REGISTRATION DOCUMENT

2017

www.actia.com

MESSAGE

From the Chairman of the Executive Board of ACTIA Group

Jean-Louis Pech

After a record-breaking financial 2016, 2017 was expected to be a year of consolidation. And we did slightly better as the period ended with a 1% increase in consolidated sales.

Indeed, the Group has made very good progress over the past few years thanks to the telematics boxes for light premium vehicles coming fully on stream and the challenge, which is being met, is to refocus our business on other customers, or even other markets, once the two contracts driving the growth come to an end. This was the case for the first in the second semester 2017, while for the second we still have a few financial years to confirm the new sources of growth. We are talking about roughly €20 million in 2017 and an additional €40 million in 2018.

This has been made possible by the ramping up of our telematics business in other segments, particularly for heavy and agricultural vehicles. Furthermore, the commercial successes of 2017 and early 2018 have reconfirmed our position as one of the global leaders in small and medium-sized production runs for quite a substantial period as the contracts run until 2025.

In the Aftermarket segment, the technical inspection business has slowed down considerably. This was to be expected due to the non-recurring nature of deliveries in 2016 related to achieving compliance for the equipment following changes to the regulations in France. This generated a great deal of business between end March and end July 2016, followed by a noticeable slowdown running up to the EquipAuto Trade Fair in the fall of 2017. Professionals in the industry are expecting to see further changes to the regulations and are accordingly managing their capital expenditure budgets very cautiously. Therefore, even if for this segment our business turns increasingly to international markets, it still seems important to us to work on the other pillar of this department, meaning fleet-management equipment and the related services, to smooth over the peaks and troughs in regulated markets. Given the situation, the Group acquired 100% of Market IP in order to be able to offer a broader range of higher quality connected services. This small Belgian company with around twenty employees brings an additional technological brick for the management of the mobility of goods and people.

Concerning the business related to electric vehicles, the year was mixed with customers not achieving the expected levels of business and the move of our German site for Battery Management System solutions which delayed our ramping up, but also the first tests for an all-electric tourist bus completely equipped with ACTIA Systems products for both embedded, on-board electronics for the cab (dashboard, passenger information…) and the power train.

Aeronautics and Rail continued to progress, with the latter benefiting from strong synergies with our Telecommunications Division. There have been some considerable commercial successes, confirming this segment as a real driver of further growth over coming months.

The Telecommunications Division, which enjoyed growth of just 1.5%, with the one-off invoicing of studies in 2016 hiding the true rate of progress, confirmed its full potential in the area of Smart Grids with a new commercial success enlarging our participation in the digitization of the French electricity grid.

The year was therefore rich in commercial successes, leading us to set up an office in Japan to strengthen our local relations and more closely examine what needs to be done to reinforce our position with manufacturers, a task made more difficult since the fall by a tense international supply situation due to the demand for components.

At this stage, I should say a word about the commitment of our teams, particularly during the first semester during which the supply problems with batteries for telematics boxes could have resulted in production stoppages for our customers. Their professionalism and personal commitment helped to get over the crisis, admittedly with substantial additional transport costs, but also with the renewed confidence of our customers. In addition to this specific crisis, international growth and the enthusiasm for connected objects is creating more tension on the market, with longer lead times, but our teams are ready to face this period which manufacturers have said will be difficult until end 2018, early 2019.

The in-depth work conducted over the past few financial years to rebuild the Group's profitability has proven to be extremely apposite in view of the ever-increasing pressure on pricing on our markets and external events that can adversely affect our results. It should be noted that the second semester 2017 was the best in the history of ACTIA, with operating income of €13.5 million, equivalent to 6.2% of sales. This work will be further reinforced in view of the challenges of globalization, while continuing to develop efficient and appropriate industrial means. We are also managing a major real estate program within a number of our subsidiaries to meet the need for space and changing technologies, knowing that we have also seized opportunities, where appropriate, to acquire ownership. Overall, we have managed the business to avoid financial pressures, with current repayments being of a level equivalent to the previous rents or repayments. Only one investment was an exception to this, with the development of a production facility for electronic cards in the USA that should start production during the second semester 2019.

Based on our successes, the commitment of our teams, our capacity for innovation, our regular investments and our specifics, in a rapidly changing world, we are confident of our ability to be a player in the mobility of tomorrow and to rise to the challenge of being an innovative and international medium-sized industrial enterprise.

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 14 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 Shareholders held on May 22, 2012 for a period of six financial years, the term will expire at the end of this General Meeting.

  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 ending 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 General Meeting of Shareholders held on May 22, 2012 for a period of six financial years, the term will expire at the end of this General Meeting.

  Date of commencement of first term of office: Ordinary General Meeting of April 30, 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 ending December 31, 2018.

  For personal reasons, Muriel Correia has asked to be removed from the register of the French institute of statutory auditors (CNCC). The issue of her replacement has therefore been put on the agenda of this General Meeting.

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

3. INFORMATION ABOUT 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

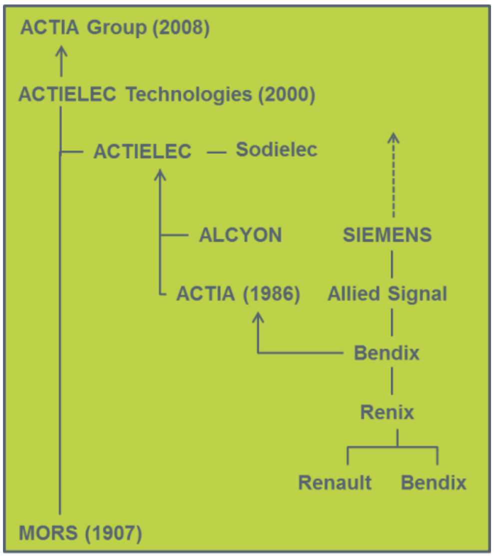
Registered office: 5, Rue Jorge Semprun – Toulouse (Haute-Garonne)
Legal form: French limited corporation with an Executive Board and a Supervisory Board
Share capital: €15,074,955.75
Legislation governing the issuer's activities: French law
Country of origin: France
Postal address: 5, Rue Jorge Semprun - 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 basics of what was to become ACTIA Group consisted of: 315 people, with consolidated sales 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. (U.S.A.) 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. now ACTIA Corp. (U.S.A.), 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);
- 2015: merger of ACTIA Automotive and ACTIA Muller.

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.

In July 2017, ACTIA Group S.A. carried out a transaction to create external growth in the area of connected vehicles (services) by taking control (100% of the share capital) of the Belgian company Market IP specialized in man/machine interface software for the mobility of goods and people and with which ACTIA had already been successfully working with since 2015, thus bringing a team of some twenty people into its workforce.

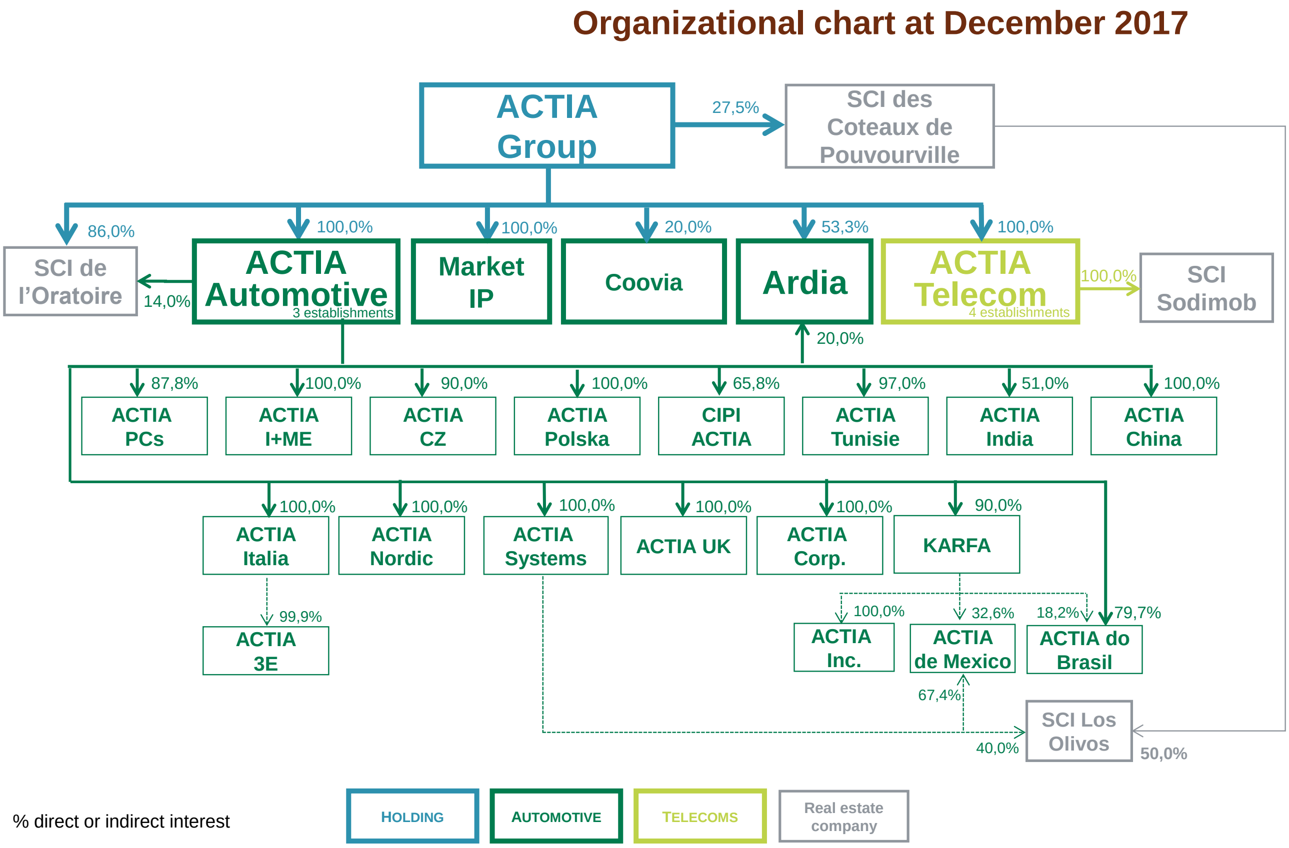
During 2017, there were also two capital increases in the subsidiaries ACTIA Systems (Spain) for €1 million and ACTIA Tunisie whose share capital was increased from TND 300,000 to 1 million, entirely subscribed by ACTIA Automotive as opposed to 89.87% at December 31, 2016: For reasons of economy of scale, ACTIA Systems (Spain) also merged with its subsidiary ACTIA Muller España and the subsidiary ACTIA NL is being wound up.

Finally, to improve its representation, the Group has opened an office in Japan to boost its existing commercial ties and examine the possible creation of a subsidiary.

4. ORGANIZATIONAL CHART

4.1 Organizational chart

The Group's organizational chart at December 31, 2017 was as follows:



4.2 Group structure

This topic is covered in Note 3.2 in the notes to the Consolidated financial statements, “Consolidated companies”.

4.3 Brief overview of the Group

ACTIA Group is the publicly traded company of the Group. The notes to the separate annual financial statements of ACTIA Group. in Subsection 7.2.3 "Notes to the separate financial statements of ACTIA Group S.A." 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 support: definition and management of industrial strategy, searches for information and new technologies for the adaptation of products and winning new markets, monitoring potential opportunities to acquire companies and the search for partners,
  - in the area of the Group's involvement in the regional and national economic fabric: participation in competitiveness clusters, management of relations with state bodies, including government laboratories on behalf of all the Group companies, participation that can go as far as chairing major educational establishments or institutions (INSA, IRT…), relations with the regional world of industry and finance (Tompasse, UIMM, MEDEF, Banque de France, Toulouse Place Financière, various banks, Action Logement (construction, social housing…),

- 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 6.6.3 “Special Report of the Statutory Auditor on regulated agreements and commitments”.

It should be noted that an analysis was conducted on all agreements between Group companies in order to take into account the changes that have occurred in the Group's overall structure and in jurisprudence. The conclusions of this study led us to reconsider the organization of the services and, consequently, a complete rethink of the current agreements.

As a result, as of January 1, 2018, new agreements will be put in place, namely:

- an LP2C group promotion agreement with each of the subsidiaries and sub-subsidiaries of LP2C, for the role that it plays solely and exclusively in the definition of the general strategy of ACTIA Group and that it coordinates in the interests of all ACTIA Group companies,
- an LP2C assistance and service agreement with each of the subsidiaries and sub-subsidiaries of LP2C, in the context of the ongoing services that LP2C provides to the Group,
- an ACTIA Group assistance and service agreement with each of the subsidiaries and sub-subsidiaries of ACTIA Group, in the context of the ongoing services that ACTIA Group provides to the Group,
- an ACTIA Automotive assistance and service agreement with each of the companies of ACTIA Group, in the context of the ongoing services that ACTIA Automotive provides to the Group,
- and an ACTIA Group assistance and service agreement with LP2C.

It is of course in the best interests of ACTIA Group that each of the companies should benefit from the competencies where they exist. As a consequence, each company can enhance its effectiveness and profitability. Indeed, these arrangements, at ACTIA Group level, result in an overall reduction of costs by creating economies of scale for the fixed costs and, therefore, in greater effectiveness and profitability, while each company, benefiting as it does from these reduced costs, can focus its energies on its core business and so improve its economic performance;

- **Two divisions** specialized respectively in:
  - the design, manufacture and diagnostics for embedded electronic systems for small and medium-sized production runs (Automotive),
  - the design, manufacture and maintenance in operational condition of hyper-frequency professional and military equipment (Telecommunications).

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

5.1 Presentation of resolutions

On May 30, 2018, we will call an combined Ordinary and Extraordinary 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, 2017, 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 appropriation of earnings and the agreements covered by Articles L.225-86 et seq. of the French Commercial Code.

During this meeting, we will propose the harmonization of the Company Articles of Association to comply with the following changes to legislation:

- harmonization of Article 4 of the Articles of Association with the provisions of Law No. 2016-1691 of December 9, 2016.

The provisions of Law No. 2016-1691 ("Sapin II law") state that the Supervisory Board has the authority to transfer the registered head office of the Company to any location in France, subject to ratification by the Ordinary General Meetings of shareholders.

Before the publication of this law, the Supervisory Board could only decide to transfer a registered head office within the same Department or a neighboring Department.

As a consequence, the Extraordinary General Meeting is requested to modify Article 4 of the Articles of Association of our Company to take into account the new rules for the transfer of a registered head office.

The last paragraph of Article 4 will then read as follows:

ARTICLE 4 – REGISTERED HEAD OFFICE

Old wording of Article 4 of the Articles of Association

"The Supervisory Board may transfer the registered head office to any other location in the same Department or a neighboring Department, subject to ratification of the decision by the next Ordinary General Meeting of shareholders, and anywhere else as approved by an Extraordinary General Meeting."

New wording of Article 4 of the Articles of Association

"The Supervisory Board may transfer the registered head office to any location in France, subject to ratification of the decision by the next Ordinary General Meeting of shareholders."

- Removal of the wording in Article 7 of the Articles of Association that authorizes the Ordinary General Meeting to issue bonds.

Article 7 of the Articles of Association of our Company currently states that bond issues are decided on or authorized subject to the remit of the Ordinary General Meeting.

Whereas Article L228-40 of the French Commercial Code stipulates that such bond issues may be decided on or authorized by the Executive Board if the Articles of Association do not limit this power to General Meetings.

To simplify bond issues, the Extraordinary General Meetings is requested to remove the statutory obligation stating that bond issues are decided on or authorized subject to the remit of the Ordinary General Meeting.

With the removal of this statutory wording, the Executive Board will be empowered to decide on or authorize bond issues, as stipulated in the provisions of Article L228-40 of the French Commercial Code.

As a consequence, the Extraordinary General Meetings is requested to modify the first paragraph of Article 7 of the Articles of Association as follows:

ARTICLE 7 - ISSUE OF SECURITIES SPECIAL BENEFITS - PREFERENCE SHARES - FORM OF EQUITY SECURITIES AND OTHER SECURITIES - KEEPING ACCOUNTS FOR THE IDENTIFICATION OF SHAREHOLDERS - CROSSING OF THRESHOLDS

Old wording of the first paragraph of Article 7 of the Articles of Association

"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."

New wording of the first paragraph of Article 7 of the Articles of Association

"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. 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."

- Modification of the wording of Article 17 of the Articles of Association which states that members of the Board are appointed from among the shareholders.

We would remind you that the Extraordinary General Meeting of May 28, 2015 removed the statutory obligation for members of the Supervisory Board to hold a share in the Company.

However, there is an ambiguity in Article 17 of the Articles of Association which states that: "The members are appointed from among individuals or legal entities that hold shares", which needs to be corrected.

As a consequence, the Extraordinary General Meeting is requested to confirm that the members of the Supervisory Board do not have to be appointed exclusively from among the shareholders and to accordingly modify Article 17 of the Articles of Association as follows:

ARTICLE 17 - SUPERVISORY BOARD - COMPOSITION

Old wording of the first paragraph of Article 17 of the Articles of Association

"The Supervisory Board exercises permanent control over the management of the Company by the Executive Board. It consists of a minimum of three and a maximum of eighteen members; however, in cases of mergers, the total of eighteen may be exceeded under the conditions and limits set by law. The members are appointed from among individuals or legal entities that hold shares by the Ordinary General Meeting, which may revoke them at any time. Legal entities appointed to the Supervisory Board are required to nominate a permanent representative who is subject to the same conditions and obligations as if they were a member of the Board in their own right. No member of the Supervisory Board may be a member of the Executive Board. If a member of the Supervisory Board is appointed to the Executive Board, their term of office ceases when they take up their new duties."

New wording of the first paragraph of Article 17 of the Articles of Association

“The Supervisory Board exercises permanent control over the management of the Company by the Executive Board. It consists of a minimum of three and a maximum of eighteen members; however, in cases of mergers, the total of eighteen may be exceeded under the conditions and limits set by law. The members are appointed from among individuals or legal entities by the Ordinary General Meeting, which may revoke them at any time. Legal entities appointed to the Supervisory Board are required to nominate a permanent representative who is subject to the same conditions and obligations as if they were a member of the Board in their own right. No member of the Supervisory Board may be a member of the Executive Board. If a member of the Supervisory Board is appointed to the Executive Board, their term of office ceases when they take up their new duties."

- Modification of Article 17 in order to include the provisions covering the conditions for appointing Supervisory Board members to represent employees.

Article L225-79-2 of the French Commercial Code stipulates that limited corporations have an obligation to provide for the appointment of employee representatives to the Supervisory Board in their Articles of Association:

- if, at the closing of two consecutive financial years, the Company and its direct or indirect subsidiaries, whose registered head office is domiciled in France, employ a total of a minimum 1,000 employees,
- or if the Company and its direct or indirect subsidiaries, whose registered head office is domiciled in France or abroad, employ a total of a minimum 5,000 employees,

ACTIA Group and its subsidiaries, whose registered head office is located in France, have exceeded the limits set by Article L225-79-2 of the French Commercial Code.

The Extraordinary General Meeting is requested to acknowledge this.

As a consequence, ACTIA Group is subject to the provisions regarding employee representation on the Supervisory Board as of this year.

The Extraordinary General Meeting must therefore approve the modification of the Articles of Association to determine the conditions in which employee representatives are appointed as members of the Supervisory Board.

To this end, it is proposed that the appointment of these members should be the result of an election involving the employees of the Company and its subsidiaries, direct and indirect, whose registered head office is domiciled in France under the conditions stipulated in Article L225-28 of the French Commercial Code.

Under the provisions of Article L225-79-2, the number members of the Supervisory Board representing employees is at least equal to two in companies where the number of Supervisory Board members is greater than twelve and at least one in companies where the number is equal to or less than twelve.

As the Supervisory Board of ACTIA Group currently has less than twelve members, at least one member will be appointed to represent the employees. The election will be held within six months following the modification of the Articles of Association.

As a consequence, the Extraordinary General Meeting is requested to add the following paragraph to Article 17 of the Articles of Association:

ARTICLE 17 - SUPERVISORY BOARD - COMPOSITION

Addition of the following paragraph:

"Members of the Supervisory Board representing employees

In addition to the members of the Supervisory Board appointed by the General Meeting of shareholders and insofar as the provisions of Article L225-79-2 of the French Commercial Code are applicable to the Company, the Supervisory Board also includes one or more members representing employees.

The number of members of the Supervisory Board representing employees is at least equal to two in companies where the number of members of the Supervisory Board appointed by the method described in Article L225-75 of the French Commercial Code is greater than twelve and at least one if it is equal to or less than twelve.

The number of members of the Board to be taken into account to determine the number of members of the Supervisory Board representing employees is calculated on the date of appointing the employee representatives to the Board. Neither the members of the Supervisory Board elected by the employees under the provisions of Article L225-79 of the French Commercial Code, nor the member(s) of the Board representing shareholder employees appointed under the terms of Article L225-71 of the French Commercial Code are taken into account for this purpose.

If the number of Supervisory Board members appointed by the General Meeting is greater than twelve, a second member of the Board representing employees is appointed in accordance with the above arrangements, within six months of the appointment by the General Meeting of the new Supervisory Board member.

If the number of members of the Supervisory Board appointed by the General Meeting drops to 12 or less, the reduction shall have no effect on the length of the terms of office of the Board members representing employees, which shall come to an end at the normal time.

These members are appointed by an election involving the employees of the Company and its subsidiaries, direct and indirect, covered by the conditions set under Article L225-28 of the French Commercial Code.

Should the seat on the Board of a member representing employees fall vacant for any reason, the vacant seat is filled under the conditions set out in Article L225-34 of the French Commercial Code.

The term of office of members of the Supervisory Board representing employees is set at 4 years from the date of their appointment.

Should the Company no longer be subject to the obligation of appointing a member of the Board representing employees, the term of office of the employee representative(s) shall come to an end at the normal time."

- Harmonization of Article 27 of the Articles of Association with the provisions of Law No. 2016-1691 of December 9, 2016.

The provisions of Law No. 2016-1691 ("Sapin II law") state that the appointment of one or more Alternate Auditors to replace a Statutory Auditor is mandatory only if the Statutory Auditor is an individual or a single person company.

As a consequence, the Extraordinary General Meeting is requested to modify Article 27 of the Articles of Association of our Company to take into account these new provisions.

ARTICLE 27 - STATUTORY AUDITORS

Old wording of the second paragraph of Article 27 of the Articles of Association

"One or more Alternate Auditors, required to replace the Statutory Auditors in case of refusal, impediment, resignation or death, are appointed by the Ordinary General Meeting."

New wording of the second paragraph of Article 27 of the Articles of Association

"The appointment, by the Ordinary General Meeting, of one or more Alternate Auditors to replace a Statutory Auditor in case of refusal, impediment, resignation or death is mandatory only if the Statutory Auditor is an individual or a single person company."

The following resolutions will be submitted to this Meeting.

5.1.1 Agenda

I. POWERS OF THE ORDINARY GENERAL MEETING

- Approval of the separate financial statements for the year ended December 31, 2017, approval of non-tax deductible expenses;
- Approval of the consolidated financial statements for the year ended December 31, 2017;
- Appropriation of earnings for the financial year ended December 31, 2017;
- Special Report of the Statutory Auditor on regulated agreements and commitments and approval of same;
- Reappointment of KPMG as Statutory Auditors;
- Non-renewal and non-replacement of Christian Liberos as Alternate Auditor, subject to the condition precedent of the 16th resolution in extraordinary session;
- Acknowledgement of the end of term of office as Alternate Auditor of Muriel Correia due to her removal from the register of the French institute of statutory auditors (CNCC);
- Appointment, as proposed by the Supervisory Board, of EURAUDIT as the new Alternate Auditor to replace Muriel Correia;
- Approval of the principles and criteria to determine, apportion and allocate the fixed, variable and exceptional items that comprise the total compensation and benefits of any kind due to the Chairman of the Executive Board;
- Approval of the fixed, variable and exceptional items that comprise the total compensation and benefits of any kind paid or due for the 2017 financial year to Jean-Louis Pech, Chairman of the Executive Board;
- 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.

II. POWERS OF THE EXTRAORDINARY GENERAL MEETING

- Harmonization of the Articles of Association with the provisions of Law No. 2016-1691 of December 9, 2016 which stipulates that the Supervisory Board is also authorized to transfer the registered head office of the Company anywhere in France; corresponding modification of Article 4 of the Articles of Association;
- Removal of the wording in Article 7 of the Articles of Association that authorizes the Ordinary General Meeting to issue bonds: corresponding modification of Article 7 of the Articles of Association;
- Modification of the wording in Article 17 of the Articles of Association which stipulates that the members of the Supervisory Board are appointed from among the shareholders; corresponding modification of Article 17 of the Articles of Association;
- Addition of the wording in Article 17 of the Articles of Association setting out the method of appointment of members of the Supervisory Board representing employees; corresponding modification of Article 17 of the Articles of Association;
- Harmonization of the Articles of Association with the provisions of Law No. 2016-1691 of December 9, 2016 which stipulates that the appointment of Alternate Auditors is mandatory only under certain conditions; corresponding modification of Article 27 of the Articles of Association;
- Powers for legal formalities.

5.1.2 Draft resolutions

I. POWERS OF THE ORDINARY GENERAL MEETING

RESOLUTION I: APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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, 2017, approves the separate financial statements adopted on said date, as presented, showing net earnings of €5,766,828.88.

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 €2,694 for this period relating to surplus depreciation on company cars.

RESOLUTION II: APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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, 2017, approves the consolidated financial statements at that date, as presented, showing a profit attributable to the Group of €8,264,191.

RESOLUTION III: APPROPRIATION OF EARNINGS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2017;

On the proposal of the Executive Board, the General Meeting resolves to appropriate earnings for the year ended December 31, 2017 as follows:

Source		
"Retained earnings" at December 31, 2017		€7,783,639.00
Profit of the period: appropriation		€5,766,828.88
Appropriation		
To "Retained earnings" resulting in a balance of:	€11,138,474.96	
Dividends	€2,411,992.92	
TOTAL	**€13,550,467.88**	**€13,550,467.88**

The General Meetings notes that the total gross dividend per share is set at €0.12.

The ex-dividend date will be on June 13, 2018; the dividend will be paid on June 15, 2018.

When paid to individuals resident in France for tax purposes, the dividend is subject to a single withholding tax on the gross dividend set at either the flat rate of 12.8% (Article 200 A of the French General Tax Code), or the tax payer may choose the express, irrevocable and overall option of paying income tax according to the progressive schedule after a relief of 40% (Article 200 A, 13, and 158 of the French General Tax Code). The dividend is also subject to social security contributions of 17.2%.

It is further stipulated that if the Company holds, on the ex-dividend date, treasury shares, the amount of the corresponding unpaid dividends on these shares shall be appropriated to retained earnings.

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
	Dividends	Other income distributions	
2014	€2,009,994.10* Equivalent to €0.10 per share		
2015	€2,009,994.10* Equivalent to €0.10 per share		
2016	€3,014,991.15* Equivalent to €0.15 per share		

***** Including the amount of the unpaid dividend corresponding to treasury and appropriated to retained earnings.

RESOLUTION IV: AGREEMENTS COVERED BY ARTICLES L225-86 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: REAPPOINTMENT OF KPMG AS STATUTORY AUDITORS

As proposed by the Supervisory Board, the General Meeting reappoints KPMG as Statutory Auditors for a period of six financial years, until the end of the Annual General Meeting convened in 2024 to approve the financial statements for the year ending December 31, 2023.

KPMG which has not, over the past two financial years, verified any contribution or merger transactions involving the Company or the companies it controls as defined by Article L233-16 of the French Commercial Code, has accepted the role.

