a period and/or amount in excess of those determined by the Supervisory Board;
- renting, leasing of all buildings or business assets for a period and/or amount in excess of those determined by the Supervisory Board;
- any contract with a term in excess of that determined by the Supervisory Board;
- direct commitments even unsecured, of an amount in excess of a sum determined by the Supervisory Board;
- membership of an economic interest grouping or any form of venture or company that may give rise to joint and/or indefinite liability for the Company;
- taking on and laying off Company employees with annual salaries in excess of a sum determined by the Supervisory Board;

- representing the Company in respect of legal actions, legal settlements, voluntary liquidation, administration or court-ordered winding up;
- calling an Ordinary General Meeting where the agenda includes:
  - the appointment of candidates for membership of the Supervisory Board,
  - the dismissal of one or more members of the Supervisory Board,
  - the reappointment of one or more members of the Supervisory Board;
- calling an Extraordinary General Meeting where the agenda includes:
  - the total or partial contribution of corporate assets, to one or more, existing or future, companies, by way of merger, spin-off or partial asset contribution,
  - the reduction, increase, whether directly or indirectly, immediately or over time, or redemption of the share capital,
  - the amending of one or more provisions of the Articles of Association;
- the exceeding of the budget for the current financial year, previously approved by the Supervisory Board.

In addition, the acceptance by a member of the Executive Board of an executive, management or supervisory position, as well as a position of employee, in another company should be submitted by the member in question for the approval of the Supervisory Board.

At least once a quarter, the Executive Board presents a report to the Supervisory Board. Within three months of the end of each financial year, it presents to it, for verification and control purposes, the accounting documentation that must be submitted to the Annual General Meeting.

The Chairman of the Executive Board represents the Company in its dealings with third parties. The Supervisory Board may grant the same powers of representation to one or more members of the Executive Board who shall thus carry the title of Chief Executive Officer. The Chairman and the Chief Executive Officer may be dismissed by a decision of the Supervisory Board. Acts binding the Company vis-à-vis third parties may be validly entered into by the Chairman of the Executive Board or by any member having been appointed Chief Executive Officer by the Supervisory Board.

When making appointments, the Supervisory Board sets the type and amount of the remuneration of each Executive Board member."

Established at the General Meeting of November 12, 2002 and comprised of seven members since the Ordinary General Meeting of May 28, 2014, its responsibilities include the setting of the Group's strategy, both at a global level and for each division, in respect not only of industrial matters but also Research & Development (an essential platform for the sustainability of the Group), organization and finance, and its activities extend to operational matters:

- executive management of the Group's main subsidiary;
- relations with banks and the implementation of management systems;
- reporting;
- negotiation of key contracts;
- decisions regarding major capital expenditure programs or disposals undertaken by the Group;
- reviewing the targets it sets.

8.2.3 Rights, preferences and restrictions in respect of shares

"Article 10 of the Articles of Association: rights attached to ordinary shares - voting rights

Ownership of an ordinary share automatically entails acceptance of the Company's Articles of Association and of the resolutions duly adopted by all General Meetings.

Shareholders bear losses only up to the amount of their capital contributions.

Each ordinary share carries a right to a portion of corporate assets, earnings and any liquidation surplus in proportion to the share capital they represent.

As the case may be, and subject to any statutory provisions, all tax exemptions or charges applicable to the total number of ordinary shares as well as all taxation which may be borne by the Company shall be taken into account prior to any reimbursement either within the course of the life of the Company or upon its liquidation so that, according to their nominal value, all the existing shares of the same class shall receive the same net amount irrespective of their origin or their date of issuance.

The voting right attached to ordinary shares shall be proportional to the portion of the capital they represent and each share carries at least one voting right, subject to the exceptions provided for by law and the Articles of Association.

Voting rights:

At all Ordinary and Extraordinary General Meetings, voting rights attached to ordinary shares shall be proportional to the portion of the capital they represent and each share carries at least one voting right, subject to the exceptions provided for by law and the Articles of Association.