RESOLUTION VI: NON-RENEWAL AND NON-REPLACEMENT OF CHRISTIAN LIBEROS AS ALTERNATE AUDITOR, SUBJECT TO THE CONDITION PRECEDENT OF THE SIXTEENTH RESOLUTION IN EXTRAORDINARY SESSION

The General Meeting acknowledges the expiry of the term of office as Alternate Auditor of Christian Liberos and duly notes his desire not to seek reappointment as such.

Furthermore, the General Meeting, acknowledging that:

- the appointment of Alternate Auditors is no longer mandatory since the Sapin II law of December 9, 2016 came into effect and amended Article L823-1 of the French Commercial Code, if the Statutory Auditors are not an individual or a single person company;
- KPMG, Statutory Auditors as appointed above, is a limited corporation;

subject to the condition precedent of the sixteenth resolution in extraordinary session, hereby resolves, as proposed by the Supervisory Board, not to appoint Alternate Auditors.

RESOLUTION VII: ACKNOWLEDGEMENT OF THE END OF TERM OF OFFICE AS ALTERNATE AUDITOR OF MURIEL CORREIA DUE TO HER REMOVAL FROM THE REGISTER OF THE FRENCH INSTITUTE OF STATUTORY AUDITORS (CNCC)

The General Meeting, having read the Supervisory Board's report, acknowledges the end of the term of office as an Alternate Auditor of Muriel Correia due to her removal from the register of the French institute of Statutory Auditors for personal reasons.

RESOLUTION VIII: APPOINTMENT, AS PROPOSED BY THE SUPERVISORY BOARD, OF EURAUDIT AS NEW ALTERNATE AUDITORS TO REPLACE MURIEL CORREIA

As a consequence of the preceding resolution, the General Meeting, as proposed by the Supervisory Board, hereby resolves to appoint the following as new Alternate Auditors:

EURAUDIT, domiciled at Résidence Cap Wilson – 81, Boulevard Carnot – 31000 Toulouse, to replace Muriel Correia.

EURAUDIT is appointed for the remaining balance of the term of office of their predecessor, meaning until the end of the Annual General Meeting convened to approve the financial statements for the year ending December 31, 2018.

EURAUDIT which has not, over the past two financial years, verified any contribution or merger transactions involving the Company or the companies it controls as defined by Article L233-16 of the French Commercial Code, has accepted the role.

RESOLUTION IX: APPROVAL OF THE PRINCIPLES AND CRITERIA TO DETERMINE, APPORTION AND ALLOCATE THE FIXED, VARIABLE AND EXCEPTIONAL ITEMS THAT COMPRISE THE TOTAL COMPENSATION AND BENEFITS OF ANY KIND DUE TO THE CHAIRMAN OF THE EXECUTIVE BOARD

The General Meeting, voting under the terms of Article L225-82-2 of the French Commercial Code, hereby approves the principles and criteria used to determine, apportion and allocate the fixed, variable and exceptional items that comprise the total compensation and benefits of any kind due for the duties carried out by the Chairman of the Executive Board, as set out in the report appended to the report referred to in Articles L225-100 and L225-102 of the French Commercial Code, presented in the Corporate Governance report in Subsection 6.4.2 "Approval of compensation policy items (ex-ante say-on-pay)" in this Registration Document.

RESOLUTION X: APPROVAL OF THE FIXED, VARIABLE AND EXCEPTIONAL ITEMS COMPRISING THE TOTAL COMPENSATION AND BENFITS OF ANY KIND PAID OR DUE FOR THE 2017 FINANCIAL YEAR TO JEAN-LOUIS PECH, CHAIRMAN OF THE EXECUTIVE BOARD

The General Meeting, voting under the terms of Article L225-100, Paragraph II of the French Commercial Code, hereby approves the fixed, variable and exceptional items comprising the total compensation and benefits of any kind paid or due for the duties carried out by Jean-Louis Pech, Chairman of the Executive Board during the previous period, as presented in the report on Corporate Governance in Subsection 6.4.4 "Compensation items submitted to a vote" of this Registration Document.

RESOLUTION XI: GRANT OF AUTHORITY TO THE EXECUTIVE BOARD TO BUY BACK THE COMPANY'S OWN SHARES WITHIN THE FRAMEWORK OF PROVISIONS UNDER ARTICLE L225-209 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 L225-209 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 by the Company to more than 10% of the share capital may be made for the following purposes:

- to stimulate the secondary market or liquidity per share through an investment services provider through a legally permissible liquidity contract in compliance with the AMAFI Code of Ethics, it being specified that in this case the number of shares taken into account to calculate the above-mentioned limit corresponds to the number of shares bought, minus the number of shares disposed of;
- 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;
- to ensure cover for share purchase options and / or free bonus share plans (or similar plan) for the benefit of employees and / or corporate officers of the Group, as well as any grants of shares as part of a Company or Group Savings Plan (or similar plan), as part of the Company's profit sharing scheme or any other form of share allocation to employees and / or the Group's corporate officers;
- 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, initiated by a third party for the Company's shares and until the end of the period of the offer.

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, 2017.

II. POWERS OF THE EXTRAORDINARY GENERAL MEETING

RESOLUTION XII: HARMONIZATION OF ARTICLE 4 OF THE ARTICLES OF ASSOCIATION WITH THE PROVISIONS OF LAW NO. 2016-1691

The Extraordinary General Meeting, having read the Executive Board's report, hereby resolves to harmonize Article 4 of the Articles of Association of the Company with the provisions of Law No. 2016-1691 which amends Article L225-36 of the French Commercial Code and states that the Supervisory Board is authorized to transfer the Company's registered head office to anywhere in France subject to ratification by the Ordinary General Meeting of shareholders

As a consequence, the Extraordinary General Meeting hereby resolves to modify the second paragraph of Article 4 of the Articles of Association as follows:

ARTICLE 4 – REGISTERED HEAD OFFICE

Old wording of the final paragraph of Article 4 of the Articles of Association:

"The Supervisory Board may transfer the registered head office to any other location in the same Department or a neighboring Department, subject to ratification of the decision by the next Ordinary General Meeting of shareholders, and anywhere else following a decision by the Extraordinary General Meeting."

New wording of the last paragraph of Article 4 of the Articles of Association

"The Supervisory Board may transfer the registered head office to any location in France, subject to ratification of the decision by the next Ordinary General Meeting of shareholders."

The rest of Article 4 remains unchanged.

RESOLUTION XIII: MODIFICATION OF ARTICLE 7 BY DELETING THE WORDING REGARDING THE POWERS OF THE ORDINARY GENERAL MEETING TO ISSUE BONDS

The Extraordinary General Meeting, having read the Executive Board's report, hereby resolves to purely and simply delete the wording in Article 7 of the Articles of Association stating that the Ordinary General Meeting may decide on or authorize bond issues.

The meeting acknowledges the fact that by deleting this wording it is the Executive Board that will be empowered to decide on or authorize bond issues, pursuant to the provisions of Article L228-40 of the French Commercial Code.

As a consequence, the Extraordinary General Meeting hereby resolves to modify the first paragraph of Article 7 of the Articles of Association as follows:

ARTICLE 7 - ISSUE OF SECURITIES SPECIAL BENEFITS - PREFERENCE SHARES - FORM OF EQUITY SECURITIES AND OTHER SECURTIES - KEEPING ACCOUNTS FOR THE IDENTIFICATION OF SHAREHOLDERS - CROSSING OF THRESHOLDS

Old wording of the first paragraph of Article 7 of the Articles of Association

"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."

New wording of the first paragraph of Article 7 of the Articles of Association

"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. 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."

The rest of Article 7 remains unchanged.

RESOLUTION XIV: MODIFICATION OF THE WORDING IN ARTICLE 17 OF THE ARTICLES OF ASSOCIATION STATING THAT MEMBERS OF THE BOARD ARE APPOINTED FROM AMONG THE SHAREHOLDERS

The Extraordinary General Meeting, having read the Executive Board's report, hereby resolves to modify the wording in Article 17 of the Articles of Association stating that the members of the Supervisory Board are appointed from among individuals or legal entities that are shareholders.

The meeting recalls that the Extraordinary General Meeting of May 28, 2015 voted to delete the statutory obligation upon members of the Supervisory Board to hold a share in the Company and hereby confirms that the members of the Supervisory Board do not necessarily have to be appointed from among the shareholders.

As a consequence, the Extraordinary General Meeting hereby resolves to modify the first paragraph of Article 17 of the Articles of Association as follows:

ARTICLE 17 - SUPERVISORY BOARD - COMPOSITION

Old wording of the first paragraph of Article 17 of the Articles of Association

“The Supervisory Board exercises permanent control over the management of the Company by the Executive Board. It consists of a minimum of three and a maximum of eighteen members; however, in cases of mergers, the total of eighteen may be exceeded under the conditions and limits set by law. The members are appointed from among individuals or legal entities that hold shares by the Ordinary General Meeting, which may revoke them at any time. Legal entities appointed to the Supervisory Board are required to nominate a permanent representative who is subject to the same conditions and obligations as if they were a member of the Supervisory Board in their own right. No member of the Supervisory Board may be a member of the Executive Board. If a member of the Supervisory Board is appointed to the Executive Board, their term of office ceases when they take up their new duties."

New wording of the first paragraph of Article 17 of the Articles of Association

“The Supervisory Board exercises permanent control over the management of the Company by the Executive Board. It consists of a minimum of three and a maximum of eighteen members; however, in cases of mergers, the total of eighteen may be exceeded under the conditions and limits set by law. The members are appointed from among individuals or legal entities by the Ordinary General Meeting, which may revoke them at any time. Legal entities appointed to the Supervisory Board are required to nominate a permanent representative who is subject to the same conditions and obligations as if they were a member of the Supervisory Board in their own right. No member of the Supervisory Board may be a member of the Executive Board. If a member of the Supervisory Board is appointed to the Executive Board, their term of office ceases when they take up their new duties."

The rest of Article 17 remains unchanged.

RESOLUTION XV: MODIFICATION OF ARTICLE 17 OF THE ARTICLES OF ASSOCIATION SETTING THE METHOD FOR APPOINTING MEMBERS OF THE SUPERVISORY BOARD REPRESENTING EMPLOYEES

The Extraordinary General Meeting, having read the Executive Board's report and duly noted that the Company has exceeded the lower limits state under Article L225-79-2 of the French Commercial Code, hereby resolves to add a clause to the Articles of Association describing the method for appointing members of the Supervisory Board representing employees.

As a consequence, the Extraordinary General Meeting hereby resolves to add to Article 17 of the Articles of Association, the following paragraph:

"Members of the Supervisory Board representing employees

In addition to the members of the Supervisory Board appointed by the General Meeting of shareholders and insofar as the provisions of Article L225-79-2 of the French Commercial Code are applicable to the Company, the Supervisory Board also includes one or more members representing employees.

The number of members of the Supervisory Board representing employees is at least equal to two in companies where the number of members of the Supervisory Board appointed by the method described under Article L225-75 of the French Commercial Code is greater than twelve and at least one if it is equal to or less than twelve.

The number of members of the Supervisory Board to be taken into account to determine the number of members of the Supervisory Board representing employees is calculated on the date of appointing the employee representatives to said Board. Neither the members of the Supervisory Board elected by the employees under the provisions of Article L225-79 of the French Commercial Code, nor the member(s) of the Board representing shareholder employees appointed under the terms of Article L225-71 of the French Commercial Code are taken into account for this purpose.

If the number of Supervisory Board members appointed by the General Meeting is greater than twelve, a second member of the Supervisory Board representing employees is appointed in accordance with the above arrangements, within six months of the appointment by the Ordinary General Meeting of the new Supervisory Board member.

If the number of members of the Supervisory Board appointed by the Ordinary General Meeting drops to 12 or less, the reduction shall have no effect on the length of the terms of office of the Supervisory Board members representing employees, which shall come to an end at the normal time.

These members are appointed by an election involving the employees of the Company and its subsidiaries, direct and indirect, covered by the conditions set under Article L225-28 of the French Commercial Code.

Should the seat on the Supervisory Board of a member representing employees fall vacant for any reason, the vacant seat is filled under the conditions set out in Article L225-34 of the French Commercial Code.

The term of office of members of the Supervisory Board representing employees is set at 4 years from the date of appointment.

Should the Company no longer be subject to the obligation of appointing a member of the Supervisory Board representing employees, the term of office of the employee representative(s) on the Supervisory Board shall come to an end at the normal time."

RESOLUTION XVI: HARMONIZATION OF ARTICLE 27 OF THE ARTICLES OF ASSOCIATION WITH THE PROVISIONS OF LAW NO. 2016-1691

The Extraordinary General Meeting, having read the Executive Board's report, hereby resolves to harmonize Article 27 of the Articles of Association of the Company with the provisions of Article L823-1 of the French Commercial Code, arising from Law No. 2016-1691, stating that the appointment of one or more Alternate Auditors to replace a Statutory Auditor in case of refusal, impediment, resignation or death is mandatory only if the Statutory Auditor is an individual or a single person company.

As a consequence, the Extraordinary General Meeting hereby resolves to modify the second paragraph of Article 27 of the Articles of Association as follows:

ARTICLE 27 - STATUTORY AUDITORS

Old wording of the second paragraph of Article 27 of the Articles of Association

"One or more Alternate Auditors, required to replace the Statutory Auditors in case of refusal, impediment, resignation or death, are appointed by the Ordinary General Meeting."

New wording of the second paragraph of Article 27 of the Articles of Association

"The appointment, by the Ordinary General Meeting, of one or more Alternate Auditors to replace a Statutory Auditor in case of refusal, impediment, resignation or death is mandatory only if the Statutory Auditor is an individual or a single person company."

The rest of Article 27 remains unchanged.

RESOLUTION XVII: POWERS TO BE GRANTED

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.

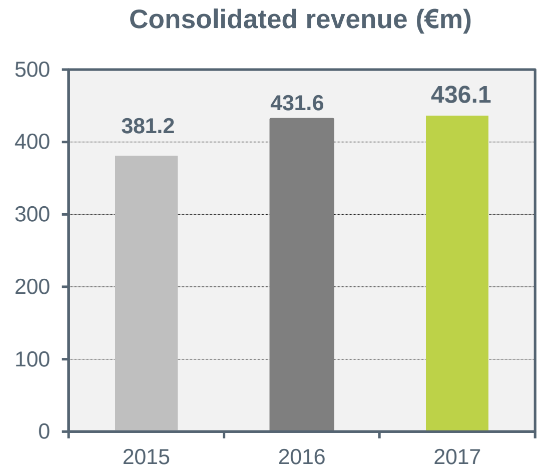
This Management Report aims to provide complete information on the various resolutions to permit shareholders to make informed decisions. It is also meant to present the position of the Company and the Group.

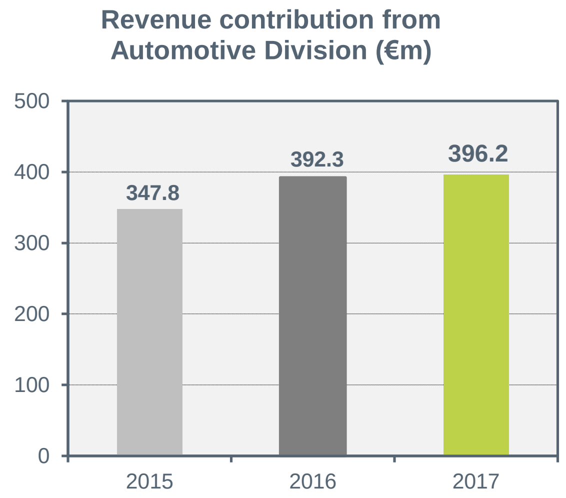
5.2 Selected financial information for the period

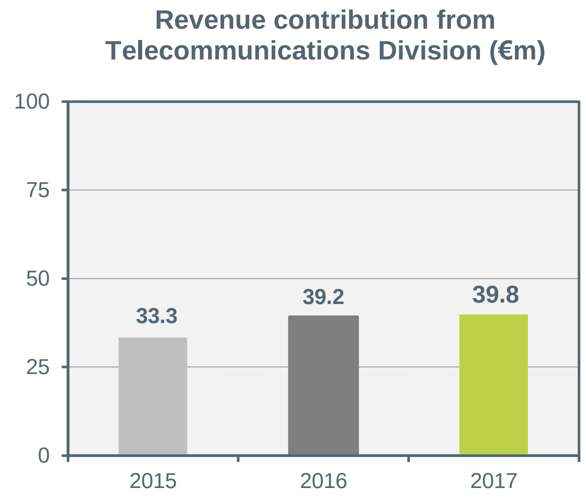
The following tables and charts represent audited figures. To facilitate the reader's understanding, in the presentation of data in the Management Report, we have given preference to figures for contributions by division as an alternative to the divisions' consolidated figures. The differences between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

The Group's separate annual and consolidated financial statements as at December 31, 2017 were approved by the Executive Board on March 26, 2018 and submitted to the Supervisory Board on the same day.

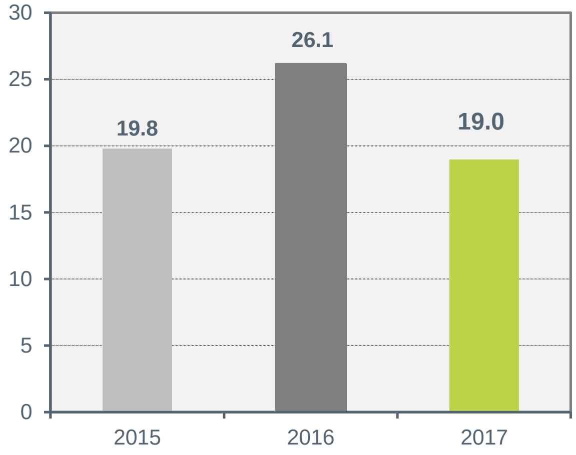
5.2.1 Key figures



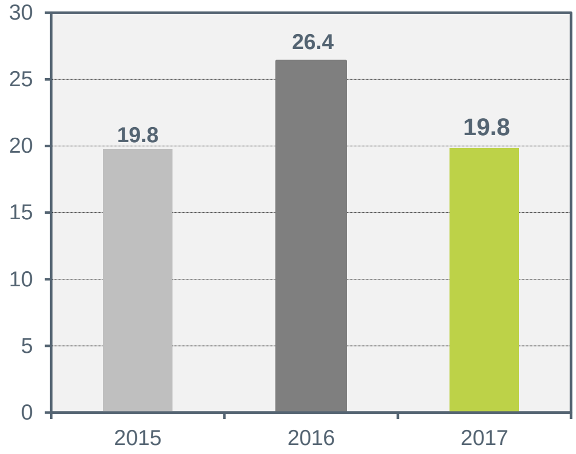




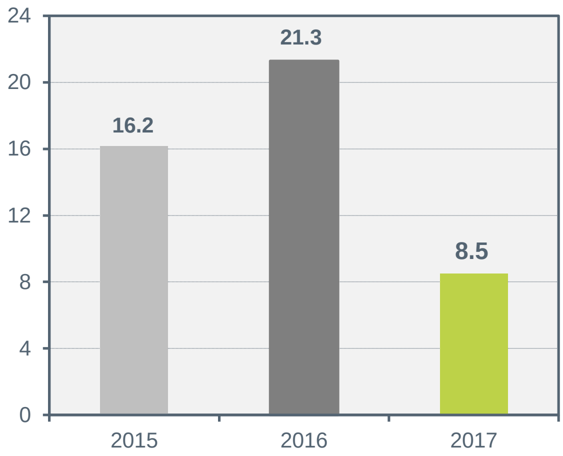
Current operating income (€m)

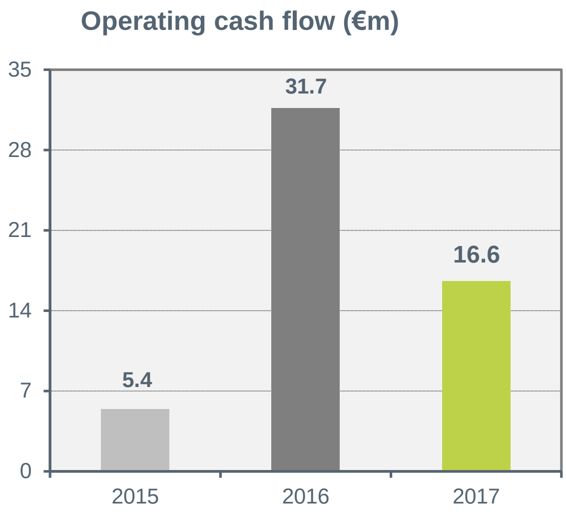


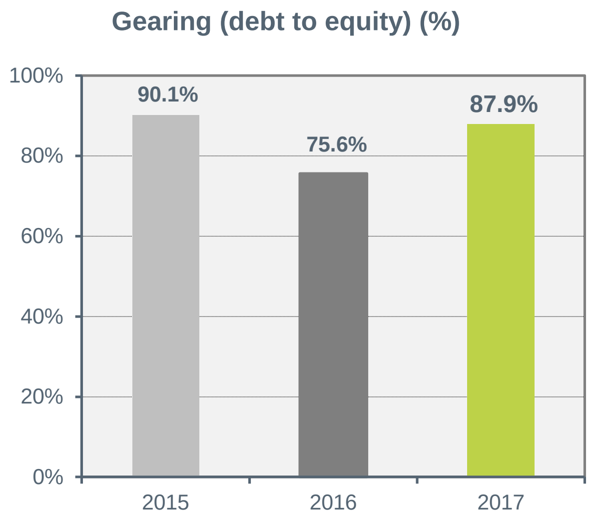
Operating income (€m)

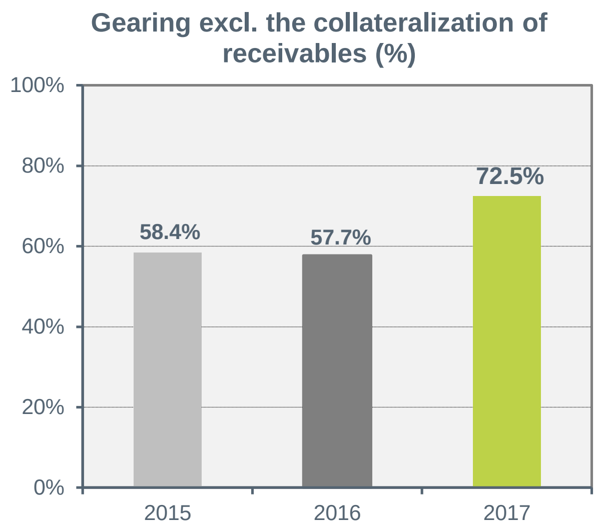


Net income for the period (€m)









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 consolidated financial statements show sales up 1.0% to €436.1 million, and profit attributable to the Group of €8.3 million compared to € 20.9 million in 2016 (-60.5%).

Consolidated results for the 2017 financial year break down as follows:

Consolidated Group income (€k)	**2017**	2016	2015
Revenue	**436,130**	431,648	381,208
Current operating income	**18,967**	26,135	19,812
Operating income	**19,803**	26,361	19,752
Financial result	**(8,988)**	(2,614)	(2,102)
Net income for the period (A)	**8,510**	21,285	16,160
✓ *attributable to Group shareholders*	***8,264***	*20,914*	*15,290*
✓ *attributable to non-controlling interests*	***246***	*371*	*870*

Consolidated Group income (€k)	2017	2016	2015
Tax (B)	**1,856**	2,590	1,633
Impairment of goodwill (C)	**0**	0	118
Interest expense and other financial charges (D)	**2,626**	2,191	2,620
Valuation of hedging instruments (E)	**5,991**	269	(1,220)
Depreciation (F)	**16,652**	16,209	13,685
EBITDA (A+B+C+D+F)	**29,644**	42,275	34,216
EBITDA excluding hedging instruments (A+B+C+D+E+F)	**35,631**	42,543	32,996

We will ask shareholders to approve these consolidated financial statements.

5.2.3 Brief overview of the Group position during the 2017 financial year

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 2017 financial year reached €436.1 million, an increase of 1.0% over 2016. Sales achieved by the international subsidiaries were €243.7 million, equivalent to 55.9% of consolidated revenue, an improvement of 2.3%. International customers represented 70.9% of sales with geographic variances in line with expectations, namely a slight decline in France and Germany, following exceptional levels of deliveries in 2016, and continued progress in Sweden, China, Switzerland and Belgium.

Automotive Division

The Automotive Division still represented 90.8% of the Group's consolidated revenue, but the 1% variance is not very representative of the changes that occurred during the course of the financial year.

2016 has been noticeable for the strong growth in sales of telematic boxes for light vehicles, the upgrading of technical inspection centers in France following changes to the regulations (OTC LAN protocol) and the brutal slowdown in sales of power trains for electric vehicles in the second semester 2016.

In 2017, sales of telematic boxes continued to progress by 13.2%. The planned end of one of the two contracts for the automotive industry, although delayed by a few weeks, affected the Group as of end September 2017, but replacement sources of business are now in place with contracts coming into production in the areas of heavy (+42.1%) and industrial vehicles (+11.5%).

2017 saw a continued decline in the power train segment for light electric vehicles (Second semester 2016), with our customer not having developed any new markets. However, the electric vehicle business still achieved growth of 2.8%, thanks to the Battery Management System (BMS) solutions, despite the production site being moved (Germany) and pending the new sources of business in the industrial vehicles and bus & coach segments, ACTIA Systems having developed and perfected a full range of products.

Lastly, the Aftermarket sector saw a fall in sales of 20.8% due to the exceptional levels attained in the 2016 financial year thanks to the upgrading of technical inspection centers in France following the OTC LAN regulation (application as of July 1, 2016). The resulting high levels of equipment sales between April and July 2016, caused a significant slowdown in the ensuing months that was only partially offset by the Group's participation in the EquipAuto 2017 trade fair. The integration of Market IP, a Belgian company with around twenty employees, acquired in July 2017, is intended to round off our offer of Aftermarket connected services and provide a 3rd more solid pillar for this business, in order to be able to absorb the cycles related to changes in regulations.

Therefore, even if France remains the leading country in terms of billings for the Group, it now only represents 28.9% of consolidated revenue as compared to 33.0% in 2016, thus leaving Sweden in second position with 18.9% and the United Kingdom in third position with 11.0%.

Of the international subsidiaries, the subsidiary in Mexico lost ground (-21.6%) after the robust growth enjoyed in 2016 (+79.5%), with its customers being penalized by the tensions between the USA and Mexico and the impact on the currency. Our Chinese subsidiary continues to actively pursue its development locally, but the low level of employee loyalty due to full employment and fierce competition on the urban mobility market has not enabled it to achieve its objectives. The German subsidiary has diversified its activities with the ramping up of BMS solutions, offsetting the end of deliveries to a network of (automobile) manufacturers of communication (VCI) cards. Lastly, the Swedish and Italian subsidiaries also continued to grow thanks to the support from our manufacturing customers in the field of telematic boxes.

Strengthened by overcoming the challenge of replacing a part of its business, in 2017 the Automotive Division had to manage supply difficulties for a component (batteries for the telematic boxes) for which the very strong growth in international demand had resulted in difficulties for our supplier. Although stoppages of our customers' production facilities were avoided, the difficulties encountered caused exceptional additional transport costs of €5.5 million in the first semester which lasted until end July, before we were able to find, validate and have certified a different component and persuade our customers to accept the change.

So, with a product mix that was also slightly less favorable, the Automotive Division saw a substantial drop in operating income of 29.7% to €16.4 million, meaning an operating margin of 4.1% as compared to 5.9% in 2016. The financial result of the division was also affected by the valuation of hedging instruments at December 31 (-€5.7 million vs. -€0.3 million at 12/31/2016) even though these instruments, which are used to ensure the levels of prices to customers, made it possible to maintain the average buying price for dollars at 1.1624, close to the 2016 rate of 1.1681 and outperform market rates with an average in 2017 of 1.1297.

Telecommunications Division

With significant growth in all segments, the Telecommunications Division progressed by only 1.5% in 2017 with sales of €39.8 million, as the Satcom business did not enjoy any additional demand for studies as in 2016, returning to a more normal level of business at €15.5 million, down by 18.9%, based on multi-year contracts for Operating Maintenance Services (OMS). The field of energy has grown for two consecutive years (+9.3%) due to the digitization of the French national grid, for which the submissions in response to new tenders in 2017 were successful. Similarly, the ongoing roll-out of 4G in France by the mobile telephone operators resulted in further growth of 37.2% of the segment. Lastly, the first effects of joint commercial activities with the Automotive Division in the area of Rail, with a more complete range of offers, resulted in an increase in sales of 25.9%. Despite these successes, the division still only represents 9.1% of the Group's consolidated revenue.

With good cost management, the Telecommunications Division saw operating income rise by 13.3% to €3.7 million, giving an operating margin of 9.4% as compared to 8.4% in 2016.

Therefore, **at Group level**, the objective of stabilizing revenue at around €430 million, despite the end of some important contracts, was more than achieved in difficult circumstances. Excluding non-recurring items such as the exceptional transport costs of €5.5 million, the valuation of hedging instruments of €6.0 million, the Group's net income of €20.0 million is close to the exceptional level of €21.3 million achieved in 2016, despite a less favorable product mix.

Operating income reached €19.8 million, as compared to €26.4 million in 2016, taking into account a significant increase in headcount of 5.8% from 3,268 to 3,459, while maintaining a stable spread across the geographic areas. Apart from the exceptional transport costs, external charges increased by €5.2 million with various items contributing to the increase, such as outsourcing for R&D, the travel costs incurred due to the supply difficulties and the need to respond to numerous tenders that required their presence for both suppliers and customers.

The considerable fluctuations in the EUR/USD exchange rate during the period had little effect on purchasing, as the hedging instruments helped to keep exchange rates almost flat, with an average rate of 1.1616 as compared to 1.1658 in 2016, thus securing purchases in relation to the prices charged to our customers. Only the mark to market valuation of these instruments had an adverse effect at year-end, with the Group not fully benefiting from the rise in the Euro, having secured its margins. If this trend were to continue, the Group would benefit with a lag, but is otherwise protected against any market downturn.

Most of the hiring was in the area of R&D, where the headcount rose from 823 to 939 people at December 31, 2017. This means that overall expenditure on R&D grew from €56.8 million in 2016 to €66.9 million, with the capitalized portion slightly up (15.4% from 13.7%), similar to the portion reinvoiced to customers (36.7% from 35.7%), due to the new programs arising from the commercial successes of 2016 and 2017. So, with the slight drop in government aid (research tax credits and subsidies), the Group's investments in R&D represented 15.4% of revenue as opposed to 13.2% in 2016.

With the exception of the significant impact of -€6.0 million of the valuation of hedging instruments, the financial result was fairly stable, with interest on debt representing €2.6 million against €2.2 million for the previous year. It should be noted that the gross cost of debt of 1.67% in 2017, compared to 1.80% in 2016, will be affected in 2018 by two bond issues of €15 million with a 7-year maturity and €5 million with a 9-year maturity, the rates for which are higher than for normal repayable bank loans. With the gradual setting up of financing to extend several of its sites, the Group has acquired longer medium- and long-term debt, while retaining short-term facilities that are less called upon and significant levels of liquidity. Gearing raised slightly over 2016 levels from 75.6% to 87.9% but remains at a reasonable level in relation to the support required for the industrial and R&D activities. Gearing excluding the collateralization of receivables was 72.5% as compared to 57.7% at end 2016, with the Group making very little use of collateralization of receivables.

With the announcement of supply difficulties on the global market for components, driven by the demand for connected objects, the Group's inventory of raw materials has jumped by €9.7 million, in an attempt to anticipate the longer lead times and quotas announced until the end of 2018 or early 2019. Working capital has therefore been adversely affected, as it also has been by reconstituting buffer stocks and studies related to new customer programs. There has also been a slight increase to the average actual payment period for receivables of 4 days, whereas our payment terms remain unchanged, thus widening the existing gap between the two even further.

Subsidiaries and dealings in existing inter-company holdings

In order to be able to offer a wider and better quality range of connected services, ACTIA Group acquired the company Market IP (100%) in July 2017. A small company with around twenty employees located in Namur (Belgium), it brings the Group an additional technological brick for the management of the mobility of goods and people. This acquisition is a logical extension to a working relationship of several months responding together to some very fruitful tenders.

The other Group subsidiaries and holdings require no particular comments, and any further information is provided in Note 3 "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".

However, it should be noted that the real-estate transactions under way within the Group with the extension of certain buildings or the construction of new buildings to replace rented premises, is not fully reflected in the situation at December 31, 2017. It should not be forgotten that the construction, extension and renovation program covering the sites in Toulouse, Chartres, Tunis and Madrid, representing a direct and indirect investment of €25 million over 2 years, was launched in 2017. It has very little impact on cash flow with the repayment of new borrowings replacing the old ones, fully repaid, or rents, but it does involve an increase in medium- and long-term liabilities (financing over 12 or 15 years).

Moreover, bond issues of €15 million with a 7-year maturity and €5 million with a 9-year maturity also affect the Group's overall level of indebtedness.

With these different tools, ACTIA has been able to reorganize its medium- and long-term debt to better suit its needs, in terms of both industrial capacity and innovation, enabling it to react quickly as opportunities arise.

Furthermore, it should be noted that the flexibility provided by liquidity of €45.4 million at December 31, means that short-term facilities are being used at only 22.1% of their potential.

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 2017, ACTIA Group's industrial capacity underwent no particular changes with the exception of the acquisition of Market IP as discussed above (see Subsection 5.2.3 "Brief overview of the Group position during the 2017 financial year").

ACTIA Group remains organized around two sectors:

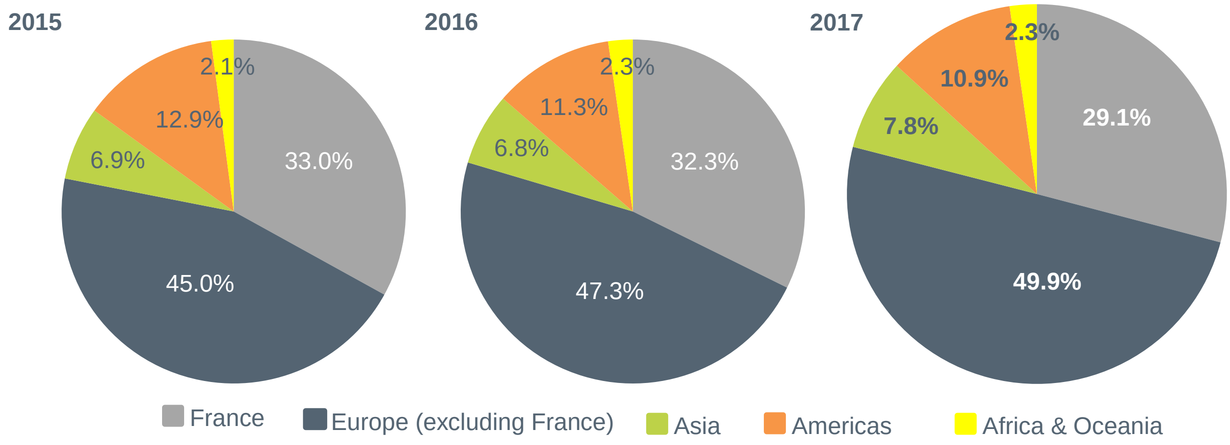
- Automotive Division;
- Telecommunications Division;

which are described below.

Over a number of years, the two divisions have developed their own technologies and specific know-how. We continue to implement synergies in the rail and public transport sectors to propose offerings common to the two divisions combining telecommunications equipment with different systems developed by the Automotive Division. These markets take time to develop, but the commercial successes so far support the strategy.

Furthermore, these synergies also provide benefits in the area of energy and satellites where the abilities of our two divisions make it possible to rise to the rapidly changing nature of these sectors.

Driven essentially by the Automotive Division, the breakdown of sales by geographic region have been as follows over the past three years:



5.3.1 Automotive Division

The Automotive Division consists of three business units, for three different markets:

- 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:

Income contributions (€k)	**2017**	**2016**	**2015**
Revenue	**396,195**	392,347	347,808
Current operating income	**15,596**	23,144	19,115
Operating income	**16,388**	23,311	18,859
Net income for the period (A)	**6,132**	18,269	15,083
Tax (B)	**1,956**	2,646	1,388
Impairment of goodwill (C)	**0**	0	118

Income contributions (€k)	2017	2016	2015
Interest expense and other financial charges (D)	**2,373**	1,988	2,371
Valuation of hedging instruments (E)	**(5,712)**	(194)	1,134
Depreciation (F)	**15,528**	15,048	12,572
EBITDA (A+B+C+D+F)	**25,989**	37,950	31,533
EBITDA excluding hedging instruments (A+B+C+D+E+F)	**31,701**	38,144	30,398

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)	2017	2016	2015
OEM	303,634	289,658	260,558
Aftermarket	45,465	57,310	47,947
MDS	47,096	45,379	39,566
TOTAL	**396,195**	**392,347**	**348,071**

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 the Group’s areas of excellence is 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.

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. PODIUM 2, the driver cockpit for buses and coaches, is fully integrated with the electronic architecture of the vehicle and plays the role of control center for the architecture.

PODIUM 2

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.

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 (passenger vehicles), multi-region broadcasting, etc.;

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 tachygraphy (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.

TGU-R

Electric motors

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

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

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, with electronics designed by ACTIA (Battery Management System or BMS) offering a longer useful life and improved cell performance.

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 vehicle diagnostics on assembly lines. These systems are known as "End Of Line". 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 rail 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-sized 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. Over the past few months there has also been the arrival of giants from the world of telephony, such as LG and Samsung, who have their eye on the market, as cars become connected objects.

❖ Operating highlights

In 2017, OEM once again enjoyed growth with sales rising from €289.7 to 303.6 million, an increase of 4.9%. This increase once again reflects the growth in volumes of new generation telematics products, especially in the field of heavy vehicles and agricultural machinery. The Group also achieved promising growth in the light vehicle segment, but the end of one contract in the fall of 2017 hid the progress made by the second.

The buses and coaches business stabilized, whereas the trucks business showed strong growth of 36% thanks to the launch of new products. In the other countries, the situation in India has stabilized but things remain difficult in Brazil. Elsewhere, the Chinese market is in decline with the first semester being badly affected by regulatory uncertainties that depressed the demand for buses, in which we have a good position.

Demand for electric vehicles was stable in 2017 at +2.8%, with the decline in orders for power trains for electric car-sharing vehicles being offset by increased demand for batteries for specialist vehicles.

Lastly, the off-highway vehicle business, which includes agricultural, construction vehicles and plant, as well as pleasure boats, grew by 23.2% and so confirms its role as a strategic business for the Group, with made-to-measure products manufactured in small- to medium-sized production runs.

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.

❖ 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 tenders according to the specifications of a given manufacturer. Equipment concerned includes:

- telematics systems (ACTIA® TGU 2, SAMi, iCAN® products);
- 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.

On the other hand, some hardware and software is specific to the Aftermarket, corresponding to the needs of that segment.

Multi-make diagnostic systems

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.

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.

Multi-Diag

Workshop equipment

ACTIA® has been providing technical inspection and repair equipment for light vehicles, utility vehicles or trucks for a long time. The main tools for garages are equipment for the verification of wheel alignment (system 4G, by 3D imaging analysis), wheel balancing, gas analyzers, car lifts and other garage equipment.

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.

Technical inspection solutions

Headlamp control equipment

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. The Group benefits from a very good image and always seeks to innovate: installation and on-site commissioning, training, software upgrades, hotline, tele-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, by participating in various working groups in France and elsewhere in Europe. In this respect, the ACTIA Group has also developed a new load test bench to test for polluting emissions in conditions that are representative of actual operation of the motor.

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 is an electronic unit connected to the on-board computer, which also provides for remote connection, sometimes by Wi-Fi, or more often by 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. 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. In this way, ACTIA's® market position is also 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 CO^2 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 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 Group has taken numerous initiatives to develop ergonomic tools with the right capacity to carry out general maintenance operations, while also offering a range of complementary services.

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.

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, 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, Swedish, German and Italian companies;
- 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 2017 financial year was down on the record levels seen for the business unit in 2016.

As announced, the application in France of the new OTC-LAN regulation, which resulted in 2016 in our customers upgrading their equipment, is now complete, meaning a corresponding 50% drop in business. However, partnerships with the big certification bodies such as SGS, Opus, etc. made it possible to continue deployment internationally with a constant volume of business thus offsetting the impact.

Revenue from fleets of vehicles was down by 6.8%, particularly because of a slight decline for ACTIA Mexico, a company that had seen its business progress by nearly 80% in 2016 and whose customers have reduced expenditure due to the tension between the USA and Mexico, which is causing the peso / dollar exchange rate to fluctuate substantially.

Overall, the Aftermarket business achieved sales of €45.5 million, close to 2015 levels.

Manufacturing-Design & Services business unit

❖ 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 Rail and 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 for performance was rewarded in 2015 by the PFA (automobile industry and mobility association) prize for the most progress in the category Industrial Efficiency.

- The market

ACTIA Group addresses the market for small and medium-sized 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 2017, Airbus, showing its continuing confidence in the Group by signing a contract, remains one of the major customers, with ACTIA seeking to maintain a long and diversified list of customers.

Electronics manufacturing services are offered to all industrial operators looking for high quality, small and medium-sized production runs. The Toulouse site services in particular the aeronautics industry, railway and healthcare segments. The Tunisian sites produce medium sized 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 2017, ACTIA continued with its program of modernizing and extending its production facilities, including investments in both France and Tunisia.

In 2017, the business grew slightly by 3.4% to €47.1 million versus €45.4 million in 2016.

5.3.2 Telecommunications Division

The Telecommunications Division operates in four markets:

- Satcom;
- Energy;
- Railways – Transport;
- Infrastructure Networks Telecom:

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

Income contribution from the Telecommunications Division (€k)	2017	2016	2015
Revenue	**39,778**	39,196	33,313
Current operating income	**3,641**	3,217	1,538
Operating income	**3,722**	3,284	1,757
Net income for the period (A)	**3,328**	3,304	1,554
Tax (B)	**60**	(160)	150
Impairment of goodwill (C)	**0**	0	0
Interest expense and other financial charges (D)	**63**	75	85
Valuation of hedging instruments (E)	**(276)**	(75)	86
Depreciation (F)	**1,318**	1,157	1,110
EBITDA (A+B+C+D+F)	**4,768**	4,373	2,898
EBITDA excluding hedging instruments (A+B+C+D+E+F)	**5,044**	4,449	2,813

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)	2017	2016	2015
Satcom	**15,584**	19,226	18,156
Energy	**10,107**	9,250	7,864
Rail – Transport	**6,877**	5,464	2,755
Infrastructure Networks Telecommunications	**7,210**	5,257	4,538
TOTAL	**39,778**	39,196	33,313

The Telecommunications Division (9.1% of Group sales) with revenue up by 1.5% achieved operating income and profit for the period greater than in 2016.

Satcom Business Unit

- 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.

Power amplifiers

Earth stations

Monitoring systems

- 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.

With its know-how, the Group is able to deploy its offering internationally, with some countries needing to build telecommunications networks based on the latest technologies, for both civilian and military purposes.

- 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 fluctuations in the EUR/USD rate can have a significant effect on these companies. Spain is also a new player as it has developed, with support from Europe, a highly competitive space 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

Without the complementary invoicing of studies as in 2016, the business unit continued with the production of terminals in the ground segment of the COMCEPT program, including the production of Ka band stations for the DGA. The contractual phase of OMS for these stations is running smoothly with positive initial feedback concerning the stations already deployed;

As happens every year, NATO has added new amendments to the contract, thus ensuring repeat business with the customer.

The 2017 financial year also saw the delivery of our new range of 500W Ka amplifiers for both the French and export markets, with TAS and AIRBUS, and the development of a new contract for amplifiers with TCS.

Export sales, which always take a long time to set up for products and technologies related to infrastructure, continued to the United Arab Emirates with a very large satellite operator, and in the Middle East region in general.

Lastly, ACTIA Group was selected by AIRBUS for the industrialization and production of embedded cards for satellites as part of the One Web constellation project.

Energy

- Products

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

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 source 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

Remote control systems

Telecommunications

Command and Control

The Group also designs and provides long-term maintenance for equipment and offers a range of services, products and embedded systems for use with different applications in aeronautics and defense.

- The market

The arrival of new digital technologies associated with smart grids, the integration of renewable energies, the use of the grid to ensure the operation of future electric vehicles, and the overall support to satisfy a growing demand for electricity, all require the ongoing reinforcement and digitization of source substations, the core business of the Energy business unit.

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:

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

❖ Partners

Operating in a technological niche, the Group works in partnerships to satisfy its customers. The main partners are:

- 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

Our competitors are generally French or foreign companies that are considerably larger than our Group, 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 center (PCCN) contract for digital substation equipment.

❖ Operating highlights

The 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.

2017 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.

Rail – Transport

❖ Products

Based on its ability to develop safe rail products and knowledge of RF and HF transmission, as well as the capability of producing high-quality small production runs, ACTIA Group has placed the French railways business under ACTIA Telecom at the site in Millau (Aveyron Department).

As the logical continuation of this approach, the rail business was organized around the dual French / Spanish hub, thus benefiting from an R&D team specializing in the rail sector with over 60 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 and relays.

Train to trackside transmission and broadcasting systems

Video-protection

Infotainment & passenger information

Infrastructure & trackside safety

Power electronics

- The market

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

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 analysis and the adoption of broadband communications systems for transmitting video, sound and data. The functions and applications of these communicating systems extend from train to trackside in a single and coherent system.

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

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.

The SNCF, the manufacturers ALSTOM (metro, RER, trains) and SIEMENS (automatic metro) are currently the principal customers, but the international expansion of the Automotive Division and the synergies with ACTIA Systems should enable us to strengthen our position with CAF, or even acquire new customers like Bombardier.

- The competition

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 significant costs and approval delays).

- Operating highlights

The rail business grew in 2017, driven by the production of transmission equipment for automatic metros produced by SIEMENS and new generations of high voltage detectors for ALSTOM, the production of TVSE (semi-embedded video transmission) cabinets for the SNCF and the first equipment for the future Parisian metro line (MP14).

R&D remains funded by both equity financing and by its customers (ALSTOM, SNCF, RATP).

Infrastructure Networks Telecom:

❖ Products

ACTIA Telecom develops a comprehensive range of solutions for telecommunications networks infrastructure for mobile phone services, ADSL, Broadcasting and Rail.

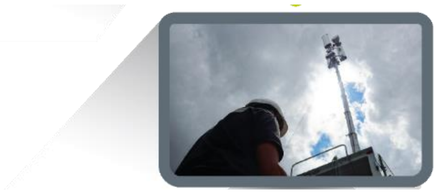
This offering is developed, qualified and manufactured by our Manosque site (France).

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.

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 such as: shelter in fixed or mobile version, system for protection against lightning, galvanic isolation system, etc.

Outdoor telecoms solutions



Mobile or temporary infrastructure solutions

❖ The market

The increased demand for communications offers ACTIA Group a position that is acknowledged in this field thanks to the ease of implementation and the quality of service it offers. However, it still remains very much a domestic market due to the need for geographic proximity.

❖ Customers

Primarily focused on French markets, the major customers are: SFR, Bouygues, Benning and Orange for the deployment of the ambitious national "Higher speed" (MED) program. However, there are export opportunities, especially in Morocco.

❖ 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. There is increasingly frequent competition from companies in Eastern Europe and Asia through their 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 2017 and the same volume expected in 2018. 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 General information about the subsidiaries

This information is presented in Note 3.2 in the notes to the consolidated financial statements, "Consolidated companies".

5.3.4 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.

5.3.5 Factors materially affecting the operating results

The tables presented below represent audited figures.

	2017			2016			2015
	First semester	**Second semester**	**TOTAL**	First semester	Second semester	TOTAL	
Revenue (€k)	**218,167**	**217,963**	**436,130**	221,772	209,876	431,648	381,208
o.w. Automotive	*198,911*	*197,284*	*396,195*	*200,139*	*192,208*	*392,347*	*347,808*
o.w. Telecommunications	*19,215*	*20,563*	*39,778*	*21,591*	*17,606*	*39,196*	*33,313*
Current operating income	**6,001**	**12,966**	**18,967**	12,958	13,177	26,135	19,812
o.w. Automotive	*4,956*	*10,640*	*15,596*	*11,672*	*11,472*	*23,144*	*19,115*
o.w. Telecommunications	*1,389*	*2,252*	*3,641*	*1,643*	*1,573*	*3,217*	*1,538*
Current operating margin (%)	**2.8%**	**5.9%**	**4.3%**	5.8%	6.3%	6.1%	5.2%
o.w. Automotive	*2.5%*	*5.4%*	*3.9%*	*5.8%*	*6.0%*	*5.9%*	*5.5%*
o.w. Telecommunications	*7.2%*	*11.0%*	*9.2%*	*7.6%*	*8.9%*	*8.2%*	*4.6%*
Operating income	**6,307**	**13,496**	**19,803**	13,270	13,091	26,361	19,752
o.w. Automotive	*5,250*	*11,138*	*16,388*	*11,694*	*11,617*	*23,311*	*18,859*
o.w. Telecommunications	*1,416*	*2,306*	*3,722*	*1,938*	*1,347*	*3,284*	*1,757*
Operating margin (%)	**2.9%**	**6.2%**	**4.5%**	6.0%	6.2%	6.1%	5.2%
o.w. Automotive	*2.6%*	*5.6%*	*4.1%*	*5.8%*	*6.0%*	*5.9%*	*5.4%*
o.w. Telecommunications	*7.4%*	*11.2%*	*9.4%*	*9.0%*	*7.6%*	*8.4%*	*5.3%*
Net income	**2,411**	**6,099**	**8,510**	10,902	10,383	21,285	16,160
o.w. Automotive	*1,810*	*4,322*	*6,132*	*9,165*	*9,104*	*18,269*	*15,083*
o.w. Telecommunications	*1,503*	*1,825*	*3,328*	*1,884*	*1,420*	*3,304*	*1,554*

In general, profitability in the first semester was below that of the second as the price decrease granted to customers as of January 1 of the financial year affected the accounts immediately whereas rebuilding margins through bringing down the prices paid to purchase components, also applied as of January 1 by our suppliers, only became effective as of the middle of the first semester due to supply and production lead times.

For the Automotive Division, after a 2016 more favorable in terms of the product mix in the first semester that brought about a distinct improvement in current operating profitability, 2017 saw a return to a more usual situation in terms of results. With lower sales of equipment for technical inspection, a marked slowdown in power trains for light electric vehicles and the end of deliveries of telematics boxes for a manufacturer of light premium vehicles, the product mix in this division was less favorable, but the efforts made in terms of purchasing, management of the EUR/USD exchange rate and factory productivity helped to maintain a good level of profitability. After several years of decline, the level of reinvoicing for studies stabilized and, combined with good management of personnel costs despite an increase in the workforce of almost 200 people, contributed to the only slightly lower margin. Unfortunately, the major supply issue with batteries for telematics boxes during the first semester 2017 had a very significant impact up to the end of July, causing non-recurring costs of €5.5 million of which €4.5 million over the first part of the financial year. These events further exacerbated the usual disparity seen between the profitability for the two semesters.

The Telecommunications Division, less sensitive to volume effects and the requests for lower prices related to the long production runs of the Automotive Division, is more of a fixed cost structure. Therefore, the good level of business in the 2017 financial year led to a significant improvement in profitability, including lower purchasing prices despite a considerable amount of outsourcing.

The fluctuations in 2017 in the EUR/USD exchange rate had no material adverse effect, as the hedging instruments helped to maintain an almost constant rate compared to 2016, with an average rate for purchases of 1.1616 vs. 1.1658 in 2016, thus protecting margins against fluctuating market rates (between 1.03 and 1.20). However, the valuation of the hedging instruments had a particularly adverse effect at December 31, with the strengthening of the Euro at year-end leading to a provision of €6.0 million under the financial result, borne almost entirely by the Automotive Division.

5.4 Trend information

5.4.1 Material events after the end of the reporting period

Following the approval given by the Supervisory Board on September 18, 2017, a subsidiary is currently being created in Tunisia that will be responsible for the promotion, marketing and technical support for Group products in Tunisia and Africa, in order to boost the economic development of ACTIA right across the continent.

5.4.2 Targets – Performance and outlook

Sales performance

Thanks to the solid base provided by the multi-year contracts and the initial effects of the growth drivers in rail, the electric vehicle plus and telecommunications for satellites and energy, ACTIA Group has set itself a moderate growth objective for 2018.

The Automotive Division will continue to replace (nearly 10% of its sales) the historical contract by the development of new contracts in diverse market segments (both geographically and business-wise), in order to reduce its exposure to commercial risk. Otherwise, the strengthening of the partnerships with Alstom and Airbus will underpin the Group's positive outlook in both Rail and Aeronautics. Lastly, the Telecommunications Division is in good shape to seek robust growth as of this financial year.

Outlook

With a diverse customer and market mix, it is difficult to present ACTIA Group's future short-term prospects. However, the solid base provided by multi-year contracts should make it possible to maintain sales, with the end of the life cycle of certain products, especially the long production runs for automotive being offset by the ramping up of new families of products.

The challenge for the Group is to replace a quarter of its sales by further developing a number of customer / market combinations to create a situation in which no single customer represents more than 10% of consolidated sales, a strategy that is under threat from the very robust growth of telematics for light vehicles from 2013 to the present.

❖ 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 years of strong growth in the sector of telematics for light vehicles, the order book began to balance itself out in 2017, especially in the markets for heavy vehicles, agricultural machinery and rail, and this is set to continue into 2018. At the same time, the ongoing efforts in R&D will maintain the technological relevance of the Group's offer so that it can, year after year, continue to win new business.

- 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 equipment and fleet management in order to achieve a greater proportion of repeat business and occupy more of the value chain. The acquisition of Market IP in July 2017 is part of this approach, helping to complete the range of services.

  ACTIA is thus expecting a good year in 2018. The decrease experienced in 2017 is explained by the renewal of equipment in France in 2016, following the OTC LAN regulation in the field of technical inspection. The development of new markets and sources of business has been slower than planned, but the potential exists and they should deliver a level of business in 2018 close to their record year of 2016.

- Manufacturing-Design & Services

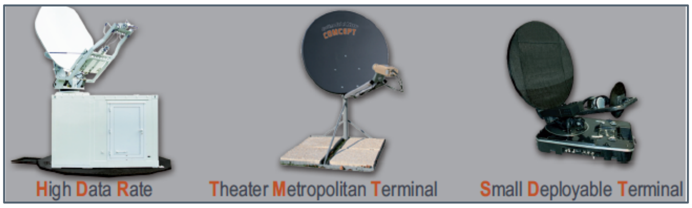
  This sector remains a Group cornerstone. The design, industrialization and production of systems on behalf of third parties helps to ensure that the industrial facilities remain at the cutting edge of technology with the right costs for the market. The business is expected to remain stable with the arrival of new customers who will take up the shortfall from contracts nearing their end.