Nevertheless, voting rights double those granted to other ordinary shares, with regard to the portion of the share capital they represent, are granted to:

- all fully paid up ordinary shares that have been registered in the name of the same shareholder for at least four uninterrupted years,
- registered ordinary shares granted free of charge to a Shareholder in the event of a capital increase via the capitalization of reserves, earnings or issue premiums, on the basis of existing shares that enjoyed this right;

Double voting rights shall be automatically revoked for any ordinary share converted to bearer form or transferred.

Nevertheless, the aforementioned period shall not be interrupted and the vested rights retained in the event of:

- any transfer as a result of inheritance, separation of marital assets or *inter vivos* gift to a spouse or a relation entitled to inherit,
- any transfer via merger, spin-off or complete transfer of assets by a legal entity shareholder to another company:
  - of which it directly or indirectly controls more than 50% of the capital and/or voting rights;
  - that directly or indirectly controls more than 50% of the capital and/or voting rights."

The major shareholders of ACTIA Group S.A. do not have different voting rights other than the same double voting rights to which all shareholders may be entitled (see above).

"Article 12 of the Articles of Association: treatment of fractional shares

Whenever it is required to possess more than one share to exercise a right of any nature in connection with an exchange, a share consolidation or share grants, in the event of an increase or decrease in the share capital, a merger or any other corporate action that might result in the creation of fractional shares, owners of individual shares or a number of shares lower than required, may exercise said rights only if they undertake at their personal initiative to combine their shares with others and, as the case may be, purchase or sell the necessary shares."

8.2.4 Actions necessary to change shareholder rights

The changing of shareholder rights may only legally result from the amending of the Articles of Association decided by an Extraordinary General Meeting.

8.2.5 General Meetings

Summary of Articles 29 *et seq*. of the Articles of Association:

General Meetings are called according to the conditions, forms and time periods imposed by statute.

The right to participate in or be represented at General Meetings is subject either to the registration of the shareholder in the share register or by filing, in the case of bearer shares, a certificate confirming the shares are held in a blocked account issued by an authorized intermediary, before the second business day preceding the date of the Shareholders' Meeting at midnight, Paris time.

General Meetings are comprised of all shareholders. A shareholder may always be represented at Meetings by another shareholder or by his or her spouse or civil law partner.

Ordinary and Extraordinary General Meetings, deliberating as per the quorum and majority requirements governing each of them, exercise their powers provided under statute.

8.2.6 Change in control provisions

To the best of the Company's knowledge, no provision of the Memorandum of Incorporation, the Articles of Association, a charter or rules of the issuer could result in delaying, deferring or blocking a change in its control.

A shareholder' agreement that is described in Subsection 5.12.3 "Shareholders' agreement" of the Registration Document exists.

8.2.7 Crossing of thresholds

"Article 7 of the Articles of Association: Issuance of securities conferring special rights - preferred shares - form of equity securities and other securities - maintaining accounts - identification of shareholders - crossing of ownership thresholds and holdings

The Company may issue securities giving access to the share capital or conferring rights to the allotment of debt securities. Authorizing the issue of such securities is subject to the remit of the Extraordinary General Meeting. Decisions and authorizations to proceed with bond issues are subject to the remit of the Ordinary General Meeting. In accordance with the provisions provided for by law, the Company may issue securities giving access to the capital of a company in which it exercises control or a company exercising control in it. Shareholders have a preferential right to subscribe for securities giving access to the capital, in accordance with the procedures provided for in the case of capital increases carried out immediately by the issuance of shares for cash. On the issue date of the securities giving access to the capital, the Company must take all necessary measures to ensure that the rights of the holders of these securities are maintained according to the cases and conditions provided for by law.

No specific advantages are granted by these Articles of Association in favor of certain persons, whether partners or otherwise.

The Company may create preferred shares, with or without voting rights, and carrying special rights of any nature, whether temporary or permanent.

Preferred shares without voting rights may not represent more than one half of the share capital. Preferred shares may be repurchased or converted into ordinary shares or preferred shares of another category in accordance with statutory provisions. In the case of a change in or redemption of capital, the Extraordinary General Meeting shall determine the impact of these actions on holders of preferred shares.