❖ Telecommunications

With 2017 following on from another good year in 2016, nevertheless affected by the one-off invoicing of studies, the Telecommunications Division expects sales to grow in 2018.

- Satcom:

  With the end of the multi-year Concept program and Operating Maintenance Services of the ground system and networks for the DGA, this business unit expects to see good repeat business in its traditional markets. However, the range of ACTIA products and the first successful responses to ongoing international tenders, will see the business continue to grow and this will need to be consolidated over time.



- Energy

  Thanks to the transition towards digital energy networks, which is forecast to continue over the coming years, ACTIA expects to see the business grow further in 2018. In the medium-term, technological progress will continue and ACTIA intends to maintain its position thanks to its efforts in R&D.

- Rail – Transport

  The continuation of sustained commercial activity in 2018 should result in considerable growth in these markets thanks to the relationships of trust established with major manufacturers in the context of public tenders for new or repeat investment in Europe.

- Infrastructure Networks Telecom

  This mature business is expected to take a downturn in 2018 with the end of the deployment of 4G in France and pending the deployment of 5G.

Priorities for 2018

Group priorities remain unchanged for the year ahead.

ACTIA has confirmed its positioning as a high-technology company in some very competitive areas. As a consequence, the Group will maintain its efforts in R&D, in order to remain technologically relevant, and its commercial efforts to enlarge the customer base. The definite importance of the development of software and services as items integrated into the electronic equipment produced by ACTIA should be noted, and it is also a source of revenue in its own right.

Internally, ACTIA continues to be vigilant about costs and quality. Capital expenditure will continue in 2018, to extend certain infrastructures and pursue the modernization of the production facilities.

With high performance industrial facilities, greater international potential, a solid financial situation and an acknowledged capacity for innovation in strategic areas of excellence, ACTIA is confident in its ability to pursue its strategy of profitable growth.

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. The security of the business, both internally and for our products and services, in a difficult context;
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 other control 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 fitted in vehicles, whether these are industrial (trucks, buses, coaches, tractors, construction plant…), automobiles, 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 supports for innovation: research tax credit (CIR), public aid, participation in IRT Saint-Exupéry in Toulouse (aeronautics and space), as well as local competitiveness hubs,
    - in Germany, participating in research groups on recycling,
    - in Tunisia, the close relationship with engineering schools and research laboratories,
    - 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

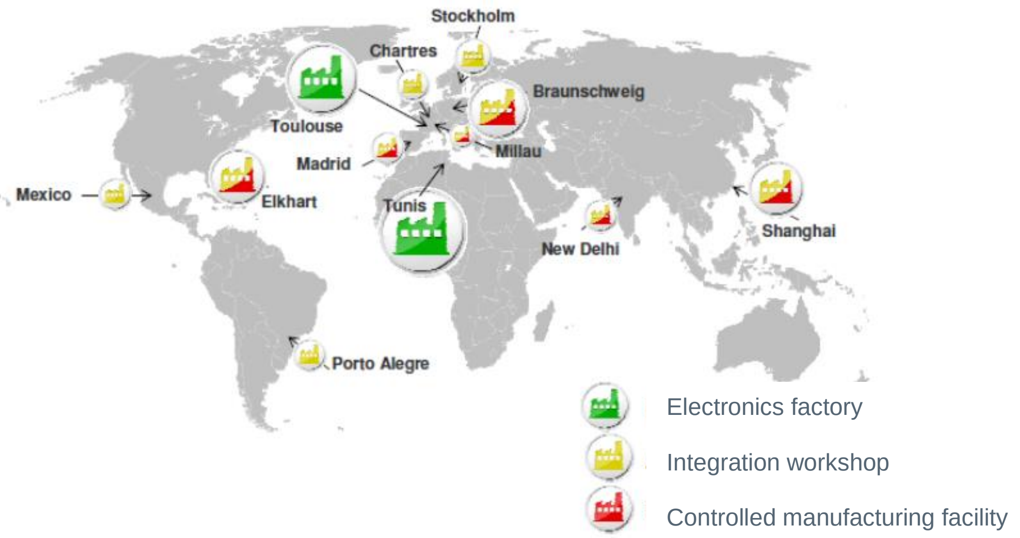
On the strength of its first strategic priority based on technological innovation, quality and competitiveness, ACTIA Group, a midcap family owned business must ensure its sustainability over the long-term, pursue its diversification and, as a consequence, maintain its growth trajectory and focus on 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 regularly investing in new production capabilities over the last 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 better respond to local requirements and with an eye on significant development of the business, the Group is investing in a new electronics factory in the USA, having just acquired a building in Romulus (Michigan – USA) in order to create a production facility for electronic cards.

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

  Faced with existing competition and the now established new players in low cost countries like China, Korea, India and Brazil, the challenge for a French mid-cap is to improve the economic performance of its products: purchasing costs, operating costs… improving the technical performance and reducing costs and cycle 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:

- Improving the performance of industrial vehicles: Multiplexing - Smart Power - ARM - Linux;
- Designing new architectures and innovative configurations: Standardization - Openness - Flexible solutions - Ethernet;
- Optimizing and improving the driver's working environment: Driver cockpits - Eco-driving - Operating support systems - Embedded climate control systems;
- Optimizing and improving the working environment in garages: Diagnostics tools - Communicating garage - Mechatronics;
- Efficient and dynamic energy management for vehicles: Power electronics, power trains, hybrid solutions;

- Roll out and automate supervision, diagnostics and maintenance: Safety - Operating security - Autonomous behavior – Management of batteries;
- 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 Occitanie 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 Occitanie region and on a national scale.

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 – Embedded systems TOMPASSE: regional strategy committee for the industry
	Rail: MipyRail, FIF, CS2F
	CNPA: French National Federation of Automotive Industry Professionals
	Automotive: Automotech (ARIA - PFA), SIA
	Workshop and diagnostic equipment: GIEC
	Electronic manufacturing: PLEIADE (WE Network)
	Digital: La Mêlée, IOT Valley
Relations with the Clusters	Aerospace Valley, a world-class competitiveness cluster (aeronautics, space and embedded systems)
	Agri Sud-Ouest Innovation – Agricultural, agro-food and agro-industry competitiveness cluster, RobAgri on the market for innovative robots
	Energy: Capénergie, DERBY, Smart Occitania
	CARA, European Cluster for Mobility Solutions (formerly LUTB)
Relations and technology	IRT Saint-Exupéry in Toulouse (aeronautics and space)
	INSA Foundation
	Projects with CEA-Tech in Toulouse, CEA Leti and CEA Liten in Grenoble
	Group Obsolescence: AFNOR / UTE, PRECONOB

In 2017, ACTIA supervised three CIFRE theses with the laboratories presents in the Occitanie region.

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.

2017 saw the continuation and completion of a number of programs corresponding to our know-how:

- Telematics and Telecommunications
  - Institute for Technological Research **IRT Saint-Exupéry**: The positioning of ACTIA is consistent with the challenges and research programs of Saint-Exupéry Institute for Technological Research,
  - ACTIA is a member of the Board of Directors of IRT Saint-Exupéry; several platforms have today been selected and ACTIA is involved in two projects;
- Power electronics
  - the VUE-FLEX project (for FLEXible Electric Utility Vehicle) the purpose of which is to develop a 3.5 ton, "leanly" electrified, flexible and smart Utility Vehicle to deliver a competitive Total Cost of Ownership (TCO),
  - E-Tag: helicopter turbine engine micro-hybridization project,
  - BUSINOVA Evolution a project working on supervising multi-hybrid propulsion for urban buses;
- Electronic architecture
  - EBSF-2 (European Bus System of the Future): a European research program for terrestrial transport that takes a comprehensive approach to the bus system;
- Diagnostics for connected services
  - IY-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 and Fragil-IT: a monitoring system for at risk elderly people (connected healthcare);
- EMS - outsourcing of electronics
  - factory of the future: industrial excellence project, Colomiers (France),
  - FUI Vision 4.0 project covering the issue of interconnection between automated machines.

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 €23.9 million in 2017 compared to €19.4 million in 2016.

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 2017, the Group returned to a normal level of capital expenditure in its production facilities for the renewal of ageing equipment and a Surface Mounted Devices (SMD) line in Tunisia, along with equipment on both sites to improve the productivity and flexibility of our production facilities. As happens every year, equipment was purchased for specific programs such as test rigs and interfaces, as well as tooling.
Computer equipment is renewed at an average rate of one quarter per financial year in the Group and an investment program was started for a new ERP and PLM, the outlay for which will be spread over 3 years across the main Group companies.

Lastly, with the end of the programs to finance real estate and the need to extend and improve our ability to take in people, a real-estate program was begun for an overall amount of €25.7 million, with certain sums being borne by property management companies (SCIs) accounted for by the equity method by the Group. This program includes:

- the construction of a building in Toulouse (head office - France) of 2,300 m² - delivery April 2018;
- the acquisition of an 8,000 m² plot abutting our land in Toulouse (head office - France) – completion August 2017;
- the extension and renovation of a part of the factory building in Colomiers (France) – from August 2017 to end 2018;
- the acquisition of a 3,200 m² plot abutting our land in Colomiers (France) – completion March 2017;
- the acquisition of a 30,000 m² plot (completion July 2017) and the construction of an 8,500 m² building housing offices, workshops and a storage area in Chartres, to replace the current leased property - delivery January 2019;
- the construction of a 6,000 m² building (land already purchased) housing offices and laboratories in Tunis (engineering services department - Tunisia), to replace the current, leased property - delivery July 2018;
- the construction of a 6,700 m² factory (land already purchased) in Tunis (factory - Tunisia) to replace the current, leased property - delivery spring 2019;
- construction of an additional store on the Getafe building (offices and workshops – Spain) – delivery December 2017.

In addition to these various projects, the Group almost committed to acquiring a 5,700 m² building in Romulus (Michigan – United States) in March 2018, which will be renovated for the production of electronic cards in America itself (fall 2019).

5.6.2 Intangible assets

Information about investments in intangible assets for the period is provided in Note 4 to the notes to the consolidated financial statements, "Intangible assets", in this Registration Document. These items relate mainly to research and development.

Research and development expenditure in 2017 amounted to €67.0 million, up 17.9% from the prior year and reflecting increased requirements to support customer programs under development as well as the Group's own programs. The rate of reinvoicing of R&D costs therefore rose by one point to reach 36.7%, compared to 35.7% in 2016, evidence of the underlying trend among customers wishing the majority of specific development costs to be paid 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)	2017	2016	2015
Total cost of R&D	**66,950**	56,799	52,524
Cost of R&D services sold	**24,579**	20,267	20,179
R&D capitalized during the financial year	**10,394**	7,809	10,745
Expensed during the period(A)	**31,976**	28,723	21,600
Amortization during the period of capitalized R&D(B)	**10,837**	10,241	8,493
Research tax credit recognized under income in the period and grants(C)	**4,342**	5,116	4,263
Impact of R&D on the income statement (A) + (B) – (C)	**38,472**	33,848	25,830
Headcount	**939**	824	742

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 2017, R&D expenditure amounted to 15.4% 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. However, in 2017, with expenditure corresponding more to support provided to customers than to the proprietary development of new products, state aid declined by 6.6%. 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 8.8% of sales in 2017 from 7.8% in the prior period. The portion of capitalized R&D was 15.5% in 2017, up on 2016 but without reaching the exceptional level of 2015. And reflecting significant investments in recent years, the level of allowances for amortization was up 5.8% to €10.8 million, remaining above capitalizations for the period.

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 2017 totaled €57.0 million compared to €48.4 million in 2016, breaking down as follows:

(€k)	2017	2016	2015
Cost of R&D services sold	**18,588**	15,762	16,976
R&D capitalized during the financial year	**8,539**	6,491	8,980
Expensed during the period	**29,828**	26,146	20,480
Headcount	**882**	771	686

The portion of the cost of R&D services sold rose by 17.9% and still 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 2017 totaled €10.0 million compared to €8.4 million in 2016, breaking down as follows:

(€k)	2017	2016	2015
Cost of R&D services sold	**5,991**	4,505	3,203
R&D capitalized during the financial year	**1,855**	1,318	1,765
Expensed during the period	**2,149**	2,577	1,121
Headcount	**57**	53	56

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.

Lastly, it should be noted that the acquisition of 100% of the share capital of Market IP in July 2017 generated goodwill of €2.9 million. An earn-out clause was signed at the time of the acquisition, with its senior executive remaining in the Group to see through the industrial plans associated with this acquisition, with any profits earned over and above the initial business plan to be shared. The initial amount of goodwill may therefore change over time.

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.

The R&D projects undertaken by the Group are multi-year and are intended to maintain the products thus developed at optimal levels by anticipating market needs. Therefore, in the capital expenditure program, there are telematic portals for both the OEM market (manufacturers) and the Aftermarket (manufacturers, fleet managers…), dashboard display units, on-board computers, adaptations to the specific needs of customers for power trains, technical inspection equipment to keep up with the regulatory changes in France and abroad, digital control centers for power grids and trackside safety equipment.

A few months ago, the Group also committed to undertaking work to change the PLM and ERP systems, and this will continue in 2018. As usual, the computer equipment will continue to be renewed this year.

Concerning production facilities, the level of commitment will remain stable with the acquisition of the new SMD line for the French site and additional equipment to increase capacity and productivity and meet the production needs for new products, both in France and Tunisia.

In March 2018, a 5,700 m² building was acquired in Romulus (Michigan – United States), which will be renovated in 2018 for the production of electronic cards in America itself (fall 2019). The first production equipment (1st SMD line and related materials) will be purchased between fall 2018 and spring 2019 and, depending on the workload which will be better known over the coming months, a second series of equipment will be acquired in 2019.

Negotiations are also ongoing for the acquisition of the premises currently leased by the Italian subsidiary.

Finally, the real estate program started in 2017 and discussed in Subsection 5.6.1 "Property, plant and equipment" will be pursued and mainly completed during the 2018 financial year. With the end of the financing specific to the Telecommunications Division, the Group will also start a special program of €5 million over 2 years to support the growth of the business with the extension and / or renovation of the buildings at its various sites in France, in order to increase the surface area and boost efficiency.

5.7 Social, Societal and Environmental data

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

The reporting scope is systematically updated to reflect changes in the Group structure. Therefore, in 2017, ACTIA NL, a company undergoing liquidation that has no remaining activity, no longer features in the scope and this has been the case since 2015. Market IP, a Belgian company acquired in July 2017, has been included in the social report, but exclude, for 2017, from the environmental report as the engineering services activity of this subsidiary is not significant in terms of environmental impact and gathering the requisite information for the period July to December 2017 would have been complicated for an immaterial impact in comparison to the full scope. Lastly, COOVIA, a 20% owned subsidiary of ACTIA Group, accounted for by the equity method in the consolidated financial statements, has been excluded from the social and environmental report due to its low headcount (4 people at December 31, 2017), the administrative workload associated with gathering the information being far superior to the contribution of the subsidiary to the Group's results.

All the information concerns all Group subsidiaries with the exception of those with no activities requiring resources and that have no employees of their own (those shared with other structures being accounted for in the latter) as listed in the following table:

Name	Country	Activity	Comments
SCI Los Olivos	Spain	Real estate	No headcount
KARFA	Mexico	Administration of holdings	No headcount
ACTIA NL	Netherlands	Electronics research & manufacturing	Undergoing liquidation - No headcount
SCI SODIMOB	France	Real estate	No headcount
SCI de l'Oratoire	France	Real estate	No headcount
COOVIA	France	Mobile consultancy	Small stake Reduced headcount
MARKET IP	Belgium	Electronics research & design	Not included in the environmental scope
SCI Les Coteaux de Pouvourville	France	Real estate	No headcount

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 Group
	①	②	③	④	⑤	⑥	⑦	⑧
Total					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:

- 2015 3,067 people (+11.0%)
- 2016 3,268 people (+6.6%)
- 2017 3,459 people (+5.8%)

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**	Telecommunications	**Total France**	**Total Group**
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**
2017	**860**	**551**	**1,199**	**569**	**3,179**	**270**	**1,140**	**3,459**
Change/2016	+52	+37	+70	+12	+171	+16	+72	+191
Change (%)	+6.4%	+7.2%	+6.2%	+2.2%	+5.7%	+6.3%	+6.7%	+5.8%

These numbers include open-ended employment contracts (CDI: contract with no fixed term that can only be terminated by dismissal, resignation, retirement, an amicable departure or any other voluntary departure by the employee), the fixed-term employment contracts (CDD: contract entered into for a pre-determined period), apprenticeship contracts and work-study contracts that are included in fixed-term contracts.

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. At December 31, 2017, these corporate officers were 22 in number.

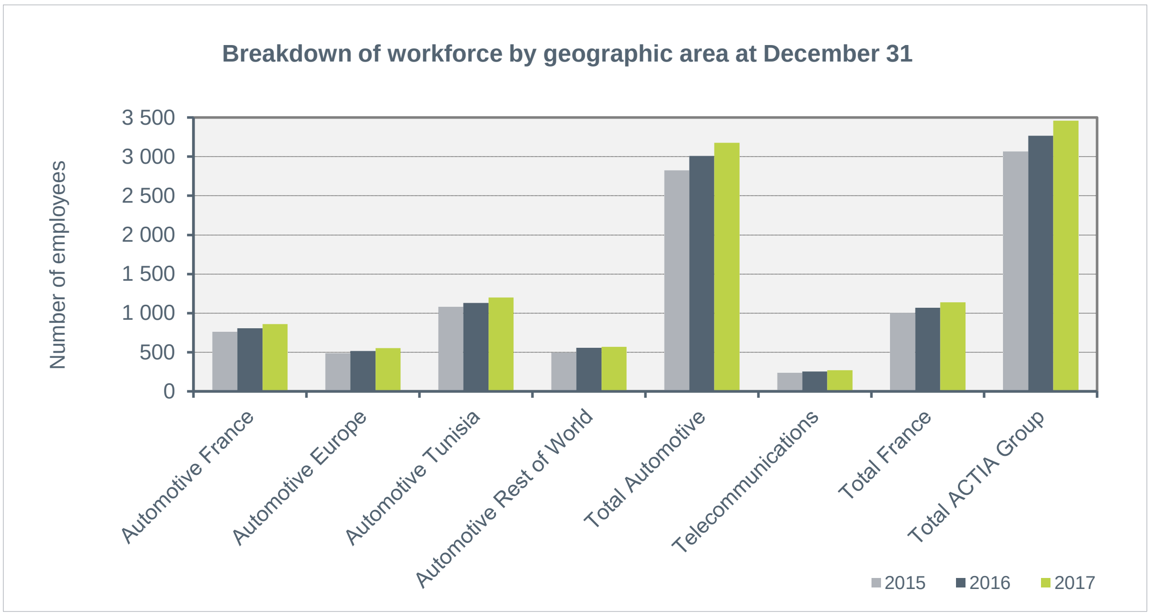
Changes in 2017 at a constant scope, meaning without including the headcount of Market IP (18 people) were as follows:

	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	Telecommu-nications	**Total France**	**Total Group**
2017 excluding Market IP	**860**	**533**	**1,199**	**569**	**3,161**	**270**	**1,140**	**3,441**
Change/2016	+52	+19	+70	+12	+153	+16	+72	+173
Change (%)	+6.4%	+3.7%	+6.2%	+2.2%	+5.1%	+6.3%	+6.7%	+5.3%

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, who represent 77.0% of the overall increase; the only exception to this rule being the ARDIA engineering services department in Tunisia where the overall increase included a majority of female management staff with 60.5% of hires;
- open-ended employment contracts, with 114.1% of the increase, whereas fixed-term employment contracts were down;
- non-management, accounting for 52.4% of the increase, compared to 71.6% in the previous year;
- from the geographic point of view, the growth, in descending order, was greatest in France, followed by Tunisia (mainly for the engineering services activity), as in 2016. The situation across Europe varied considerably, with an increase driven by the countries where the business grew, namely Sweden (telematics) and Spain (rail).

The breakdown is as follows:

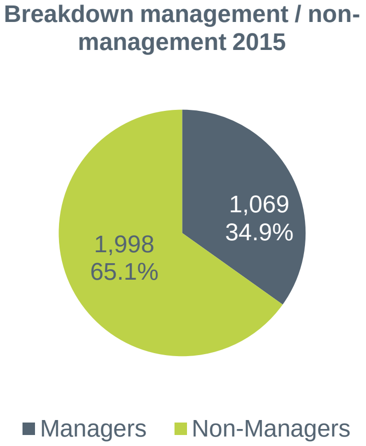


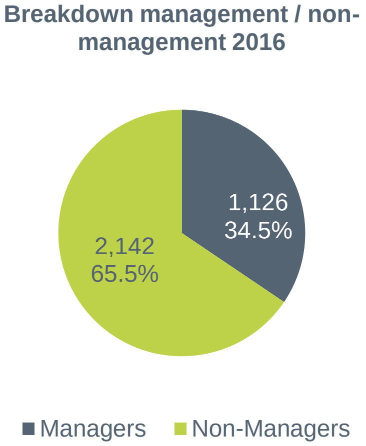
The changes in the management/non-management staff break down were as follows:

Managers	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	Telecommu nications	**Total France**	**Total Group**
2015	348	57	390	146	**941**	124	**476**	**1,069**
2016	374	60	381	177	**992**	129	**508**	**1,126**
2017*	**406**	**60**	**416**	**189**	**1,071**	**138**	**552**	**1,217**
Change/2016	+32	0	+35	+12	+79	+9	+44	+91
Change (%)	+8.6%	0.0%	+9.2%	+6.8%	+8.0%	+7.0%	+8.7%	+8.1%

Non-management	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	Total Automotive	Telecommunications	Total France	Total Group
2015	414	430	690	349	**1,883**	113	**529**	**1,998**
2016	434	454	748	380	**2,016**	125	**560**	**2,142**
2017*	**454**	**491**	**783**	**380**	**2,108**	**132**	**588**	**2,242**
Change/2016	+20	+37	+35	0	+92	+7	+28	+100
Change (%)	+4.6%	+8.1%	+4.7%	0.0%	+4.6%	+5.6%	+5.0%	+4.7%

* Market IP included





In absolute terms, the changes in management / non-management were skewed to non-management (+100 non-management staff, versus +91 managers). However, in percentage terms, the highest increase was for managers (+8.1% for managers and +4.7% for non-managers). Contrary to the general trend, in Europe (excluding France), management staff remained perfectly stables, whereas non-management increased.

At the end of the financial year, management staff represented 35.2% of Group headcount versus 34.5% in 2016 and 34.9% in 2015. In France, management staff now account for 48.4% of the total workforce compared to 47.6% in 2016 and 47.4% in 2015. This is explained by the size of the engineering services department which represents nearly one quarter of the Group's research and development capabilities.

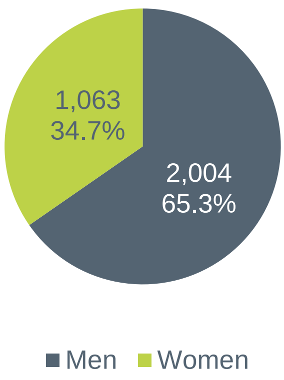
Breakdown by gender: in 2017, there was an average of 33.0% women, but in constant decline for a number of years; at December 31, 2016, women represented 33.6% of the workforce. This decline, which occurred in all geographic areas, was a consequence of the difficulty of finding candidates in technical 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.

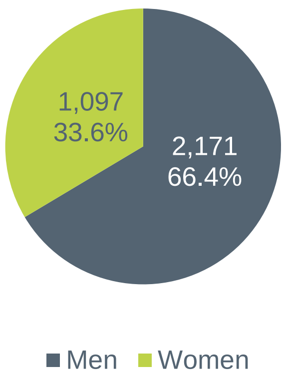
Men	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	Telecommu-nications	**Total France**	**Total Group**
2015	548	382	568	322	**1,820**	181	**732**	**2,004**
	71.9%	78.4%	52.6%	65.1%	**64.4%**	76.4%	**72.8%**	**65.3%**
2016	583	407	606	374	**1,970**	197	**784**	**2,171**
	72.2%	79.2%	53.7%	67.1%	**65.5%**	77.6%	**73.4%**	**66.4%**
2017	**623**	**437**	**661**	**382**	**2,103**	**209**	**838**	**2,318**
	72.4%	79.3%	55.1%	67.1%	66.2%	77.4%	73.5%	67.0%
Change/2016	+40	+30	+55	+8	+133	+12	+54	+147
Change (%)	+6.9%	+7.4%	+9.1%	+2.1%	+6.8%	+6.1%	+6.9%	+6.8%

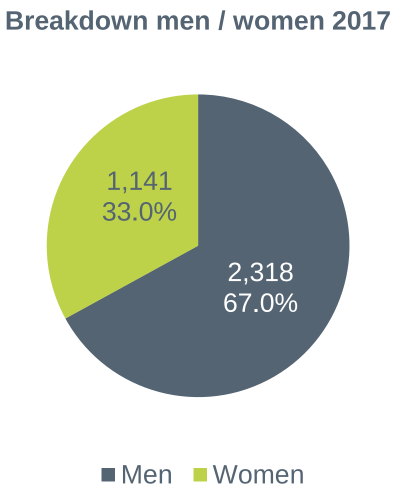
Women	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	Telecommu-nications	**Total France**	**Total Group**
2015	214	105	512	173	**1,004**	56	**273**	**1,063**
	28.1%	21.6%	47.4%	34.9%	**35.6%**	23.6%	**27.2%**	**34.7%**
2016	225	107	523	183	**1,038**	57	**284**	**1,097**
	27.8%	20.8%	46.3%	32.9%	**34.5%**	22.4%	**26.6%**	**33.6%**
2017	**237**	**114**	**538**	**187**	**1,076**	**61**	**302**	**1,141**
	27.6%	20.7%	44.9%	32.9%	33.8%	22.6%	26.5%	33.0%
Change/2016	12	+7	+15	+4	+38	+4	+18	+44
Change (%)	+5.3%	+6.5%	+2.9%	+2.2%	+3.7%	+7.0%	+6.3%	+4.0%
% of women/ headcount change	(1.0%)	(0.6%)	(3.1%)	0.0%	(1.9%)	+0.7%	(0.4%)	(1.7%)

Breakdown men / women 2015



Breakdown men / women 2016





Breakdown by age: this changed as shown below:

≤30 years old	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	Telecommu-nications	**Total France**	**Total Group**
2015	92	92	448	185	**817**	13	**106**	**831**
2016	109	98	445	216	**868**	29	**139**	**898**
2017	**140**	**103**	**456**	**195**	**894**	**34**	**176**	**930**
Change/2016	+31	+5	+11	(21)	+26	+5	+37	+32
Change (%)	+28.4%	+5.1%	+2.5%	(9.7%)	+3.0%	+17.2%	+26.6%	+3.6%

>30 and ≤50 years old	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	Telecommu-nications	**Total France**	**Total Group**
2015	440	289	580	252	**1,561**	128	**570**	**1,691**
2016	443	295	633	261	**1,632**	134	**579**	**1,768**
2017	**461**	**321**	**691**	**294**	**1,767**	**135**	**601**	**1,907**
Change/2016	+18	+26	+58	+33	+135	+1	+22	+139
Change (%)	+4.1%	+8.8%	+9.2%	+12.6%	+8.3%	+0,7%	+3.8%	+7.9%

>50 years old	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	Telecommu-nications	**Total France**	**Total Group**
2015	230	106	52	58	**446**	96	**329**	**545**
2016	256	121	51	80	**508**	91	**350**	**602**
2017	**259**	**127**	**52**	**80**	**518**	**101**	**363**	**622**
Change/2016	+3	+6	+1	0	+10	+10	+13	+20
Change (%)	+1.2%	+5.0%	+2.0%	0.0%	+2.0%	+11.0%	+3.7%	+3.3%

Overall, the increase in headcount was shared across all age groups, but changes were varied across regions and from one financial year to the next.