Except where provided for otherwise by the terms and conditions set forth in the issuance agreement or statutory provisions, equity securities or any other securities that may be issued by the Company shall be in registered or bearer form, according to the choice of their holder. Shares may however be in bearer form only after having been fully paid up. Fully paid up shares may be either in registered or bearer form at the choice of the Shareholder.

At the request of the holder of an equity security, a certificate of registration may be issued to said holder by the issuer or by the authorized intermediary.

The Company may at all times ask the entity responsible for clearing securities for the information provided for by law on the identification of holders of securities granting immediate or future voting rights at General Meetings.

The Company is moreover entitled in the manner prescribed by the French Commercial Code to request the identity of security holders where it feels that certain holders, the identity of which has been disclosed to it, hold the securities on behalf of third parties.

The Company may ask any legal entity that owns in excess of 2.5% of the capital or voting rights to disclose to it the identity of those persons directly or indirectly holding in excess of one third of the share capital of this legal entity or of the voting rights at General Meetings.

All individuals or legal entities, acting alone or in concert, having acquired a number of shares exceeding one of the statutory thresholds must comply with the corresponding disclosure obligations within prescribed time periods. This information must also be provided when holdings in share capital or voting rights fall below these statutory thresholds."

8.2.8 Procedure for changing the capital

"Article 41 of the Articles of Association: share capital increase

The share capital may be increased via the issue at par or with a premium of new, ordinary or preference shares, paid up either in cash, by offsetting definite cash receivables owed by the Company, by capitalizing reserves, earnings or issue premiums, or by contributions in kind all of this pursuant to a resolution of the Extraordinary General Meeting or the Executive Board, specially empowered for this purpose by said Meeting.

Where the capital increase is via the capitalization of reserves, earnings or issue premiums, the General Meeting must deliberate in line with the quorum and majority requirements for Ordinary General Meetings and the transaction is concluded either by increasing the par amount of the shares or by distributing bonus shares.

No capital increase for cash may be carried out, at the risk of being voided where the former capital has not firstly been fully paid up.

In line with the provisions of the French Commercial Code, shareholders enjoy preferential subscription rights to shares issued for cash as part of a Capital increase in proportion to the number of shares they hold.

The period of time granted to shareholders to exercise this right may not be shorter than the period prescribed in the French Commercial Code or regulations applicable on the date of commencement of subscription. This right may be traded where it is detached from shares that may themselves be traded; otherwise, it may be disposed of in the same manner as the share itself.

The outstanding shares not fully subscribed for as part of the capital increase shall be distributed by the Executive Board unless otherwise decided by the Extraordinary General Meeting. With regard to this distribution, the Executive Board may, moreover, decide to limit the capital increase to the amount of subscriptions subject to the twin conditions that this represents at least three quarters of the approved increase and that this option has been expressly provided for in respect of the issue.

The capital increase may be carried out notwithstanding the existence of "fractions" and shareholders who do not have a sufficient number of subscription or grant rights to be issued a whole number of new shares must make it their business to buy or sell the necessary rights.

The Extraordinary General Meeting deciding the capital increase may, pursuant to the provisions of the French Commercial Code, waive the exercise of preferential subscription rights and reserve the subscription for the new shares for those persons of its choosing.

Any contributions in kind are subject to the verification and approval procedure provided for in the French Commercial Code."

“Article 42 of the Articles of Association: reduction of capital

The Extraordinary General Meeting may also, subject, as the case may be, to the rights of creditors, authorize or resolve to reduce the share capital for whatever reason and by whatever means, but in no event may the capital reduction affect the equal treatment of shareholders.

Reducing the capital, for whatever reason, to an amount under the legal minimum may only be approved subject to the condition precedent of a capital increase designed to take this amount back up to at least the legal minimum unless the Company transforms itself into a type of company that does not require a capital in excess of the share capital following its reduction.

In the event of a failure to do so, any interested party may apply to the Courts to have the Company wound up; this may not be granted if by the day the ruling is handed down by the Court the issue has been corrected."