Over three years, the under 30s consistently represent a quarter of the numbers; the over 50s represent roughly 18%, also stable; finally, the 30 to 50 year olds represent more than half of the workforce.

Breakdown open-ended employment contracts (CDI)/fixed-term employment contracts (CDD): with 57.1% of hires on open-ended employment contracts, the Group has consolidated its headcount. In fact, despite the stability of revenue, the replacement of high volume business causes the teams to be highly involved in the tender process and the development of new products. There has therefore been a consolidation of the skill base to prepare for the business of tomorrow.

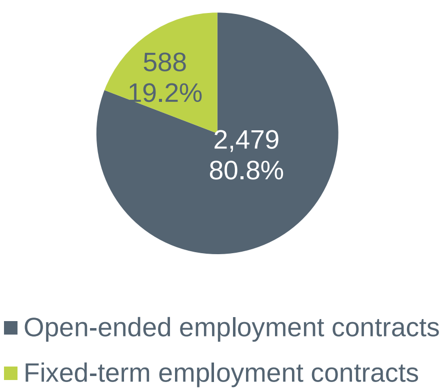
The portion of open-ended employment contracts thus progressed during the 2017 financial year across all geographic areas, with the exception of France where the proportion of open-ended contracts nevertheless remains the highest. Indeed, in France 92.9% of staff had open-ended contracts at December 31, 2017, compared to 94.0% in 2016 and 94.2% at end 2015. Overall, 83.2% of staff had open-ended employment contracts, compared to 81.4% at end 2016. 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 an open-ended contract is as follows:

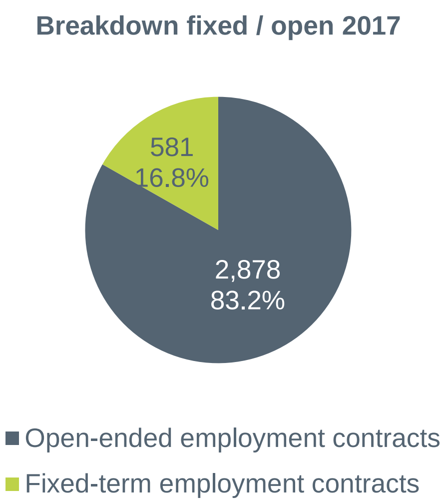
Open-ended employment contracts	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	Telecommu-nications	**Total France**	**Total Group**
2015	710	446	700	386	**2,242**	231	**947**	**2,479**
2016	761	468	793	395	**2,417**	237	**1,004**	**2,660**
2017	**797**	**514**	**855**	**450**	**2,616**	**254**	**1,059**	**2,878**
Change/2016	+36	+46	+62	+55	+199	+17	+55	+218
Change (%)	+4.7%	+9.8%	+7.8%	+13.9%	+8.2%	+7.2%	+5.5%	+8.2%
Proportion of open-ended employment contracts	92.7%	93.3%	71.3%	79.1%	82.3%	94.1%	92.9%	83.2%

Fixed-term employment contracts	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	Telecommu-nications	**Total France**	**Total Group**
2015	52	41	380	109	**582**	6	**+58**	**588**
2016	**47**	**46**	**336**	**162**	**591**	**17**	**64**	**608**
2017	**63**	**37**	**344**	**119**	**563**	**16**	**81**	**581**
Change/2016	+16	(9)	+8	(43)	(28)	(1)	+17	(27)
Change (%)	+34.0%	(19.6%)	+2.4%	(26.5%)	(4.7%)	(5.9%)	+26.6%	(4.4%)
Proportion of fixed-term employment contracts	7.3%	6.7%	28.7%	20.9%	17.7%	5.9%	7.1%	16.8%

Breakdown fixed / open 2015



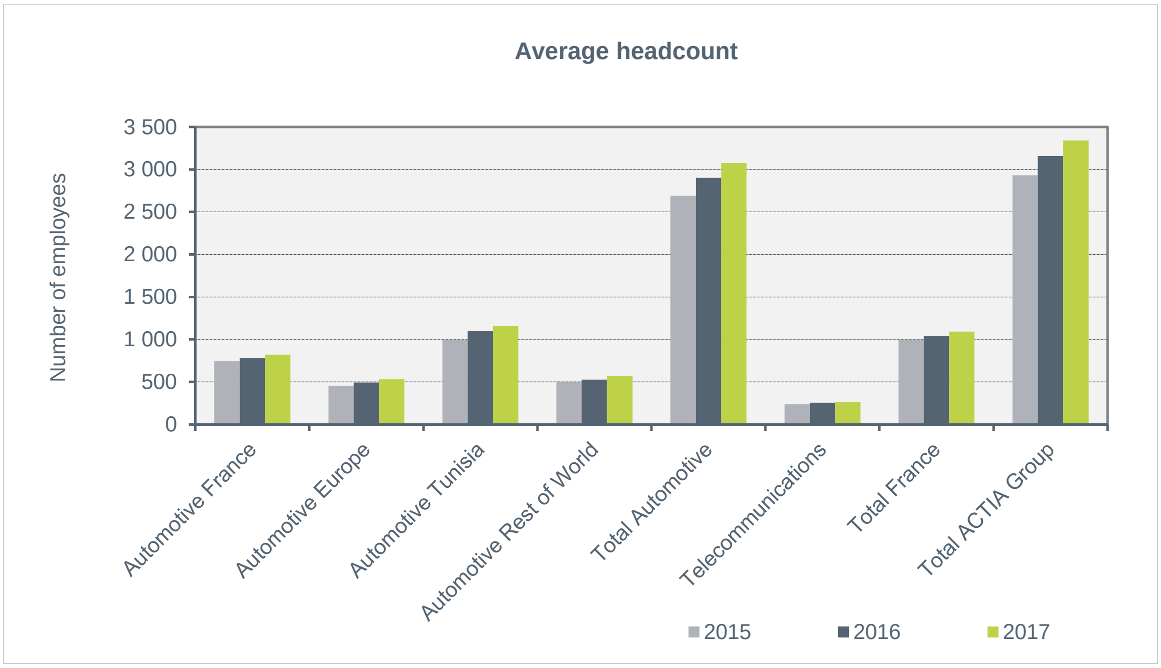
Breakdown fixed / open 2016



Overall, employees on fixed-term contracts now account for 16.8%, compared to 18.6% in 2016 and 19.2% in 2015.

It should be noted that part of the Group's needs can be met by external service providers, the cost of which increased by 17.9% in 2017.

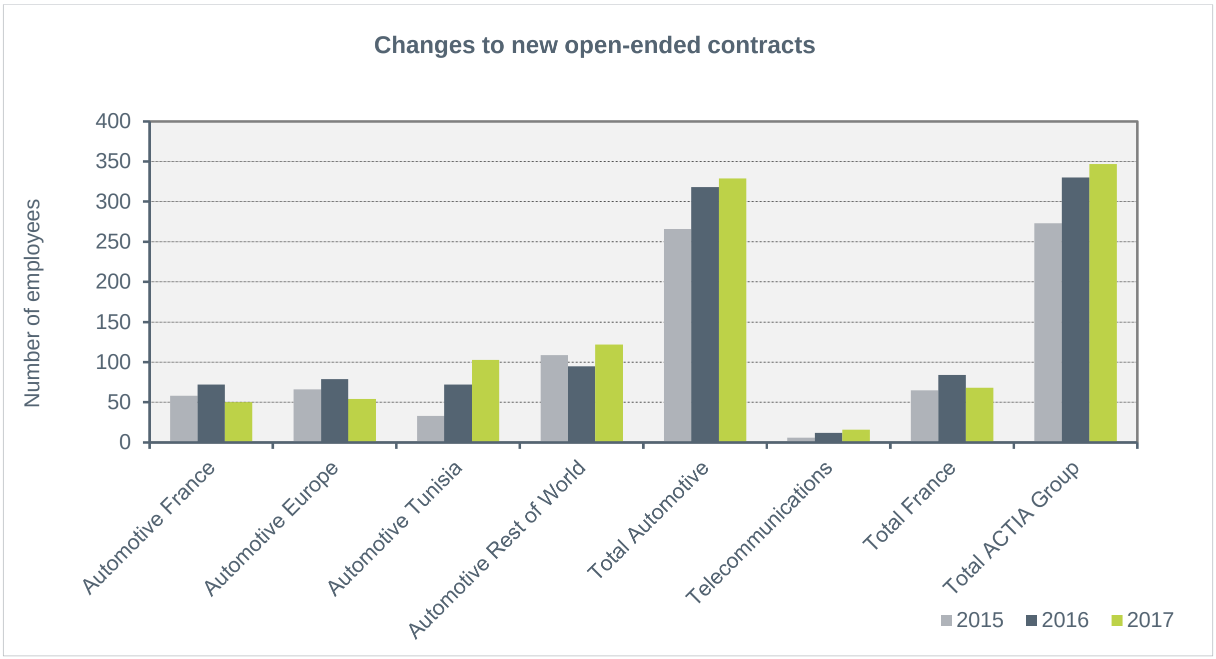
Furthermore, the Group has also observed changes with respect to its average headcount. This indicator tracks headcount at the end of the period and provides a means for producing ratios for analyzing the profitability of structures.

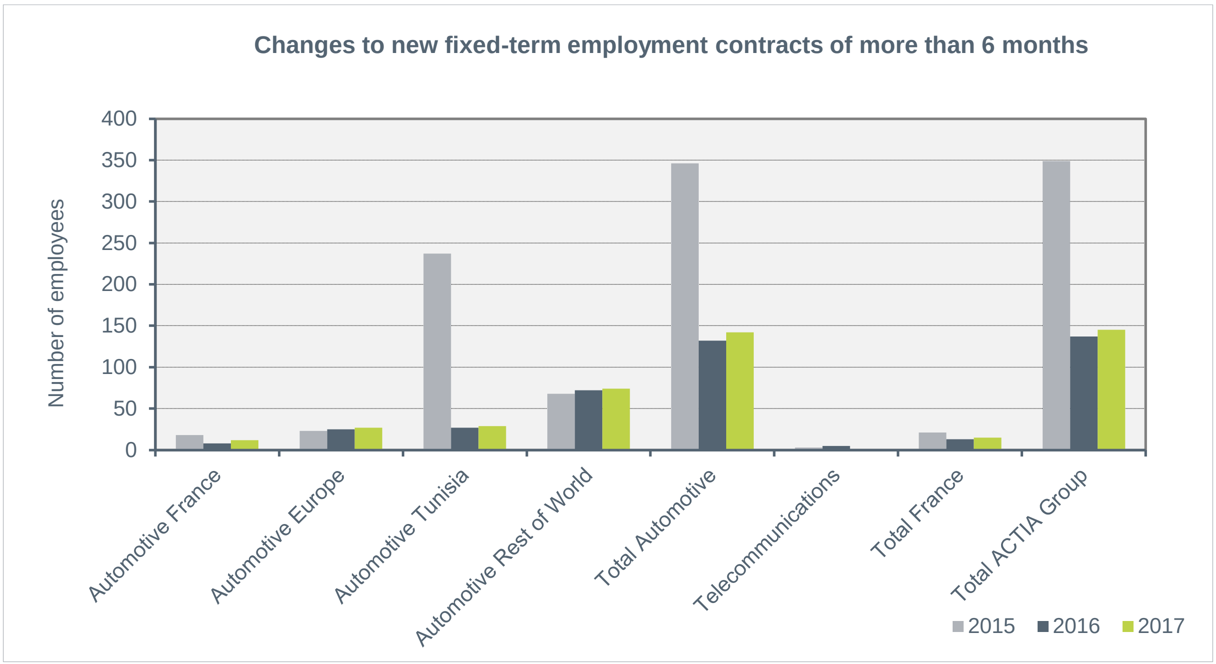


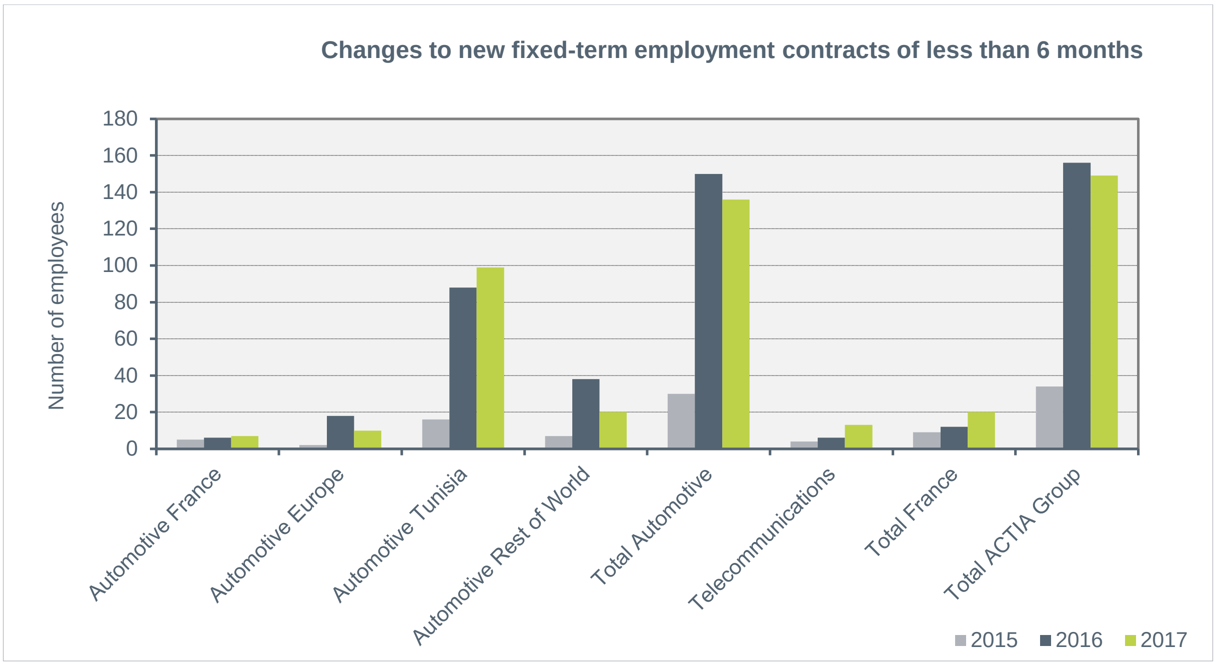
In the 2017 financial year, there was sustained recruitment across the Group, representing 685 positions, a figure that was up by 10.0% compared to 2016 (623 hires). These figures do not include subsidized fixed-term contracts such as apprenticeship and work-study contracts, which are dealt with elsewhere in terms of recruitment.

These figures are a direct result of the necessary adjustment of resources to serve the growth of the Group's business. Most hires were in the subsidiaries located in Tunisia, France and the USA.

It should nevertheless be pointed out that turnover remains high in China and the USA with full employment and demand for skilled personnel causing some instability in these two countries.


Changes to new open-ended contracts
Number of employees
400
350
300
250
200
150
100
50
0
Automotive France
Automotive Europe
Automotive Tunisia
Automotive Rest of World
Total Automotive
Telecommunications
Total France
Total ACTIA Group
2015
2016
2017


Changes to new fixed-term employment contracts of more than 6 months
Number of employees
400
350
300
250
200
150
100
50
0
Automotive France
Automotive Europe
Automotive Tunisia
Automotive Rest of World
Total Automotive
Telecommunications
Total France
Total ACTIA Group
2015
2016
2017



Fixed-term contracts represented less than half of employees hired, down in relation to prior years. Tunisia, China and France accounted for 43.5%, 25.2% and 11.9% respectively of recruitments for fixed-term contracts.

Furthermore, 88 fixed-term employment contracts signed before 2017 were transformed into permanent contracts in 2017 and 236 fixed-term employment contracts predating the last financial year were renewed in 2017.

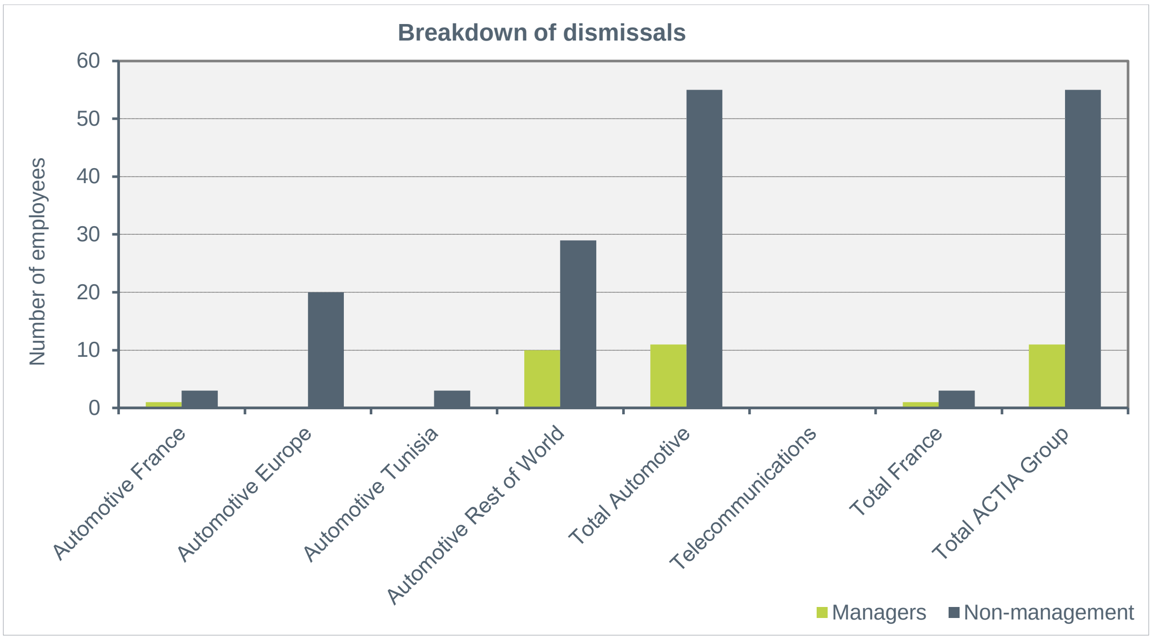
Some hiring difficulties were reported, the reasons for which were as varied as they are recurrent: level of compensation in relation to the local labor market, shortages of certain technical skills, some reasons related to the Company, lack of mobility…

Representing only 5.5% of jobs in the Group, temporary personnel slightly increased across the financial year, with 190 people, compared to 184 in the previous year. The main countries concerned, in decreasing order, continue to be France, Sweden and Germany which taken together account for 89.4% of temporary personnel employed in the period. The average length of temporary assignments varied from twenty three days to less 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 134 people on subsidized contracts during 2017, a figure that rose by 47.3% after declining for two years. France accounts for 61.2% of such contracts, followed by Tunisia for 37.3%, these figures being stable in relation to 2016. In 2017, these contracts resulted in 52 recruitments, including 46 in Tunisia.

Lastly, the Group employed 129 trainees through qualifying professional programs, a figure that was slightly down. These traineeships range from 26 to 540 days with an average period for the Group of 67 days, a stable figure. Thirty four were hired at the end of their training programs. These programs take place mainly in France, the leading contributor for the second consecutive year, and Tunisia.

Across the financial year, there were 66 dismissals, mainly outside France (93.9%); this figure was significantly up by 46.7% over 2016 and mainly concerned the USA, Mexico and the Czech Republic.



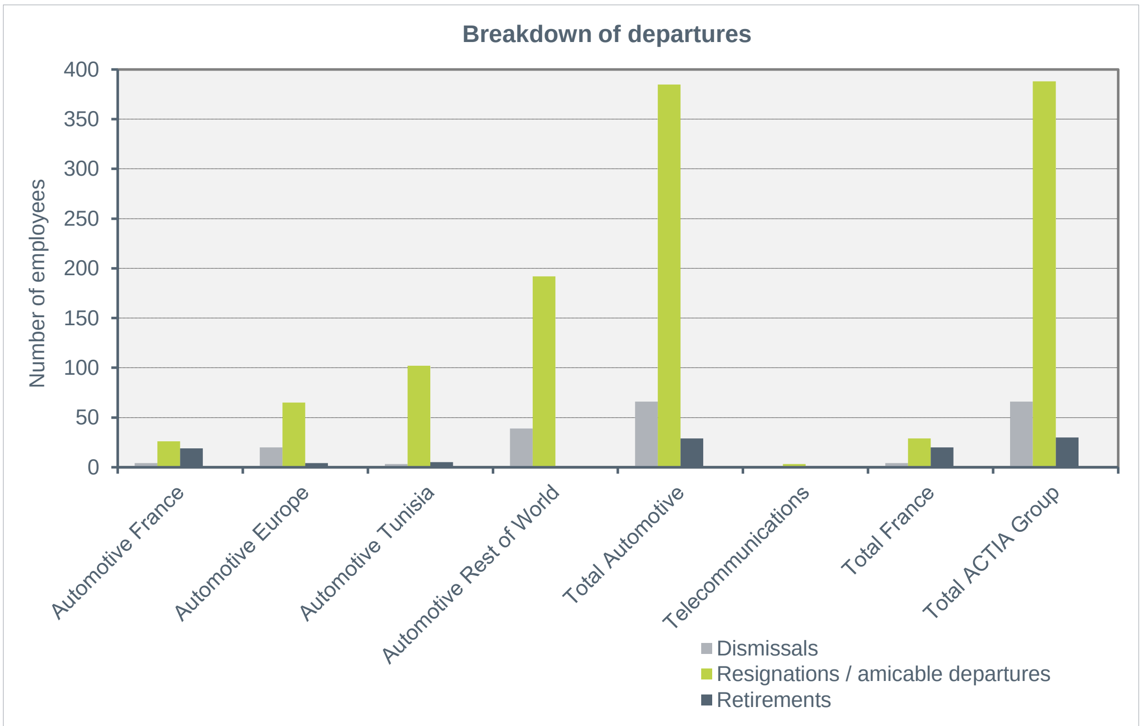
The reasons were as follows:

- incapacity: 69.7%, mainly in the US, are linked to the high turnover referred to above and difficulties in recruiting quality personnel;
- misconduct: 25.8%;
- economic reasons: 3.0%;
- serious misconduct: 1.5%.

Furthermore, the Group registered 387 resignations and amicable departures, a figure up by 56.7%, of which 63.0% in Tunisia, China and the United States, due to the specific nature of the local job markets. Resignations and amicable departures concerned 260 non-management employees and 127 management staff.

Finally, 30 employees retired, including 19 non-management employees, with France accounting for 66.7% of this number.

The overall breakdown of departures was as follows:



With respect to annual compensation, 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**	Telecommu-nications	**Total France**	**Total ACTIA Group**
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**
2017	**58,729**	**54,813**	**9,162**	**21,699**	**32,608**	**62,795**	**60,223**	**35,207**

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**	Telecommunications	**Total France**	**Total ACTIA Group**
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%**
2017	**46.3%**	**30.2%**	**14.7%**	**28.6%**	**35.2%**	**56.7%**	**48.7%**	**37.9%**

In terms of the burden of payroll and social contributions, and despite the setting up of the French competitiveness and employment tax credit system (CICE), which affects only a 52.8% of non-management staff, it should be noted that employer charges in France are still particularly high, even if there has been a slight fall.

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 2017, and for the whole of the Group, 65,580 training hours were provided, representing an average of 20 hours per employee, a figure that was down on 2016. The total budget devoted by the Group to training represented €929,600, 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 2017 43.2% of employees received training of some sort. All training indicators were up compared to 2016, which demonstrates the Group's desire to be proactive about the performance levels of its people.

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:

- upskilling to be able to follow the technological roadmap of: all the core functions in electronics and software;
- the development of projects and skills: project management, change management;
- support for industrialization and production: lean, new equipment, testing tools, MSA methods;
- continuity in support for customer certifications and quality standards, as well as in safety and risk prevention.

Achieved through subsidiaries in 16 different countries, diversity is a fact of life for our teams in meetings and shared activities, whether it is in the fields of research, sales, management or cross-functional roles. The breakdown of the Group's 3,459 employees in terms of country is as follows:

- 97.2% are of the same nationality as the subsidiary;
- 1.4% are EU nationals;
- 1.4% comes from other countries.

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

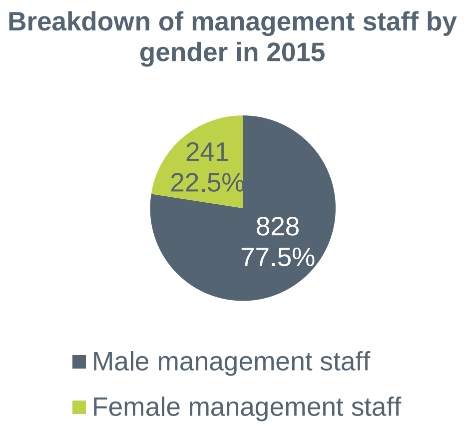
Equal opportunity is ensured within each structure and internal mobility within the Group and internationally, continues to be gradually put in place, especially for the ARDIA engineering services office. In the absence of a structured information tool in this area, opportunities still are pursued on a case-by-case basis.

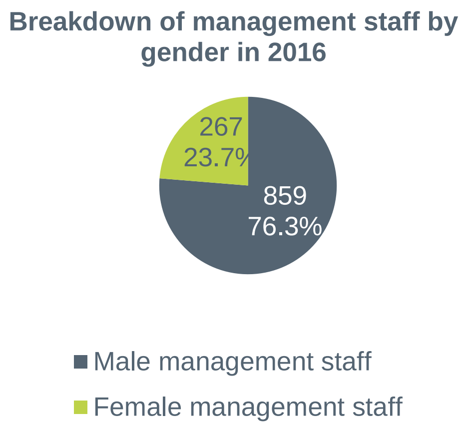
With the principle of occupational equality between men and women respected for employees throughout the Group, no incident of perceived discrimination has been reported.

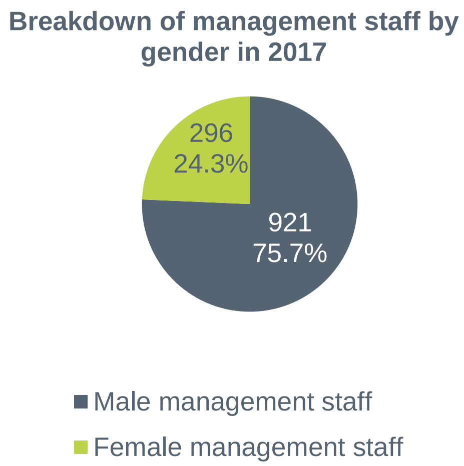
The tables below present the breakdown of management and non-management staff by gender.

Male management staff	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	Telecommu-nications	**Total France**	**Total Group**
2015	285	49	274	113	**721**	104	**392**	**828**
2016	303	51	250	142	**746**	**109**	416	**859**
2017	**326**	**52**	**261**	**158**	**797**	**118**	**450**	**921**
Change/2016	+23	+1	+11	+16	+51	+9	+34	+62
Change (%)	+7.6%	+2.0%	+4.4%	+11.3%	+6.8%	+8.3%	+8.2%	+7.2%

Female management staff	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	Telecommu-nications	**Total France**	**Total Group**
2015	63	8	116	33	**220**	20	**84**	**241**
2016	71	9	131	35	**246**	20	**92**	**267**
2017	**80**	**8**	**155**	**31**	**274**	**20**	**102**	**296**
Change/2016	+9	(1)	+24	(4)	+28	0	+10	+29
Change (%)	+12.7%	(11.1%)	+18.3%	(11.4%)	+11.4%	0.0%	+10.9%	+10.9%



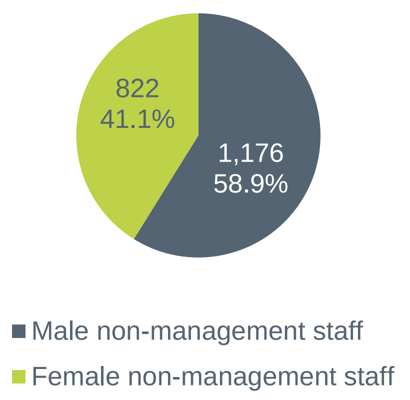




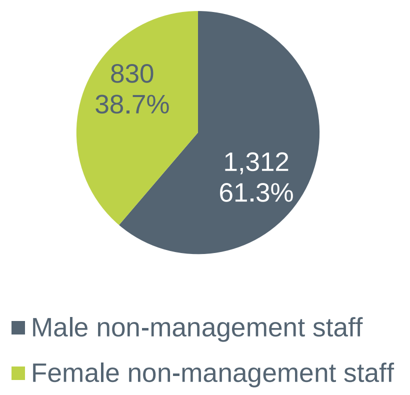
Male non-management staff	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	Total Automotive	Telecommu-nications	Total France	Total Group
2015	263	333	294	209	**1,099**	77	**340**	**1,176**
2016	280	356	356	232	**1,224**	88	**368**	**1,312**
2017	**297**	**385**	**400**	**224**	**1,306**	**+91**	**388**	**1,397**
Change/2016	+17	+29	+44	(8)	+82	+3	+20	+85
Change (%)	+6.1%	+8.1%	+12.4%	(3.4%)	+6.7%	+3.4%	+5.4%	+6.5%

Female non-management staff	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World;	Total Automotive	Telecommu-nications	Total France	Total Group
2015	151	97	396	140	**784**	36	**189**	**822**
2016	154	98	392	148	**792**	37	**192**	**830**
2017	**157**	**106**	**383**	**156**	**802**	**41**	**200**	**845**
Change/2016	+3	+8	(9)	+8	+10	+4	+8	+15
Change (%)	+1.9%	+8.2%	(2.3%)	+5.4%	+1.3%	+10.8%	+4.2%	+1.8%

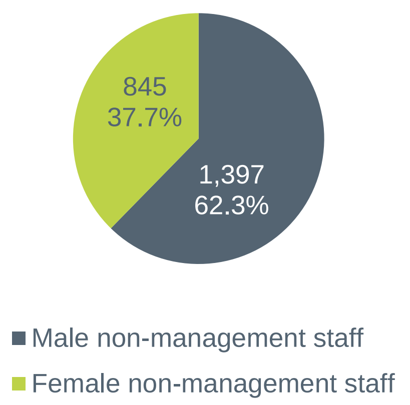
Breakdown by gender: non-management staff in 2015



Breakdown by gender: non-management staff in 2016



Breakdown by gender non-management staff 2017



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 continues to increase within the management population, unlike the situation for non-management staff. The special position of Tunisia continues to affect the Group's figures, as in the past.

In 2017, 48 disabled workers were employed within ACTIA Group, a figure that registered an increase of 1.1%. Certain local regulations require the employment of disabled workers and the Group does not meet the mandatory number of 89 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 12 persons and, unfortunately, was not sufficient to cover the shortfall. The Group was obliged to pay a total fine of €123.1 k for non-compliance with its obligations in this area. ACTIA Group has worked on this issue to improve the indicators and has committed to maintaining its efforts to gradually make up for the shortfall.

However, while addressing the issue, it became clear in France, that some people with a right to disabled worker status did not wish to claim it. Therefore, apart from employment, a more in-depth job needs to be done to encourage acceptance of disability, both within the Company and society in general.

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. The purpose of the Global Compact is to encourage companies right around the world to adopt a socially responsible attitude by committing to taking on board and promoting a number of principles regarding human rights, international labor standards and the fight against corruption. Signing the Global Compact is a deliberate act by the Company. In fact, the member companies commit to making progress every year in each of the 4 areas covered by the Global Compact and must submit an annual report called Communication on Progress (COP) explaining the progress they have made. The last COP was completed by CIPI ACTIA in December 2017.

Finally, 88.6% of entities using subcontractors declare that they ensure that these subcontractors respect the core conventions of the International Labor Organization.

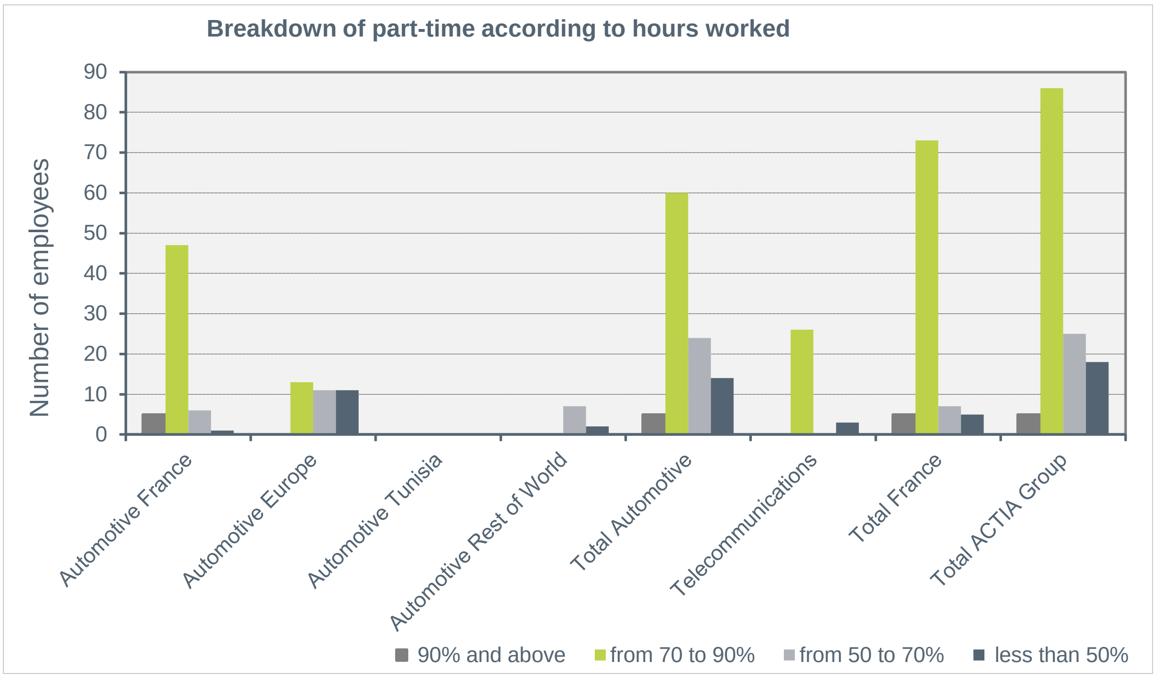
Working hours

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 and was renewed in 2017, 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 134, with women accounting for 74.0% of this number. The part-time breakdown is shown in the graph below:



The total number of overtime hours was 92,485, up in relation to 2016: 95.8% 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 39.1% 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.

59.7% of the Group's staff work in entities where labor unions are present.

There are 121 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 85.9% of employees(1);
- restaurant vouchers 56.1% of employees;
- maternity (maternity bonus) 25.7% of employees;
- supplementary retirement scheme 16.7% of employees.

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

On that basis, 67.4% 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 the subject of collective agreements, in the entities with union representation they cover working hours, quality of life in the workplace, pay, incentive schemes, time banks and flexibility, the classification of categories and grades, gender equality and generational contracts. In France, for the latest agreement in the main subsidiary, the emphasis was on the work-life balance, with the setting up of concierge services funded by the Company: the individual services are paid for by the employee, with the Company funding the availability of the concierge services. The purpose of this service is to provide employees with various services to facilitate their personal lives and help retain their talents within the Company. This new service had been maintained, despite the objectives not being reached in terms of usage and services. A fresh review was undertaken at end 2017: it was extended to the Colomiers production site. The service, the philosophy of which is to be a real social benefit for employees, resulted in a high satisfaction rating for the year and an 80.0% increase in the services provided at the Pouvourville site, where it was maintained. The services are multiple, ranging from dry cleaning to car maintenance, from parcel post to car documentation, the delivery of food and pharmaceutical products, right up to wellbeing services, such as massage, osteopathy, etc.

Health and safety

For 2017, 37 occupational accidents resulting in lost time days were recorded, up by 23.3%. 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 530 lost working days, up by 17.9% compared to 2016. It should be noted that, unlike previous financial years, no working days were lost in 2017 due to accidents that occurred in the prior year, the consequences of which continued into the following 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 Franc	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Automotive**	Telecommu-nications	**France**	**Group**
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**
2017	**9.1**	**4.9**	**7.6**	**1.7**	**6.3**	**4.3**	**7.8**	**6.1**

Severity	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Automotive**	Telecommu-nications	**France**	**Group**
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**
2017	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.3**	**0.2**	**0.1**

Frequency index	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Automotive**	Telecommu-nications	**France**	**Group**
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**
2017	**14.6**	**9.4**	**13.9**	**3.5**	**11.4**	**7.6**	**12.8**	**11.1**

To summarize, whereas the Frequency index is not good, it should be noted that Severity has improved.

The Group has just recorded its first 3 cases of occupational illness:

- a carpal tunnel problem resulting in 22 days off work;
- a problem with burnout resulting in 165 days off work;
- a double shoulder problem resulting in two periods of 14 days off work; on the employee's return to work, the workstation was rearranged and has proven entirely satisfactory to date.

Sick leave accounted for 22,124 lost working days in 2017, 7,431 of which in France. This figure is up for the Group in terms of number of days, but in relation to the average number of employees, the figure has dropped, except in France. The breakdown by division and by employee is given in the following table:

Days of sick leave per employee	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World;	**Automotive average**	Telecommu-nications	**Average France**	**Group average**
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**
2017	**7.4**	**7.3**	**8.6**	**1.6**	**6.8**	**5.0**	**6.8**	**6.6**
Change/2016	+0.2	(0.9)	(0.4)	(0.7)	(0.4)	+0.6	+0.3	(0.3)
Change (%)	+2.7%	(11.2%)	(4.1%)	(30.2%)	(5.4%)	+12.3%	+4.1%	(4.5%)

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 84.6% of the workforce, a Health, Safety and Working Conditions Committee (CHSCT) are present at the site. Numbering 11 in total, they are comprised of 61 members.

In 2017, an agreement on quality of life in the workplace was signed by ACTIA Automotive with the unions covering occupational health & safety; the existing agreements were maintained in the entities in question.

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**	Telecommu-nications	**Total France**	**Total Group**
2015	0	255	0	46	**300**	0	**0**	**300**
2016	0	166	0	25	**191**	0	**0**	**191**
2017	**0**	**198**	**0**	**108**	**306**	**0**	**0**	**306**

Incentive scheme (€k)	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	Telecommu-nications	**Total France**	**Total Group**
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**
2017	**1,328**	**362**	**0**	**193**	**1,884**	**1,280**	**2,609**	**3,164**

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**	Telecommu-nications	**Total France**	**Total Group**
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%**
Profit sharing 2017	**96.7%**	**34.3%**	**0.0%**	**34.8%**	**38.3%**	**100.0%**	**96.7%**	**43.0%**
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%**
Incentive scheme 2017	**98.8%**	**32.7%**	**0.0%**	**100.0%**	**50.3%**	**100.0%**	**98.2%**	**54.0%**

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.

In accordance with Article L. 225-79-2 of the French Commercial Code, the General Meeting of Shareholders which will be held on May 30, 2018 is being called to approve a change in the Articles of Association to include the procedure for appointing Supervisory Board members representing the employees.

The members are to be appointed through an election involving the employees of the Company and its subsidiaries, direct or indirect, whose head office is domiciled in France in accordance with the provisions of Article L225-28 of the French Commercial Code. An election will therefore be held within six months of the General Meetings.

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 a timetable to raise awareness have been drawn up as part of the Environmental Management System (EMS). ACTIA Automotive S.A. also holds awareness sessions for all new employees on their day of induction. Staff is informed of actions taken and the channels are available to them to report all relevant information.

The in-house organization of risk management concerning accidents has been put in place at the ACTIA Automotive S.A. sites. The latter has embarked on the setting up of an Environmental Management System using the AMDEC method, a system that requires potential emergency situations, including incidences of pollution, to be identified and assessed in order to remedy them with an obligation to document a "response to emergency situations" procedure, having identified them.

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 ten people. This currently represents 78.0% of Group employees who have been exposed to environmental issues, up from 73.5% in 2016, due to the inclusion of the Lucé site belonging to ACTIA Automotive.

Furthermore, these sites also take into account environmental impacts when designing new products and vendor/supplier procedures and gather regulatory intelligence.

Consumption and waste

Consumption of water resources

Water consumption of the Group totaled 32,859 m³, an increase of 4% on 2016.

The increase seen in 2017 has a number of explanations, of which the most important are:

- firstly, it should be noted that the works to extend certain sites that required the consumption of significant, but non-recurrent, amounts 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. As the Group had started the construction of its own building, with the move planned for 2018, it will put an end to the numerous problems with leaks in the building leased until now;
- some increases, revealed by the year-end figures, are being analyzed, especially in Germany, Czech Republic, Mexico and the Millau site in France, as consumption appears to be abnormal;
- for the rest, the increase in water consumption is directly linked to the growth of the business and headcount.

On the other hand, in Italy, where a leak had been detected, the move into new premises helped to bring down consumption, with less than 990 m³ across the financial year.

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

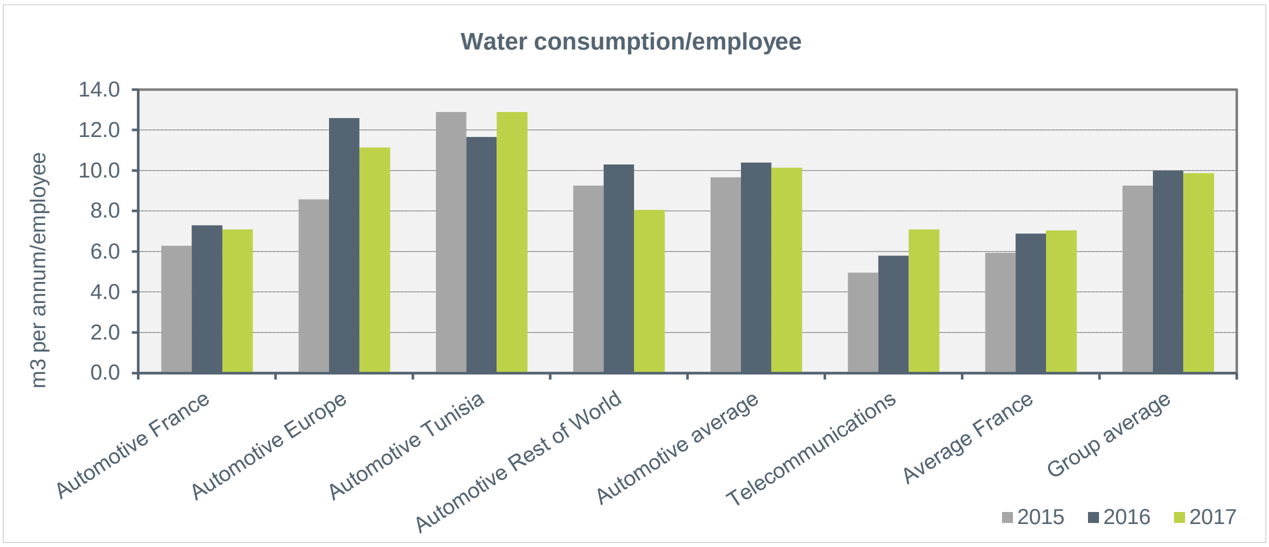
It should be noted that certain subsidiaries do not have access to their water consumption figures, as the information is included in local rental costs: for these entities, the Group has chosen to take into account estimated water consumption based on the national or industry average, depending on the available information. This approach concerns two subsidiaries in France (27 people) and subsidiaries in Sweden (97 people) and India (39 people), which together represent 4.9% 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 2017 was close to 9.9 m³ per annum/employee, slightly down on 2016, with the following changes:

m³ /year/ employee	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Automotive average**	Telecommu -nications	**Average France**	**Group average**
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**
2017	**7.1**	**11.1**	**12.9**	**8.1**	**10.1**	**7.1**	**7.0**	**9.9**
Change/2016	(0.2)	(1.5)	+1.2	(2.2)	(0.3)	+1.3	+0.2	(0.1)
Change (%)	(2.9%)	(11.7%)	+10.6%	(21.8%)	(2.5%)	+22.5%	+2.3%	(1.3%)

The following graph highlights an increase in water consumption per employee since 2015:



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".

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.

Concerning packaging, the 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 m³.

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. This survey reveals that the Group used about 28.1 m³ of miscellaneous chemical products, compared to 32.9 m³ in 2016: 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: 12,059.6 MWh, down by 1.5% compared to 2016. Depending on the site, changes to the consumption of electricity are very uneven. It is up across all geographic areas due to the business, the numbers of people, increased surface areas and the building work that has been done. Only CIPI ACTIA showed a sharp decrease of 18.9%, thanks to the rationalization of energy consuming machines;
- natural gas: with 3,145.8 MWh this was a decrease of 11.5% in relation to 2016. The decrease was linked to the Lucé site in France, with a twofold explanation: the replacement of doors and windows at end 2016 by the owner of the site and better weather conditions over the period.

Total consumption was 16,106.4 MWh in 2017, down by 3.3% from 2016. Converted into consumption per employee, there was a decrease of 8.2%.

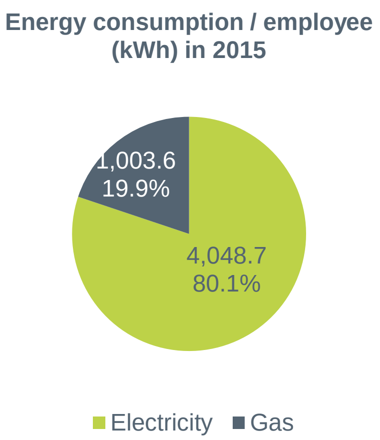
As for water, the Group monitors its energy consumption and seeks to provide coherent explanations for all fluctuations. Certain subsidiaries thus saw increases due to an increase in headcount, the surface area used, and the growth of the business: others experienced decreases thanks to the efforts made internally by raising the awareness of staff to energy savings and the more reasonable behavior of the latter: turning off equipment at night, control of heating and air-conditioning etc.

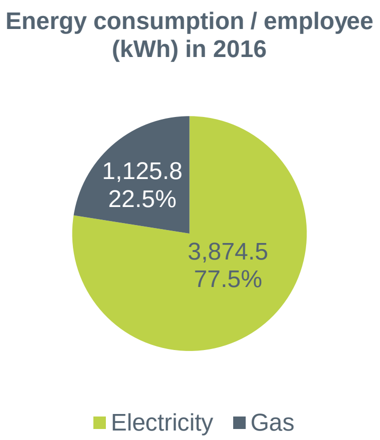
The consumption of fuel is extremely limited; it is used mainly by the Spanish subsidiary. It is not significant in relation to the overall consumption of energy.

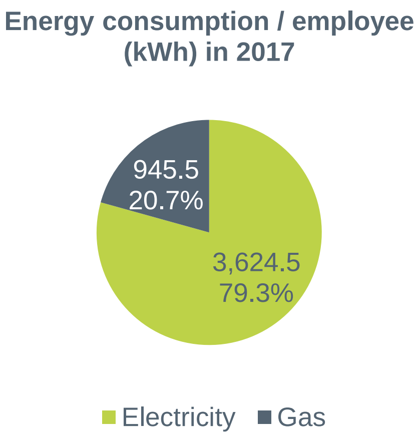
Energy consumption can be summarized as follows:

kWh per annum/employee	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	Automotive average	Telecommunications	Average France	Group average
Electricity 2015	4,824.3	1,685.2	5,103.0	2,880.7	4,040.1	4,232.7	4,658.1	4,048.7
Electricity 2016	5,216.0	1,433.4	4,484.9	2,672.6	3,538.8	4,410.4	4,990.0	3,874.5
Electricity 2017	**5,282.6**	**1,568.8**	**3,738.9**	**2,592.2**	**3,576.0**	**4,277.8**	**5,007.5**	**3,624.5**
Change/2016	+66.6	+135.5	(746.1)	(80.4)	(259.8)	(132.7)	+17.5	(250.1)
Change (%)	+1.3%	+9%	(16.6%)	(3.0%)	(6.8%)	(3.01%)	+0.4%	(6.5%)
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
Gas 2017	**1,466.7**	**1,189.4**	**39.6**	**691.7**	**737.3**	**3,382.2**	**1,920.5**	**945.5**
Change/2016	(564.5)	+44.9	(2.3)	(44.6)	(153.2)	(467.3)	(541.4)	(180.3)
Change (%)	(27.79%)	+3.9%	(5.5%)	(6.1%)	(17.21%)	(12.14%)	(21.99%)	(16.02%)
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
Total 2017	**6,749.3**	**4,511.2**	**3,778.5**	**3,283.9**	**4,608.1**	**7,660.0**	**9,704.9**	**4,840.7**
Change/2016	(497.9)	+171.5	(748.4)	(125.0)	(416.5)	(599.9)	(899.1)	(433.5)
Change (%)	(6.87%)	+4%	(16.5%)	(3.7%)	(8.3%)	(7.26%)	(8.5%)	(8.2%)

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 4,840.7 kWh, compared to 5,274.2 kWh in 2016 and 5,318.4 kWh in 2015.

Renewable energy consumption has remained stable and concerns Tunisia where hot water is provided by solar energy (four 2 m² panels producing 2,200 watts) and in Sweden where all electricity consumption is supplied by wind turbines (48 MWh) and tidal power (144 MWh). Accordingly, 192 MWh, without counting solar-heated water for which we do not have any equivalent consumption, originate from renewable energy sources that account for 1.2% 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 194 MWh, as compared to 165 MWh in 2016.

Our German subsidiary also uses energy for heating originating entirely from energy recovery. This consumption totals 707 MWh or 4.4% 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 and by automatic shutdowns at night;
- equipment: by instructions given to purchasing departments for low energy consumption equipment, buying LED 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, between 2015 and 2017, the introduction of general oversight by a third party to examine the planned improvement measures, the impact of which has yet to be analyzed.

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

Ground use

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 (25 hectares). Of this surface area, 47.7% is covered by landscaped green areas (62.2% in France). Wooded areas represent 0.5% 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. It should be noted that at the time of service provider renewal, ACTIA Automotive selected a service provider who is very involved in the subject. Among other things, they have proposed many initiatives to reduce waste and for recycling, and a short supply cycle for food. They also track their environmental (social and societal) indicators on a regular basis.

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 9.4% falling under the category of “hazardous industrial 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 approve disposal facilities for recycling, recovery or treatment. Tunisia poses a specific problem as there were no local facilities for hazardous industrial waste; until now, it has been stored on-site in optimal conditions. This problem is now being addressed and all the waste accumulated to date is expected to be removed as of March 2018 (5.8 tons) by an organization approved to treat this type of waste.

Existing recycling arrangements at the sites concerns all types of packaging: cardboard, paper, plastics 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 96.1% of the total population at the global level. The rate of coverage for French sites remained at 100% in 2017.

An increasing number of sites have formal reporting systems for tracking the quantity of waste produced and/or recycled. In 2017, the subsidiaries producing a complete or partial qualitative or quantitative report on the amount of their waste represented 83.6% of the Group's workforce. 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	Telecommu-nications	Total France	Total ACTIA Group
Recovery	152.7	58.1	137.0	29.9	377.8	28.4	181.2	406.2
Energy recovery	94.8	18.5	0.0	0.0	113.3	1.0	95.8	114;3
Controlled disposal	5.1	0.0	14.2	0.0	19.3	0.0	5.1	19.3
Special treatment*	2.5	2.1	3.0	1.0	8.6	0.3	2.8	8.9
TOTAL	**255.1**	**78.7**	**154.3**	**30.9**	**519.0**	**29.7**	**284.9**	**548.8**
% HIW** / waste	4.9%	39.1%	4.8%	0.0%	9.7%	2.7%	4.6%	9.4%

*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 (spring 2018).

**HIW: Hazardous Industrial Waste

In 2017, the increase in HIW is linked to the German subsidiary which takes back the computer equipment of its customers at the end of its useful life, representing 26.7 tons over the financial year. This equipment is entirely recycling.

When adjusted for this figure, the % of HIW is equivalent to 3.7% of Group waste, down by 5.5% on 2016 and 4.8% on 2015.

It should be noted that some subsidiaries have 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.

The Group remains attentive to applying all available means of separating and recycling waste. However, depending on the geographic areas, the possibilities of taking action vary considerably. Therefore, as soon as an opportunity presents itself locally, as in Tunisia in 2018, the Group does all it can to contribute to the progress.

Finally, to allow for a comparison between wastes 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. Nevertheless, certain sites voluntarily carry out quantitative and qualitative assessments of their air emissions, including two production sites: the results are perfectly 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 Tunisia, CIPI ACTIA conducts an analysis every 3 years (the last one was in 2014). If there is a problem, correctives actions are taken before making further measurements; if the problem persists, additional or specific measurements are taken. In January 2016, a specific measurement was carried out at the site for dust, a significant issue for the production of electronic cards, and the site was declared compliant with the current regulations.

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 CO² 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	Telecommu-nications	Total France	Total ACTIA Group
2015	577	353	2,355	883	**4,168**	245	**822**	**4,413**
2016	681	366	2,296	879	**4,222**	305	**986**	**4,527**
2017	**545**	**394**	**2,008**	**907**	**3,854**	**268**	**813**	**4,122**

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. In fact, on the basis of a fixed rate, total Group emissions reached 4,665 tons CO² equivalent at December 31, 2017, compared to 5,026 tons CO² equivalent at December 31, 2016, and 4,918 tons CO² equivalent at December 31, 2015.

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 mileage for the year 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 2017, the Group arrived at the following results:

Expressed in tons CO² eq.	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	Total Automotive	Telecommu-nications	Total France	Total ACTIA Group
Emissions from operated vehicles	975	196	9	236	**1,415**	138	**1,112**	**1,553**
Emissions from operations	545	394	2,008	907	**3,854**	268	**813**	**4,122**
% operated vehicles / operations	179.0%	49.7%	0.4%	26.0%	**36.7%**	51.3%	**136.9%**	**37.7%**

In 2016, the following amounts were recorded:

Expressed in tons CO² eq.	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	Total Automotive	Telecom-munications	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, explain the ratios between operated vehicles and operations.

It should be noted that in 2017, ACTIA Automotive S.A. provided two electric vehicles and one electric van for travel between the two sites in Toulouse.

Water and ground discharges

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

- waste water is of the "domestic" type and is discharged into the public sewage system to be treated; several alternatives exist: waste water system, septic tank, drainage or, in China, a sewage farm;
- 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 incidents 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. An air filter will be installed in the new ARDIA building under construction to prevent these odors.

Excluding these two reported items, no incident has been recorded by the various facilities and there were no complaints from neighbors in 2017 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 soil, 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).

47.7% 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 the employees carpooling solutions;
- 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 (light and utility vehicles) and have entrusted their Company Travel Plan to this new subsidiary.

Action was also taken at the end of the year to encourage the employees to use electric bicycles, with a doubling by the Company of the government premium and a negotiation to obtain a 15% discount on 4 models of electric bicycles.