9. MATERIAL CONTRACTS

Other than the contracts signed in the normal course of business disclosed in Section 5.3 "Business overview" of the Registration Document, subject to the limits of authorizations granted by our customers with respect to disclosures to third parties (nondisclosure agreements and/or clauses), the Group signed no material contract during the two years immediately preceding the publication of this Registration Document.

10. THIRD PARTY INFORMATION AND STATEMENTS BY EXPERTS AND DECLARATIONS OF INTEREST

Not applicable.

11. DOCUMENTS ON DISPLAY

The Articles of Association, financial statements and reports, minutes of the General Meetings and other corporate documentation may be consulted at the Company's Registered Office: 5, Rue Jorge Semprun – BP 74215 - 31432 Toulouse Cedex 4 or on its website: http://www.actia.com.

Contact information

ACTIA Group

A French corporation with an Executive Board and a Supervisory Board
with share capital of €15,074,955.75
Registered with the Toulouse Companies Register (RCS) under number: 542 080 791 – APE: 6420Z

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12. INFORMATION ON HOLDINGS

The information on this topic is set out in Note 3.2 in the Notes to the consolidated financial statements, "Consolidated companies".

13. CONCORDANCE TABLES

13.1 Registration Document concordance table

In compliance with Annex I of EC regulation 809/2004 and Article 212-13 paragraph 1 of the General Regulation of the French securities market regulator, the AMF, and to facilitate the reading of the Registration Document, the table below provides cross-references between the AMF Instruction No. 2005-11 of December 13, 2005 and the corresponding pages of the Registration Document.

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13.3 Incorporation by reference of 2014 and 2015 financial statements

The following information has been incorporated by reference in this Registration Document:

- reviews of operations, IFRS consolidated financial statements and French GAAP separate financial statements for the period ended December 31, 2014 as well as the related Statutory Auditors' reports;
- reviews of operations, IFRS consolidated financial statements and French GAAP separate financial statements for the period ended December 31, 2015 as well as the related Statutory Auditors' reports;
- selected financial information.

This information is included in the French language versions of the 2014 Registration Document filed on April 21, 2015 and the 2015 Registration Document filed on April 20, 2016 by the AMF.

14. GLOSSARY

To facilitate the reader's understanding, selected technical terms and acronyms are defined below:

- **ACTIA Connect**: an extranet type portal proposing connected Web services directly available from the Multi-Diag® diagnostic tool. These services offer the mechanic on line support. The portal provides a secure area reserved for Multi-Diag® customers through a user ID and password.
- **ACT-IES (ACTIA Entertainment System)**: an on-board entertainment system for passenger transport vehicles which allows passengers to access a range of media, video, music through their personal devices (smartphone or tablet) during their trip. This system consists of an on-board server storing the media, and on board Wi-Fi communications module and an application to be downloaded.
- **ACTIA Fleet**: a global solution combining equipment and services for managing commercial vehicle fleets designed and developed by ACTIA. ACTIA Fleet proposes a modular equipment approach – telematics devices, displays, etc. and services - global positioning, fuel consumption management and management of and exploitation of driving event data.
- **ActiMux**: an embedded multiplexed architecture solution for buses and coaches developed by ACTIA. This solution includes a range of electronic calculators, dashboard clusters and gauges.
- **Actuator**: a mechanism for ensuring the regular flow and pressure of a fluid (air, diesel, oil) for the purpose of operating another system under specific conditions.
- **Aftermarket**: the secondary market of the automotive industry. In the sector for industrial vehicles, a distinction is made between the original equipment manufacturer market (OEM) and the secondary market that covers post-equipment operations, maintenance and repairs.