In Sweden, trains are 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, 78.0% 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 2019.

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 by a heat pump,
  - efforts focused on shutting down equipment, installing presence detectors and timers,
  - replacing lighting with more energy-efficient systems (LED),
  - modifying the organization of summer holidays to reduce electricity consumption,
  - employee awareness-raising programs, particularly for turning off lights,
  - 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,
  - setting up of the "zero paper" objective in Spain where all the workshops are now paperless; to achieve this, screens have been installed to make it possible to monitor the manufacturing process,
  - 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.),
  - maintain the level of raw material recycling at an annual cost of €44.5 k.
- 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, electric vehicles are available for inter-site travel and a Company Travel Plan is being rolled out: depending on the site, public transport is encouraged or trains are preferred for inter-site travel.

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;
- certification audits;
- intranet and e-mails;
- meetings when employees are hired and/or during the year; annual, quarterly and bi-monthly meetings depending on the site; instructions for working on energy savings;

- 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 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 eco-design 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 requirements for classification: every supplier classified as having an activity with an environmental impact must present their operating license issued by the relevant environmental authority. 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.

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 27 "Risk Factors" in the notes to the consolidated financial statements.

Finally, as part of the construction of a new building and the renovation of the car park at the head office in Toulouse, special attention has been paid to keeping the existing trees and replacing those that could not be kept with species that contribute to biodiversity.

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 2017, or in previous financial years.

Amount of indemnities paid during the period and remediation work

In 2017 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 2017. 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.

5.7.3 Societal commitments in favor of sustainable development

Outsourcing

Most facilities covered have recourse to outsourcing for different tasks.

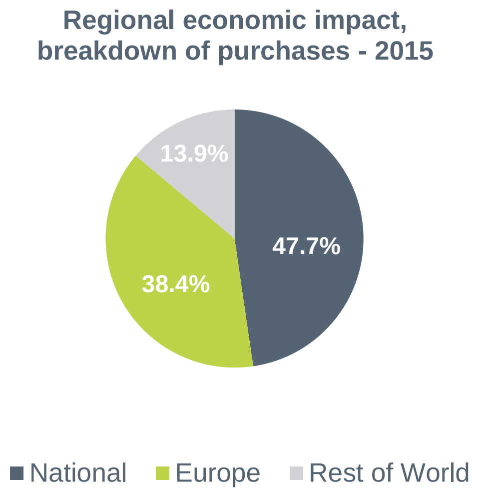
The Group has recourse to two types of outsourcing:

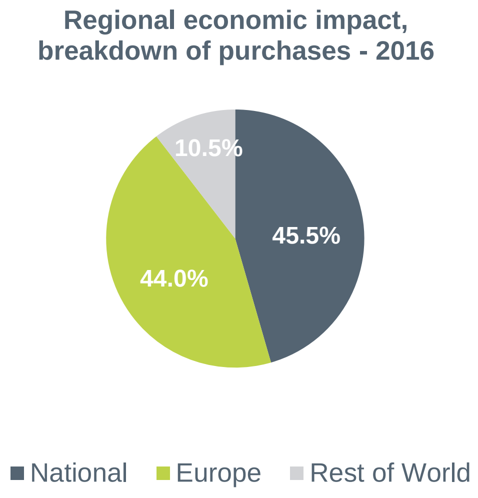
- for manufacturing, certain sub-assemblies, such as in the area of embedded audio and video systems may be outsourced. This production is assured directly at the site of subcontractors having been approved by the Group;
- in the area of research and development, according to the specific nature of the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

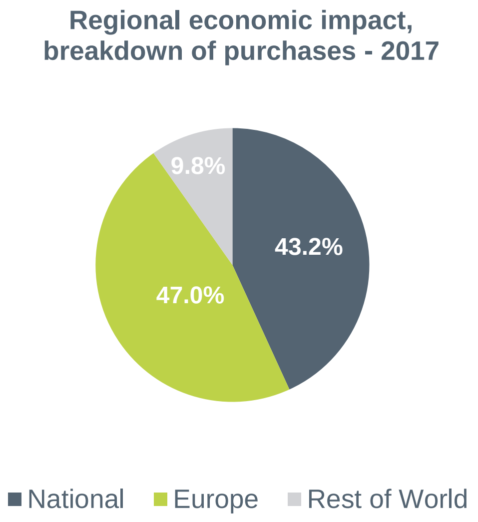
Current subcontractors vary according to Group entity and some subsidiaries have adopted assessment procedures (audits) to comply with requirements relating to quality standards, employee working conditions and the desired environmental standards depending on their certification level.

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.

However, in the electronics business, with global production being mainly concentrated in Asia and North America, it is almost impossible to favor local areas.

Relations with stakeholders and social works

Some Group entities belong to trade bodies: In France, *Union des Industries et Métiers de la Métallurgie* (UIMM), MEDEF (employers' union), scientific bodies such as ANRT, Aerospace Valley, Tompasse and social bodies such as Action Logement, a body that collects taxes for the construction of housing, financing construction and helping employees to find housing. Abroad, with the CIPI ACTIA membership of the United Nations Global Compact for human rights and the environment, ANFIA (Italian automotive industry association), the metal industry employers' union in Madrid, MAFEX (the railways association in Spain), SMMT (local union in England), and the Chinese Buses and Coaches Association.

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 has signed a partnership agreement with six major educational establishments in France ("*Grandes Écoles*"): Ecole des Mines ALBI-CARMAUX (engineering), Toulouse Business School, ENSEEIHT (electro-technical, electronics, IT, hydraulics and telecommunications), ENSIL (engineering in Limoges), INSA (applied sciences in Toulouse) and ISAE (aeronautics and space), all part of the E+ excellence program initiated by the Group in 2008.

On the international front, partnerships have been entered into with Politecnico in Turin and Milan, the Universita di Bari (Italy), the Monterrey Technological Institute (Mexico), the University of Shanghai and the engineering college of Nanjing (China), and in Tunisia a number of engineering schools.

Some subsidiaries provide support to different local associations, as in Toulouse "*Nos Quartiers ont du Talent*" ('our neighborhoods have talent') and "Espérance Banlieue Toulouse" ('hope for the suburbs'), and in Spain by belonging to the "Fundacion Creality", whose mission is to palpably improve and make progress in the quality of life for the precarious, at-risk and/or socially excluded, helping them to achieve independence thanks to activities assisted by animals. The association acts through programs including activities assisted by dogs who actually visit the places (hospitals, clinics, rehabilitation centers. etc.) to be with the people concerned and their families. ACTIA Systems has provided substantial financial support for (over €7,700) for this association, equivalent to one Euro on all the microphones sold for use on buses & coaches (drivers, tourist guides). Employees have also participated, on a voluntary basis, with monthly donations.

ACTIA SYSTEMS NOS HACE ENTREGA DE SU CHEQUE SOLIDARIO

Olfateando con magia ha cerrado el año 2017 formando parte del evento de celebración del 25 aniversario de la empresa ACTIA en España.

ACTIA SYSTEMS es una compañía socialmente responsable llevando a cabo, desde su política de Responsabilidad Social Empresarial, una campaña de producto solidario desde el año 2016 hasta la actualidad en beneficio de la acción social llevada a cabo por Fundación Creality.
Ha sido una satisfacción para nosotros poder agradecer su colaboración y apoyo, así como, el de sus empleados, cerrando el evento con nuestra actividad Olfateando con Magia, donde todos los asistentes pudieron disfrutar, e incluso participar, de la magia del mago Juanky y de nuestra perra maga "Varita".

Gracias a empresas como ACTIA, y a la implicación de sus trabajadores, personas que se encuentran en situación de vulnerabilidad pueden tener una mejora en su autonomía y, por tanto, en su calidad de vida e inclusión en la sociedad.

Si quieres formar parte de nuestros programas, puedes contactar con nosotros en proyectos@fundacioncreality.org o llamar al teléfono 687129640.

The Group's contributions might consist of donations of equipment, as with computer equipment for "La Compagnie du Code", which runs workshops to raise awareness of or training for young people in computer code, or financial assistance for selected associations. ACTIA Group also supports the INSA Foundation, the purpose of which is to provide long-term support in terms of equal opportunities for student engineers who find themselves in financial straits by offering them the possibility of obtaining a grant. Jean-Louis Pech, Chairman of the Executive Board, has also been Chairman of this association, which the Group also supports financially, since end 2016. The association also works in fields as diverse as support for diversity, innovation, gender equality, disability. Etc.

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. Today, an **anti-corruption code of conduct** is being rolled out and, at the same time, a whistleblower scheme for employees to report breaches of the anti-corruption code of conduct is about to be set up. Finally, the Group is **preparing a code of conduct for its values**, covering the following topics: workplace relations, conflicts of interest, communications, protection of Group assets, responsible use of available resources, ethics, confidentiality, protection of the environment, the fight against corruption, whistleblowing and non-reprisal policy.

Concerning the measures taken for the health and safety of consumers, products developed by the Group are subject to the safety concerns and the improvement of respect for the environment, particularly in the field of the mobility of goods and people.

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

To the Shareholders,

As statutory auditors designated as a third party independent of the company ACTIA Group S.A. and accredited by COFRAC under number 3-1049[1], we hereby present our report on the consolidated social, environmental and societal information (hereinafter referred to as "CSR Information") provided in the management report for the year ended December 31, 2017 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 Paragraph 3 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).

However, it is not within our remit to issue an opinion on compliance with the other applicable legal provisions, particularly those set out in Law No. 2016-1691 of December 9, 2016 known as "Sapin II" (fight against corruption).

Our work drew upon the expertise of five people and was conducted between October 2017 and April 2018 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.

[1] The scope of which may be consulted at www.cofrac.fr.

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.

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;

[2] ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

[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 organization of social dialog, including information procedures, and procedures for consulting and negotiating with employees, the policies implemented in terms of training, energy consumption and the measures taken to improve energy efficiency and the use of renewable energies, the measures taken to prevent, recycle, reuse and other ways of recycling and eliminating waste, the actions taken to avoid corruption, and the consideration of social and environmental challenges in the Company's purchasing policy.

- 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 24% of headcount, a figure considered to be representative for the social section, and between 16% and 46% 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, 2018

KPMG S.A.

Philippe Arnaud
Partner
Sustainability Services

Philippe Saint-Pierre

[4] ACTIA Automotive, ACTIA I+ME.
[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 direct or indirect; FL: Finance lease; L: Lessee; I: Lessee of an SCI belonging in part to the Group.

Name	Site	Business activity	Type of interest
ACTIA Group	Toulouse	Holding company	I (1)
Automotive			
ACTIA Automotive	Toulouse	Electronic studies and marketing	I (1)
	Colomiers	Electronics manufacturing	O (2)
	Lucé	Manufacturing and distribution of mechanical equipment for garages and inspection centers	L
	Toulouse	Logistics	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	I (3)
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 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	Saint-Georges-de-Luzençon	Electronics research & manufacturing	0 (4)
	Dinard	Electronics research & manufacturing	O/L
	Puy-Sainte-Réparade	Electronics research & manufacturing	FL
	Manosque	Electronics research & manufacturing	O
ARDIA	Tunis *(*Tunisia)	Electronics research & design	L
MARKET IP	Belgium	Electronics research & design	L
COOVIA	France	Mobility consulting	L

(1) SCI des Coteaux de Pouvourville

(2) SCI de l'Oratoire

(3) SCI Los Olivos

(4) SCI SODIMOB

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. At that time, the cumulative value was €39.5 million. A new appraisal will be carried out in 2018.

It has not been possible to reconcile this amount with the carrying value of these assets because they are owned either directly or indirectly by subsidiaries of the Group, some being accounted for by the equity method.

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. Therefore, the French production site, belonging to ACTIA Automotive S.A. and located in Colomiers is 100% owned by the Group through SCI de l'Oratoire. The Tunisian production site located in Tunis is an asset of our subsidiary CIPI ACTIA, 65.8% owned by the Group and the building that will house the 2nd production facility is which is under construction, will be directly owned by ACTIA Tunisie.

Major industrial equipment of the French site is generally financed through finance leases, whereas equipment in Tunisia is financed through medium-term bank loans, because other solutions are not available through the banks in Tunisia.

The Group's production revolves around the dual facilities in France and Tunisia. In this way, with the same types of equipment, testing tools and procedures, the Group benefits from a good deal of flexibility in the way it organizes production. Capital expenditure is coordinated between the different sites in order to increase capacity while improving quality and reducing the length of production cycles.

In 2017, **the Colomiers facility** had the following activities:

- electronics manufacturing;
- a repair center;
- support services.

These activities made it possible to produce close to 223,000 hours (i.e. 10% more compared to 2016) and facility usage stood at an average of 80%. This improvement was due to the higher volumes for long production runs in the Automotive Division. This infrastructure also continued to evolve in order to optimize production areas while improving the working environment for our teams.

Activity at our Tunisian sites grew consistently, led primarily by light vehicle telematics and high volumes, as well as new products.

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

- CIPI ACTIA: medium-sized and long production runs of cards and electronic equipment, mainly for the automobile sector or heavy vehicles;
- ACTIA Tunisia: assembly and integration of medium-sized and large production runs for all types of markets.

In 2017, the CIPI ACTIA production center achieved almost 550,000 hours of activity and facility usage was 90%, with four shifts over 6.5 days, for half the equipment.

The upgrade of the infrastructure of our CIPI ACTIA site was completed with the commissioning of an additional, modern production area and a new, high capacity Dual Line.

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. In 2017, construction work began on a building on land belonging to ACTIA Tunisie, which will house all of the latter's activities, putting an end to the leasing of the current building, which does not have the capacity to accommodate the growing business.

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:

- capacity, with the arrival of a new line for long production runs at Colomiers, in view of the volumes for telematics, the start-up of the Energy related activity and progress in the trucks segment;
- processes to track the technological changes to our products and anticipate customer requirements;
- robotization in order to improve efficiency;

- securing of the CIPI ACTIA selective soldering and varnish lines, as well as gains in fluidity and productivity with the arrival of new ICT testers along with the Dual Line at CIPI ACTIA;
- securing X ray inspection resources for the Colomiers and CIPI ACTIA sites.

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 up to 2018.

Two sites, considered non-strategic, are partly owned 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 and used by the Spanish subsidiary, for which the breakdown of capital is as follows:

Breakdown of the share capital of SCI Los Olivos	%
SCI Les Coteaux de Pouvourville	50.0%
ACTIA Systems	40.0%
Individuals	10.0%
Total	**100.0%**

On the other hand, in France, the office buildings housing the head offices of ACTIA Group S.A. and ACTIA Automotive S.A. are fully owned by the SCI Les Coteaux de Pouvourville. The breakdown in the share capital of the latter is as follows:

Breakdown in the share capital of SCI les Coteaux de Pouvourville	%
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 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 unit. 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: earth station equipment,
    - Energy: control-command equipment for energy transmission and distribution systems, special transmission systems, Operating Maintenance Services (OMS),
    - Rail – Transport: equipment and systems for digital TV and radio, equipment for railway applications,
    - Infrastructure Networks Telecommunications: 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 5.11.2 "Certification of Group company quality systems at December 31, 2017". 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, at each of our sites.

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 risks (turnover, shortages, supply delays, etc.);
    - 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 of the estimated level of control over the main risks identified is performed on the basis of the information set out in Note 27 "Risk factors" in the notes to the consolidated financial statements.

Depending on their nature, internal discussions about risks are primarily conducted at Management Committee meetings, Budget meetings, Executive Committee meetings, etc. and each time a sensitive event occurs (fake president fraud attempts, for example). The Group's e-mail system and internal television channel, ACTIA Flash, are also tools used when broadcast is required to as many people as possible.

Internal control

With respect to accounting and financial matters, management control and internal audit are organized by the two divisions for 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.

With respect to Group financial control: a dedicated team provides financial control for the Group at the international level.

Control is implemented via reporting procedures which are revised on a regular basis. It is backed by visits to the subsidiaries as well as occasional meetings of the accounting and financial teams, notably when a specific topic must be addressed. 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:

- budget and cost accounting structure monitoring;
- 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;
- monitoring of working capital requirements and, particularly, of changes in inventories and customer payment times;
- monitoring of investments and related financing.

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 a foreign operation 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. The replacement of the MOVEX ERP system is in progress. The software package selected is M3, which uses the same editor as MOVEX. Project deployment will take place in 2018 and 2019.

System access (technical IT systems (ERP), human resources, finance, 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 tools used 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. An ISO 27001 certification process has been initiated for both ACTIA Telecom and ACTIA Automotive.

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 the impact of incidents when they occur.

Areas for improvement - Monitoring execution of actions

Certification monitoring audits were successfully performed at the end of 2017 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 Subsection 5.11.2 "Certification of Group company quality systems at December 31, 2017".

With regard to IT systems, the main following actions were taken:

- office automation services: continuing renewal of office automation equipment (25%) and standardization;
- communications services: development of private international networks – improvements to physical and virtual networks (security and Wi-Fi);
- management services: operation and improvements to productivity and reporting tools for financial functions, integrated configuration management, CRM, EDI contract management database, HRIS;
- software development services: project management software upgrade – software development and validation tools;
- security services: improved business resumption plan – improved archiving systems.

5.11.1 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".

5.11.2 Certification of Group company quality systems at December 31, 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 – aeronautics / 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	Certified	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		In preparation for 2019			
ACTIA Nordic	Certified	Certified	Certified			
ACTIA UK	Certified					
ACTIA India	Certified	Certified	Certified			
ACTIA de Mexico	Certified					
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: in 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, ISO 27001 and CMMI DEV V.1.2.
- Certifications pending official approval:
  - ACTIA Automotive: ISO 27001 in progress;
  - ACTIA India: OHSAS 18001 V2007 in progress;
  - ACTIA Telecom: ISO 450001, under study.

5.12 Information about the issuer

The separate financial statements of ACTIA Group S.A. show revenue of €2.8 million, an increase of 16.0% in relation to 2016. The resulting net income amounted to €5,767 k, up from €2,263 k one year earlier. This trend is linked the level of dividends paid by its subsidiaries.

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 overview 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 €253.1 k for the financial year, compared to €248.2 k in 2016. The increase was due to fees for the acquisition, the review of coordination agreements and for support and services supply agreements.

Highlights of the 2017 separate financial statements are presented below:

Separate parent company results (€k)	**2017**	2016	2015
Net sales	**2,777**	2,395	2,528
Operating revenue	**3,563**	3,037	3,178
Operating expenses	**4,574**	3,954	4,011
Operating income	**(1,011)**	(918)	(833)
Financial result	**6,611**	3,262	5,552
Non-recurring items	**10**	1	(295)
Net income	**5,767**	2,263	4,354

We will ask shareholders to approve these separate financial statements.

5.12.1 Highlights

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

5.12.2 Appropriation of earnings

In accordance with the law and our Articles of Association, the following appropriation of earnings for the period ended December 31, 2017 will be proposed at the General Meeting:

Source		
"Retained earnings" at December 31, 2017		€7,783,639.00
Profit for the period: appropriation		€5,766,828.88
Appropriation		
To "Retained earnings" resulting in a balance of:	€11,138,474.96	
Dividends	€2,411,992.92	
TOTAL	**€13,550,467.88**	**€13,550,467.88**

Amount - Payment - Tax regime for dividends

The General Meeting notes that the total gross dividend per share is set at €0.12.

The ex-dividend date will be on June 13, 2018; the dividend will be paid on June 15, 2018.

When paid to individuals resident in France for tax purposes, the dividend is subject to a single withholding tax on the gross dividend set at either the flat rate of 12.8% (Article 200 A of the French General Tax Code), or the tax payer may choose the express, irrevocable and overall option of paying income tax according to the progressive schedule after a relief of 40% (Article 200 A, 13, and 158 of the French General Tax Code). The dividend is also subject to social security contributions of 17.2%.

5.12.3 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	
2014	€0.10		
2015	€0.10		
2016	€0.15		

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

5.12.4 Indebtedness

This information is presented in Note 3.10, "Debts", of the notes to the separate financial statements.

5.12.5 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 €2,694, relating to surplus depreciation on company cars.

No taxes are due for the 2017 financial year.

5.12.6 Equal opportunity employment

ACTIA Group S.A. is the Group's holding company. As of December 31, 2017, it had 10 employees to handle its holding company functions.

To date, as indicated in Subsection 5.7.1 “Employees", 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.

5.12.7 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:

Invoices due and received but not paid on 12/31/2017						
In €	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day and more)
(A) Aging buckets						
Number of invoices	725					2
Total of all invoices, excluding VAT	3,591,698				301	301
% of the total amount of purchases for the financial year, excluding VAT					0.01%	0.01%
(B) Invoices not included in (A) for debts and receivables in dispute or not recognized						
Number of invoices excluded	1					
Total amount of invoices excluded	1,000					
(C) Reference payment terms used (contractual or legal terms)						
Payment terms used to calculate late payments	☒ Contractual terms: based on the general terms and conditions of sale of our suppliers ☐ Legal terms					

5.12.8 Analysis of accounts receivable

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

Invoices issued and due but not paid as of 12/31/2017						
In €	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day and more)
(A) Aging buckets						
Number of invoices	175					5
Total of all invoices, excluding VAT,	2,777,018				48,170	48,170
% of the total amount of purchases for the financial year, excluding VAT					1.73%	1.73%
(B) Invoices not included in (A) for debts and receivables in dispute or not recognized						
Number of invoices excluded	0					
Total amount of invoices excluded	0					
(C) Reference payment terms used (contractual or legal terms)						
Payment terms used to calculate late payments	☐ Contractual terms: ☒ Legal terms: 30 days end of month					

5.12.9 Events after the balance sheet date

No material events have occurred after the 2017 balance sheet date.

5.12.10 Financial results over the past five years

Euros	2017	2016	2015	2014	2013
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	**2,777,018**	2,394,764	2,527,501	2,264,219	2,097,228
Earnings before tax, depreciation, amortization and provisions	**5,818,496**	2,345,915	4,120,084	3,446,339	2,221,608
Income tax	**(156,586)**	82,566	70,465	42,203	42,203
Earnings after tax, depreciation, amortization and provisions	**5,766,829**	2,262,529	4,353,577	3,402,633	2,169,090
Earnings distributed	**3,014,991**	2,009,994	2,009,994	2,009,994	1,406,996
Earnings per share					
Earnings after tax but before depreciation, amortization and provisions	**0.30**	0.11	0.20	0.17	0.11
Earnings after tax, depreciation, amortization and provisions	**0.29**	0.11	0.22	0.17	0.11
Dividends allocated to each share	**0.15**	0.10	0.10	0.10	0.07
Staff					
Number of employees (average workforce)	**7**	5	5	4	5
Payroll for the financial year	**667,535**	595,203	564,687	472,840	449,767
Sums paid out in respect of employee benefits in the financial year (social security, social action, etc.)	**283,796**	258,119	244,267	200,748	198,268

5.13 Major shareholders

5.13.1 Breakdown of the share capital and voting rights

The identity of those persons directly or indirectly holding 5% - 10% - 15% - 20% - 25% - 30% - 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, 2015

	Number of shares % of share capital		Gross voting rights		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%
Family subtotal Pech and Calmels families	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

	Number of shares % of share capital		Gross voting rights		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%
Family subtotal Pech and Calmels families	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%**

Share capital and voting rights at December 31, 2017

	Number of shares % of share capital		Gross voting rights		Net voting rights	
LP2C	10,016,166	49.83%	19,837,695	61.62%	19,837,695	61.65%
Individuals - Pech and Calmels families	67,196	0.33%	134,392	0.42%	134,392	0.42%
Subtotal Pech and Calmels families	10,083,362	50.17%	19,972,087	62.04%	19,972,087	62.07%
SIDMIA International	1,171,848	5.83%	2,328,750	7.23%	2,328,750	7.24%
Individuals - Thrum family	213	0.00%	426	0.00%	426	0.00%
Thrum family subtotal	1,172,061	5.83%	2,329,176	7.24%	2,329,176	7.24%
Total concert agreement	11,255,423	56.00%	22,301,263	69.28%	22,301,263	69.30%
SGPFEC	1,037,141	5.16%	2,074,282	6.44%	2,074,282	6.45%
General public	7,795,163	38.78%	7,803,503	24.24%	7,803,503	24.25%
Treasury shares	12,214	0.06%	12,214	0.04%	0	0.00%
Total	20,099,941	100.00%	32,191,262	100.00%	32,179,048	100.00%

Gross or theoretical voting rights: this is the total number of voting rights, including those attached to shares deprived of voting rights, 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. The main provisions of this agreement are described in Subsection 5.13.3 "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".

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 2017, 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. The ACTIA Group share entered the B Segment of the Paris Stock Exchange on January 27, 2017.

During 2017, total volume of ACTIA Group shares traded was 8,500,146 compared to 8,250,387 in 2016 and 13,638,614 in 2015, representing average daily trading volume of 33,334 shares over 255 trading days compared to 32,103 shares in 2016 and 53,039 shares in 2015.

In 2017, the share price trading range was as follows:

- high: €9.69 on January 27, 2017;
- low: €6.56 on November 1, 2017;
- closing on 12/31/2017 €6.98.

After recording a 39.5% decline in the volume of shares traded in 2016, and a 44.6% increase compared to December 31, 2015, the number of ACTIA Group shares traded stabilized compared to 2016, rising slightly by 3.0%. However, the closing price was down by 7.5% compared to December 31, 2016. The share outperformed the CAC Mid & Small index at the start of the financial year, but the trend reversed in May 2017 following the publication of information about the difficulty of obtaining battery supplies. The share finished down 11.0% while the CAC Mid & Small index rose by 15.8%.

More than 374,740 shares were purchased through the liquidity contract in 2017 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.

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). The ACTIA Group entered the ranking in 2015 and moved up in 2017 compared to 2016. It finished 30th out of 230 in the general ranking, up 13 spots, and 7th out of 67 in the "sales between €150 and €500 million" category, up two spots.