  Tachograph: a device for monitoring the activity of commercial vehicles transporting passengers and merchandise. Mandatory in the European Union, this equipment measures driving time and speed in order to regulate the circulation of commercial vehicles by contributing to improved security.
- **Cluster**: a term that in our area (and which may have other meanings in other areas) refers to an electronic instrument cluster or panel ("digital dash") that includes different displays: screen, gauges.
- **COMCEPT:** an acronym for COMplément de Capacités en Elongation, Projection et Théâtre, a contract awarded by the French military procurement agency (DGA) to Airbus Defence and Space (ex-Astrium) and its partner ACTIA Telecom (ex-ACTIA Sodielec) to provide the French military forces access to Ka-band broadband satellite networks starting in 2014.
- **DGA:** an acronym for Direction Générale de l'Armement, the French military procurement agency. It is responsible for designing, purchasing and evaluating military systems for the French armed forces.
- **DMT:** the DMT (Diagnostic Multiplexing Telematics) portal combining information captured from three on-board systems provided by ACTIA to improve the operation of public transit vehicles in China.
- **DTT:** Digital Terrestrial Television. DTT constitutes the migration to a new broadcasting technology for the transmission of digital content. It has gradually replaced analog terrestrial television.
- **EasyTach:** a software application developed and sold by ACTIA Group for automatically downloading legal data from the tachograph equipping the commercial vehicles (see "Tachograph").
- **EBSF:** European Bus System of the Future. EBSF is the first joint project for the urban bus system in the form of a consortium of 49 partners from 11 countries. Launched in 2008 and coordinated by UITP, the International Association of Public Transport, this project integrates through a global approach the needs of passengers, operators, transport authorities, and drivers and is focused on addressing issues relating to urban infrastructure and the place of the bus in the city of tomorrow.
- **Eco-Fleet**: one of the digital services of the ACTIA Fleet telematics portal for monitoring and analyzing driver behavior (fuel and comfort).
- **Earth Station:** an earth station (ground station) is a terrestrial radio station for receiving and/or broadcasting satellite communications. It is used for both civilian and military applications.
- **Electre:** a project for the deployment of digital substations led by RTE (see "RTE").
- **Embedded systems:** a generic term referring to all on-board electronic equipment in vehicles. These systems are in most cases located at the level of the chassis but communicate with cabin devices, and mainly displays (see "cluster", "gauges", "switch pack").
- **ErDF**: Electricité Réseau Distribution France, a French company managing electricity power distribution.

- **FAR:** an acronym for Fonctions Avancées de Régulation in reference to advanced control features for optimizing the yields of electric lines and transformers based on a significant increase in the number of measures making it possible to more efficiently distribute the energy flows.
- **Gauge**: an instrument for measuring and visually displaying indicators on vehicle dashboards. The instruments provide information to the driver: vehicle speed, engine speed, fuel consumption…
- **IATF**: International Automotive Task Force.
- **iCAN:** a telematics unit designed for light vehicle fleets in the Aftermarket segment. This device is connected to the OBD socket in the driver cabin to transmit vehicle operating data to a fleet management software application.
- **IHM-I**: a range of intelligent and connected solutions equipped with a control interface for buses and coaches. These products are available for the post-equipment market. They include communications protocols that make it possible to provide customers with onboard access to Internet, telephony or different navigation, driving and operating services such as antitheft and shock detection, emergency calls, opening doors, engine ignition authorization or fleet management.
- **Infotainment**: a term within the activities of ACTIA referring to product ranges used to provide passenger entertainment and information services on buses, coaches, subways, tramways and trains.
- **IRIS:** International Railway Industry Standard. This is the international railway standard. Created in 2006 at the initiative of UNIFE (see "UNIFE"), this standard is the industry quality benchmark integrating all requirements specific to this sector.
- **ISO/TS 16949:** the international quality management system standard for the automotive sector. Developed by IATF (see "IATF"), the International Automotive Task Force representing European and American automotive manufacturers and equipment manufacturers, with the objective of harmonizing requirements of the different stakeholders in terms of the quality system.
- **Lean**: refers to "lean manufacturing", a management theory developed in Japan by Toyota to reduce waste by applying a continuous improvement approach across the entire organization.
- **MCO**: an acronym for Maintien en Condition Opérationnelle (Operating Maintenance Services or OMS). This global support package covers all processes required to guarantee the operations of a system over time. In the case of electronic systems, these processes cover the redesign of the cards, their repair, the storage of components, etc.
- **Microwave**: the microwave technology is based on the emission and analysis of high frequency radio waves. ACTIA Group uses this technology in transmission equipment for stations (see "earth stations").
- **Multi-Diag®**: is the multi-make offering for diagnostics devices and software developed and marketed by ACTIA Group. This range is designed to maintain and repair electronic parts of passenger and commercial vehicles irrespective of the manufacturer. It is sold to Aftermarket vehicle maintenance and repair service networks worldwide.
- **NADCAP:** National Aerospace and Defense Contractors Accreditation Program. NADCAP is a quality certification program for subcontractors and suppliers in the aerospace and defense sectors. This program defines the quality standard criteria for each product, manufacturing process and service. This program was developed by major customers like Boeing, Airbus, Safran, Rolls Royce, Bombardier or Zodiac.
- **NATO:** North Atlantic Treaty Organization. Founded on April 4, 1994, a political and military alliance grouping 28 member countries (Europe and North America) with the mission of protecting the liberty and security of its members.
- **OBD**: On Board Diagnostic.
- **ONCF:** an acronym for Office National des Chemins de Fer, the Moroccan national railway company.
- **OTC Lan**: a new communications protocol that is mandatory for all new equipment installed in a technical inspection center since July 1, 2014. As from July 1, 2016, all equipment of a technical inspection center must be in compliance or replaced by compliant equipment. This protocol makes it possible to standardize and secure all information collected and transmitted by different equipment during a technical inspection.
- **PCCN:** an acronym for Poste Contrôle Commande Numérique, a digital protection and control system. This system is used by ErDF (see "ErDF") and defines a new technical level (PCCN level) that equips all new installations and replaces previous equipment requiring costly operating maintenance.
- **PES:** an acronym for Plateforme d'Exécution des Services or "Services Execution Platform" referring to a computer vehicle environment (bus, tramway) and equipped with the necessary communications interfaces making it possible to host all software applications necessary to operate the vehicle (ticketing, multimedia, fleet management passenger information, etc.).

- **RE:** an acronym for Renewable Energy or energy coming from sources that are naturally replenished or replenished at a pace faster than it is used.
- **RTE**: is the electricity transmission system operator of France. It is responsible for the operation, maintenance and development of the French high voltage transmission system and ensuring the security of the electrical system.
- **RTU (Remote Terminal Unit):** a device for reliable communications making it possible for regional dispatching to carry out commands in the electric transmission station (opening the circuit breaker, regulation, etc.).
- **SAM ATOM**: an embedded PC for buses and coaches to manage applications and services for location, communication, multimedia and driver-vehicle interface functions between the driver and passengers, ticketing, video surveillance, etc.
- **SAMI:** an embedded unit for the post-equipment market making it possible to transmit operating data of transport vehicles for advanced maintenance operations. It also features a black box function for detailed recordings of technical parameters that may be analyzed in the event of a vehicle failure or accident.
- **SMARTGRID**: an intelligent electrical grid for optimized energy performance with a remote control capability.
- **SMD**: an acronym for Surface Mounted Device (Composant Monté en Surface or CMS in French). SMD is a method for producing electronic cards in which the components are mounted and soldered directly on the surface of printed circuit boards instead of being attached by pins.
- **Telematics:** etymologically a technology combining telecommunications and information technology. In the areas covered by ACTIA, telematics refers to vehicle connectivity and covers not only embedded communications devices capable of transmitting data but also user services enabled by the use of the data: global positioning, vehicle fleet management, monitoring of fuel consumption, etc.
- **TGU2**: Telematic Gateway Unit 2. The TGU2 is an electrical unit designed and manufactured by ACTIA equipping commercial and industrial vehicles that allows these vehicles to communicate with their environment. This communications capability serves many purposes: global positioning, monitoring of fuel consumption, maintenance, etc.
- **UNIFE**: the European Rail Industry Association (Union des Industries Ferroviaires Européennes).
- **VCI**: Vehicle Communication Interface, referring to the device connected to the OBD (see "OBD") for vehicle connectivity. This device normally located in the vehicle cabin is connected to the vehicle's electronic control units and giving access to a range of vehicle operating data. Exploiting this data through the VCI provides information about the electronic health of the vehicle and as such contributes to its maintenance. A VCI is consequently an embedded telematics unit.