On March 29, 2018, ACTIA Group was included in the following indices:

INDEX	ACTIA Group weighting in the index
CAC ALL SHARES	0.01%
CAC ALL-TRADABLE	0.00%
CAC EL. & EL. EQ.	0.22%
CAC INDUSTRIALS	0.03%
CAC MID & SMALL	0.04%
CAC SMALL	0.21%
ENT PEA-PME 150	0.27%
ENT TECH 40	2.09%

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
2015	(0.4)%	18.1%	36.9%	16.4%
2016	44.6%	7.2%	34.1%	17.1%
2017	**(7.5)%**	**22.0%**	**30.9%**	**10.7%**
past six months	(1.8)%	2.5%	28.7%	7.5%

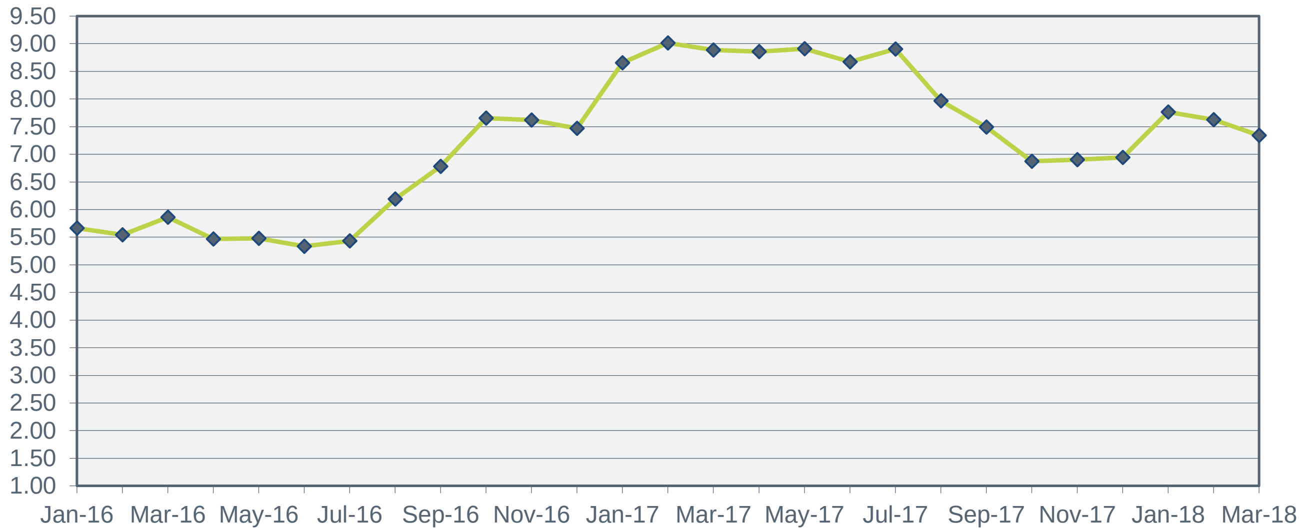
Closing price trends and trading volumes from January 1, 2015 to March 24, 2018 (closing price in Euros)

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

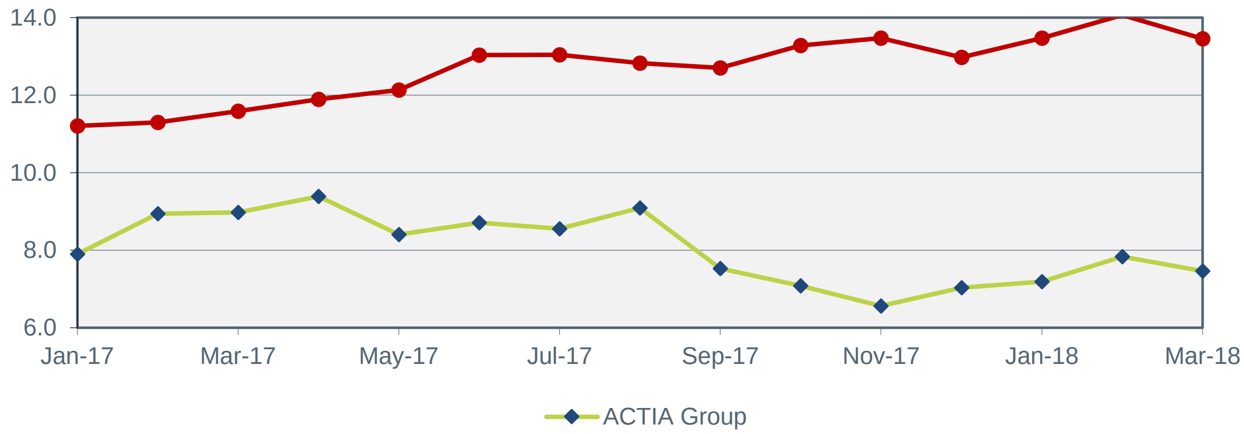
2017	High	Low	Average	Trading volume
Jan-17	9.69	7.90	8.66	1,123,590
Feb-17	9.51	8.65	9.02	803,827
Mar-17	9.14	8.67	8.89	737,455
Apr-17	9.43	8.33	8.86	861,411
May-17	9.20	8.40	8.91	698,724
Jun-17	8.90	8.50	8.67	748,424
Jul-17	9.19	8.51	8.91	467,426
Aug-17	9.09	7.56	7.97	769,716
Sep-17	7.65	7.35	7.49	473,381
Oct-17	7.12	6.58	6.87	695,324
Nov-17	7.51	6.56	6.90	813,825
Dec-17	7.14	6.75	6.94	307,043

2018	High	Low	Average	Trading volume
Jan-18	7.96	7.19	7.76	473,241
Feb-18	7.89	7.27	7.63	430,377
Mar-18	7.84	7.07	7.34	353,382

Share price trends (average monthly closing price in Euros)



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



5.13.2 Control and ownership

Information on holdings and voting rights is presented in Subsection 5.13.1 “Breakdown of the share capital and voting rights”.

As indicated in Section 5.13 “Major 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 6.3.1 “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 seven other Board members, one belongs to the family of one of the founders (Louis Pech). The others are not related. Four are completely independent, ensuring the good governance of the Group.

The Pech and Calmels families 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 and father of Laura 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.

5.13.3 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, 2017, this agreement covered a total of 11,225,423 shares (56.0% interest) and 22,301,263 voting rights (71.6% control).

5.13.4 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.

5.13.5 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	Sep-22-16	Sep-22-21	Loan repayment	230,770	1.1%
TOTAL SHARES PLEDGED					**230,770**	**1.1%**

To the best of the Company's knowledge, 230,770 shares were thus pledged in favor of financial institutions on December 31, 2017, representing 1.1% of the Company's share capital.

5.13.6 Treasury shares

Information about this topic is presented in Note 3.7 "Treasury shares" of the notes to the separate annual financial statements.

5.13.7 Trading in Company shares

To the knowledge of the Company, the Corporate Officers did not carry out any transactions on the Company's shares during the 2017 financial year.

5.13.8 Share buyback program under way

The liquidity contract changed as follows over the financial year:

- number of shares purchased during the financial year: 346,642;
- number of shares sold during the financial year: 350,801;
- average purchase price €8.44;
- average sales price: €8.43;
- trading costs: €12,057.80;
- number of shares registered in the Company's name at the close of the financial year: 8,886;
- value of the securities at the purchase price: €74,997.84;
- par value for each purpose: 100% of the share buyback program was used to support the secondary market or the liquidity of the stock through a market maker (French PSI) under a liquidity agreement complying with the French Financial Markets Association (AMAFI) Code of Ethics as recognized by the AMF;
- number of shares used: none;
- re-allocations: none;
- portion of the share capital they represent: 0.04%.

5.13.9 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 per share with the maximum amount for the share buyback program to be set at €5,627,972.

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

5.14 Statutory Auditors

The terms of office of the Statutory Auditor, KPMG, and of the Alternate Auditor, Christian Liberos, will expire at the end of this General Meeting.

Muriel Correia, Alternate Auditor, was removed from the register of the French institute of statutory auditors (CNCC) for personal reasons. The issue of her replacement has been added to the agenda of this General Meeting.

The Supervisory Board will submit its recommendations for these offices to you.

5.15 Conclusion

The Executive Board asks all shareholders to vote in favor of the proposed resolutions.

THE EXECUTIVE BOARD

6. CORPORATE GOVERNANCE REPORT

This report on corporate governance was submitted for the approval of the Supervisory Board on March 26, 2018 and forwarded to the Statutory Auditor.

6.1 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 reviewed the items presented in the "vigilance points" section at its meeting of December 21, 2017.

6.1.1 Membership of the Supervisory Board

At December 31, 2017, the Supervisory Board had the following members:

Last name, first name and position	Independent member (yes/no)	Year of first appointment	End of term*
Louis Pech, Chairman of the Supervisory Board, father of Jean-Louis Pech and of Catherine Mallet, grandfather of Laura Pech	NO	2002	2020
Pierre Calmels, Vice-Chairman of the Supervisory Board, father of Marine Candelon-Bonnemaison	NO	2003	2021
Henri-Paul Brochet, Supervisory Board member	YES	2008	2020
Catherine Casamatta, Supervisory Board member	YES	2017	2023
Alain Costes, Supervisory Board member	YES	2003	2021
Carole Garcia, Supervisory Board member	YES	2014	2020
Laura Pech, Supervisory Board member, grand-daughter of Louis Pech, daughter of Jean-Louis Pech	NO	2017	2023
Günther Thrum, Supervisory Board member	NO	2002	2020
Véronique Védrine, Supervisory Board member	NO	2004	2021

* Following the General Meeting called to approve the financial statements for the past financial year

Supervisory Board members are appointed for six years. All Supervisory Board members were elected or confirmed at our General Meetings.

It should be noted that, with respect to the principle of balanced representation of men and women on the Supervisory Board, the board consists of four women and five men, for a total of nine members. The proportion of members of each gender is at least equal to 40%, in line with the applicable legislation.

OBSERVERS

There are three observers:

Last name, first name	Year of first appointment	End of term
Jean-Philippe Brinet, Non-voting observer	2009	2021
Christian Desmoulins, Non-voting observer	2014	2018
Frédéric Thrum, Non-voting observer	2017	2021

INDEPENDENT OFFICERS

Criteria applied: to be considered an independent officer, the member of the Supervisory Board must meet the following criteria:

1. not be, or have been, an employee or Executive Corporate Officer of the Company or of a company of the Group in the last five years;
2. not be, or have been, in a significant business relationship with the Company or the Group (customer, supplier, competitor, service provider, creditor, banker, etc.) in the last two years;
3. not be a majority shareholder of the Company or hold a significant percentage of voting rights;
4. not be in a close relationship or have a close family tie with a Corporate Officer or a majority shareholder;
5. not have been a Statutory Auditor of the Company in the past six years.

The following definition of the term "group" is used for the application of these criteria: any company controlled or controlling the ACTIA Group as meant by Article L.233-3 of the French Commercial Code.

The summary table below shows whether or not the members of the Supervisory Board conform to each Code criterion:

Last name, first name and position:	Criterion 1	Criterion 2	Criterion 3	Criterion 4	Criterion 5
Louis Pech, Chairman of the Supervisory Board	NO	YES	NO	NO	YES
Pierre Calmels, Vice-Chairman of the Supervisory Board	YES	YES	NO	NO	YES
Henri-Paul Brochet, Supervisory Board member	YES	YES	YES	YES	YES
Catherine Casamatta, Supervisory Board member	YES	YES	YES	YES	YES
Alain Costes, Supervisory Board member	YES	YES	YES	YES	YES
Carole Garcia, Supervisory Board member	YES	YES	YES	YES	YES
Laura Pech, Supervisory Board member	YES	YES	YES	NO	YES
Günther Thrum, Supervisory Board member	YES	YES	NO	NO	YES
Véronique Védrine, Supervisory Board member	YES	NO	YES	YES	YES

Therefore, the independent Corporate Officers are:

- Alain Costes, Supervisory Board member;
- Henri-Paul Brochet, Supervisory Board member;
- Catherine Casamatta, Supervisory Board member;
- Carole Garcia, Supervisory Board member.

6.1.2 Compliance with the Middlenext Code of Corporate Governance

The Company complies with all of the recommendations of the Middlenext Code with the exception of the following provisions of the Code which the Group has waived:

- Compensation of the Supervisory Board members

To date, contrary to the Code, no directors' fees have been paid, in accordance with the policy of the Group since its founding. However, this topic is under study, notably to provide fair compensation for the independent members of the Supervisory Board.

In addition, 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

The Supervisory Board decided not to create an ad hoc Audit Committee, but to carry out the duties entrusted to that 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.

The Supervisory Board, meeting as an Audit Committee is called based on the same rules applicable to the Supervisory Board. It meets twice a year to review the annual and half-year financial statements prior to the Supervisory Board meeting called to approve the financial statements.

It is responsible for:

- monitoring the financial information preparation process and, if required, for making recommendations to ensure its integrity;
- monitoring the effectiveness of internal control, risk management and, if required, internal audit procedures for the preparation and processing of financial and accounting information, without impacting its independence;
- issuing a recommendation to the Supervisory Board regarding the Statutory Auditors whose appointment or renewal will be submitted to the General Meeting;
- ensuring that the Statutory Auditors complete their mission;
- approving the supply of services other than certification of the financial statements and, generally, monitoring all assignments and prerogatives in accordance with legal provisions;
- reporting on a regular basis to the Supervisory Board on the accomplishment of its assignments and the results of financial statement certification and for informing it immediately of any difficulties encountered;
- generally, carrying out any assignments and/or exercising any prerogative defined in legal provisions.

The Supervisory Board, meeting as an Audit Committee, is entitled to request advice from external parties, lawyers and consultants.

The Supervisory Board met twice as the Audit Committee during the 2017 financial year, primarily for the presentation of the annual results of the 2016 financial year and to present the results of the first semester 2017.

- Compensation and Appointments Committee

No such committee has been created to date. Decisions concerning appointments and compensation 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.

6.1.3 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 prepared by the Executive Board, and the draft Management Report, were submitted to the members of the Supervisory Board in 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.

The Supervisory Board met four times during the past financial year, in line with legal requirements and the Articles of Association, notably to:

- approve the quarterly revenue figures and the separate and consolidated annual and half-year reports;
- propose the appointment of new Supervisory Board members, a new Observer and the renewal of an Observer's term of office;
- review the related-party agreements and the financial and interim information documents;
- with respect to acquisitions, to propose the acquisition of Market IP and the creation of a new ACTIA Africa subsidiary in Tunisia;
- authorize borrowing, bonds and guarantees;
- authorize guarantees for the financing of Company subsidiaries;
- authorize the rewriting and signature of new coordination, assistance and service agreements;
- in accordance with the Code, review the "points of vigilance" of the Code and conduct a self-assessment of the operation of the Supervisory Board;
- adopt the Middlenext Anti-Corruption Code of Conduct.

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. It analyzes and votes on each agenda point. A vote by show of hands is held for each decision.

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:

- accounting policies and methods applied and main accounting options used;
- 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 R.823-9 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 97%.

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.

The number of shares personally held by each Corporate Officer at December 31, 2017 is presented below:

Corporate officer	Number of shares and percentage of share capital		Number and percentage of gross voting rights	
Supervisory Board				
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%
Catherine Casamatta	0	0.00%	0	0.00%
Alain Costes	5	0.00%	10	0.00%
Carole Garcia(1)	1	0.00%	1	0.00%
Laura Pech	0	0.00%	0	0.00%
Günther Thrum	213	0.00%	426	0.00%
Véronique Védrine	20	0.00%	40	0.00%
Executive Board				
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 Subsection 5.13.1 “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.

The situation had not changed as of the date this Registration Document was issued.

Number of Supervisory Board members elected by employees

No member was appointed via the process for appointing employee members.

In accordance with Article L.225-79-2 of the French Commercial Code, the General Meeting of Shareholders which will be held on May 30, 2018 will be asked to approve a change in the Articles of Association to include a procedure for appointing Supervisory Board members representing the employees. The election of an employee will take place within six months of the General Meeting.

The members will be chosen by a vote of the employees of the Company and of its direct and indirect subsidiaries as defined in the conditions set in Article L.225-28 of the French Commercial Code.

Number of observers appointed

The Supervisory Board appointed three Observers.

Internal Rules

The Supervisory Board has implemented Internal Rules which can be consulted at the registered office of the Company or obtained 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;
- compensation;
- 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 assessed during its meeting of December 21, 2017: 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.

6.1.4 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".

In addition to the above transactions in excess of the amounts indicated, the following transactions must also be submitted for prior approval by the Supervisory Board, in accordance with the provisions of Article 16 of the internal rules of the 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;
- representation of the Company in all amicable liquidation transactions, bankruptcy and court-supervised liquidation procedures;
- 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.

6.1.5 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 the registration of shares in the name of the shareholder or of their authorized intermediary by 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 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 by shareholders to add points or draft resolutions to the agenda must be sent to the Registered Office by registered letter with acknowledgment of receipt no later than 25 days prior to the General Meeting.

6.2 Factors that might have an impact in the event of public offerings

Pursuant to Articles L.225-68 and L.225-37-5 of the French Commercial Code, items with the potential to have an **impact on a tender offer** are duly noted:

- the structure of the share capital as well as all known direct and indirect interests in the Company and all other related information are detailed in Section 5.13 “Major shareholders”;
- 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 Subsection 5.13.3 “Shareholders' agreement”;
- there are no shares with special control rights; Nevertheless, it is noted that in accordance with Article 10 of the Articles of Association, 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;
- there are no control mechanisms provided for in any employee shareholding system with control rights other than those exercised by employees. The Company does not have an Employee Savings Plan (PEE) or a collective employee shareholding plan (FCPE);
- the rules for appointing and removing members of the Executive Board and of the Supervisory Board are the legal and statutory rules covered in Articles 13 and 17. A summary of the statutory provisions for the corporate bodies is available in Subsection 8.2.2 “Members of Administrative, Management and Supervisory bodies”;
- with regard to the powers of the Executive Board, the current authorizations are set out in the capital increase authorizations table in Section 6.5 “Authorizations granted in respect of capital increases”. In addition, the powers of the Executive Board with respect to the purchase of shares are provided in Subsection 5.13.9 “Authorization to implement a share buyback program”;
- 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 or for employees if they resign or are dismissed without due reason or cause or if their employment ends due to a public purchase or exchange offer.

6.3 Administrative, management and supervisory bodies and executive management

6.3.1 Supervisory Board and Executive Board membership

As indicated in Subsection 6.1.1 “Membership of the Supervisory Board”, the Company applies the new edition of the Middlenext corporate governance code for listed companies issued in September 2016.

Supervisory Board

The composition of the Supervisory Board is provided in Subsection 6.1.1 “Membership of the Supervisory Board”.

Executive Board

The membership of the Executive Board is as follows:

- Jean-Louis Pech — Chairman of the Executive Board, son of Louis Pech and father of Laura Pech;
- Marine Candelon-Bonnemaison — Member of the Executive Board, daughter of Pierre Calmels;
- Catherine Mallet — Executive Board member, daughter of Louis Pech.

Other than the above, there are no family ties between the Corporate Officers.

6.3.2 Offices and positions held by Corporate Officers over the past 5 years – Management expertise and experience of Directors and Officers

❖ **Louis Pech** (father of Jean-Louis Pech and Catherine Mallet and grandfather of Laura Pech) is the Chairman of the Supervisory Board of the Company. He was appointed by 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	**Offices**	**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 China	China
	SCI Los Olivos	Spain
	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
Honorary Advisor	Banque de France de Toulouse	France
	Conseil du Commerce Extérieur de la France	France
Conseil du Commerce Extérieur de Midi-Pyrénées Académie d'Occitanie Association des Capitouls	CCI de Toulouse	France
	Le Cercle D'Oc	France
	Conseil du Commerce Extérieur de Midi-Pyrénées	France
Member	Académie d'Occitanie	France
	Association des Capitouls	France

Offices and directorships held within the last 5 years			
Offices	**Offices**	**Country**	**End of term**
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
Vice-Chairman	Le Cercle D'Oc	France	2017
Director	ACTIA Nederland	Netherlands	2017

Offices and directorships held within the last 5 years			
Offices	Offices	Country	End of term
	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
Official non-voting observer	Caisse d'Épargne Midi-Pyrénées	France	2017

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

    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 to the Banque de France, Toulouse	1993 – 2005
Chairman 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, the 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 Tofinso Supervisory Board	2003 – 2005
Director of Espace Sport Technologies (France)	2003 – 2005
Director of the FACE Grand Toulouse Association (France)	2003 – 2005

- **Pierre Calmels** (father of Marine Candelon-Bonnemaison) 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. It 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	**Offices**	**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
	ACTIA Telecom	France
	ACTIA Nordic	Sweden
Permanent representative of ACTIA Group	CIPI ACTIA	Tunisia
Co-Manager	SCI les Coteaux de Pouvourville	France
	SCI de l'Oratoire	France

Offices and directorships held within the last 5 years			
Offices	Offices	Country	End of term
Director	CIPI ACTIA	Tunisia	2014
	ACTIA de Mexico	Mexico	2015
Advisory Board member	ACTIA do Brasil	Brazil	2017
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)

  MICROTURBO 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	Offices	Country	
Manager	SIDMIA International SARL	France	
Director	INTELLIGENT GENERATION LLC	USA	
Offices and directorships held within the last 5 years			
Offices	Offices	Country	End of term
Manager	SIDMIA S.A.S.	France	2016

- **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) 1972 – 2016
    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	**Offices**	**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 Conseils	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	**Offices**	**Country**	**End of term**
Director	ACTIA Automotive	France	2016

- **Positions**
  - 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 Conseils – 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 Processing	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 Education, 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 MESR	since 1994
Chairman of the National Polytechnic Institute of Toulouse (INPT)	1996 – 2000
Member of the CNRS Board of Directors	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	**Offices**	**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		

❖ Positions

Director of Réseau Sud Bpifrance – a French Limited Company (*Société Anonyme*) with 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 and 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

Chair of I.F.A. (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**

<table>
<tr><th colspan="4">Offices and directorships held within the last 5 years</th></tr>
<tr><th>Offices</th><th>Offices</th><th colspan="2">Country</th></tr>
<tr><td rowspan="2">Chairman</td><td>ALIAGE</td><td colspan="2">France</td></tr>
<tr><td>CANCEROPOLE Grand Sud-Ouest
Société HBIC</td><td colspan="2">France</td></tr>
<tr><td>Manager</td><td>Holding MBBCS</td><td colspan="2">France</td></tr>
<tr><td>Director</td><td>SOGECLAIR</td><td colspan="2">France</td></tr>
<tr><td>Qualified Personality</td><td>CESER</td><td colspan="2">France</td></tr>
<tr><td>Alternate Director</td><td>AEROSPACE Valley</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>Offices</th><th>Country</th><th>End of term</th></tr>
<tr><td colspan="4">None</td></tr>
</table>

❖ **Positions**

- 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

  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 the Microwave and TT&C product lines 1982 – 1988

  Director of Space Equipment, ALCATEL-ESPACE 1988 – 1993

  ALCATEL- ESPACE later 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**

Current offices and directorships			
Offices	**Offices**	**Country**	
Chairman	SAS Graine de pastel	France	
Chairman and Director	Financière Graine de pastel	France	
Manager	SCI Clément Laffont	France	
Honorary Consul	Principality of Monaco	Monaco	
Member	Cercle d’Oc	France	
	New economy and growth committee at the Toulouse ICC	France	
Advisor Member of the Midi-Pyrénées office	Conseil du Commerce Extérieur de la France	France	
Founding member	Académie des Arts et des Sciences du Pastel	France	
Offices and directorships held within the last 5 years			
Offices	**Offices**	**Country**	**End of term**
Manager	Cocagne & Compagnie	France	2013

❖ **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, Pierre Fabre Pharmaceutical Group 1994 – 2001

  Chair and co-founder of Graine de Pastel since 2002

- DECORATIONS:

  Knight in the National Order of Merit

❖ **Catherine Casamatta** is a member of the Company's Supervisory Board. Appointed at the Annual General Meeting of May 30, 2017, her term of office expires at the Annual General Meeting to be held in 2023, called to approve the financial statements for the year ended December 31, 2022. She also holds the following offices and positions in the companies listed below:

❖ **Offices**

Current offices and directorships			
Offices	**Offices**	**Country**	
Member	Commission Recherche, Université Toulouse Capitole	France	
	Conseil Académique, Université Toulouse Capitole	France	
	Conseil National des Universités	France	
Offices and directorships held within the last 5 years			
Offices	**Offices**	**Country**	**End of term**
Director	IAE Toulouse	France	2015
	Université Toulouse Capitole	France	2015
Director	IAE Toulouse	France	2017

❖ **Address**

10, Rue Ernest Mérimée - 31000 Toulouse

❖ **Expertise and experience**

- CIVIL STATUS:

  Born on January 1, 1973 in Bastia (Corsica)

- ACADEMIC BACKGROUND:

  Graduate of ESSEC (Cergy) 1994

  Post-graduate diploma (DEA) in Management Sciences 1995

  Doctorate in Management Sciences 1999

  Authorization to lead research in Management Sciences 2002

  First selection examination in Management Sciences 2003

- PROFESSIONAL BACKGROUND:

Professor of Finance, TSM and TSE, UT1 Capitole	since 2003
Head of the Finance Department, IAE, UT1 Capitole	2002 – 2004
Director of the Graduate School of Management Sciences, UT1 Capitole	2006 – 2010
Director of IAE Toulouse, UT1 Capitole	2010 – 2015
Director of the Master in Corporate Finance, TSM, UT1 Capitole	since 2016

❖ **Laura Pech** (daughter of Jean-Louis Pech and grand-daughter of Louis Pech) is a member of the Company’s Supervisory Board. Appointed at the Annual General Meeting of May 30, 2017, her term of office expires at the Annual General Meeting to be held in 2023, called to approve the financial statements for the year ended December 31, 2022. She also holds the following offices and positions in the companies listed below:

❖ **Offices**

Current offices and directorships			
Offices	**Offices**	**Country**	
Deputy Chief Executive Officer	ALPHA Recyclage Franche-Comté	France	
CEO	ALPHA Recyclage Composites	France	
Manager/Co-Manager	ALPHA Carbone	France	
	IDE Environnement	France	
Offices and directorships held within the last 5 years			
Offices	**Offices**	**Country**	**End of term**
Manager/Co-Manager	ALPHA Recyclage Composites	France	2017

❖ **Address**

43, Rue des Tourneurs – 31000 Toulouse

❖ **Expertise and experience**

- CIVIL STATUS:

  Born on February 26, 1988 in Toulouse (Haute-Garonne)

- ACADEMIC BACKGROUND:

Graduate in Engineering from the Ecole des Mines of Albi	2010
Graduate of the École Supérieure de Commerce of Paris	2012

- PROFESSIONAL BACKGROUND:

Alpha Recyclage Franche Comté – Engineer, head of development	2012 – 2015
Alpha Recyclage Franche Comté – Deputy Chief Executive Officer	since 2015

- **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 on June 19, 2017 and will expire on September 6, 2021. He also holds the following offices and positions in the companies listed below:

Offices

Current offices and directorships		
Offices	**Offices**	**Country**
Director	KGF	France
	Université Bordeaux 4	France
Offices and directorships held within the last 5 years		
NONE		

Positions

- 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, BRED - Paris-Est	1975 – 1977
Group Manager, 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	**Offices**	**Country**
Chairman of the Board of Directors and Director	ACTIA Telecom	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
Honorary Chairman	Cercle d'Oc	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	**Offices**	**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 Muller UK	England	2014
	Le Cercle d'Oc	France	2017
	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	England	2015
	ACTIA Inc.	USA	2015
	ACTIA Italia	Italy	2015
	ACTIA Systems	Spain	2015
	KARFA	Mexico	2015
	Toulouse INSA engineering school	France	2015
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 Exupéry	France	2016
	ARDIA	Tunisia	2016
	ACTIA Nederland	Netherlands	2015
	ACTIA de Mexico	Mexico	2015
	ACTIA PCs	France	2015
	ACTIA Polska	Poland	2015

Offices and directorships held within the last 5 years			
Offices	Offices	Country	End of term
	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 Brazil	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
Permanent representative of ACTIA Automotive	ACTIA Tunisie	Tunisia	2014
Observer	OSEO	France	2013
Member of the Steering Committee	OSEO	France	2013

Positions

- 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 March 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	**Offices**	**Country**	
Chairman	Fives Cryo SAS	France	
Chairman, Director	Fives Cryo Inc.	USA	
Chairman of the Board of Directors, Director	Fives Cryo (Suzhou) Co. Ltd	China	
Chairman of the Board of Directors	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	**Offices**	**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, CEO	Fives Fletcher Ltd.	UK	2013

❖ **Address**

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

❖ **Expertise and experience**

- CIVIL STATUS

  Born on May 27, 1972 in Neuilly-sur-Seine (92), married, three children

- ACADEMIC BACKGROUND

  ESME–Sudria, Engineering - 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, father of Laura 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	**Offices**	**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	England
	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 Brazil	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
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	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	**Offices**	**Country**	**End of term**
Director	OC-TV	France	2014
	ACTIA Telecom	France	2016
	ARDIA	Tunisia	2016
Sole Director	ACTIA Muller España	Spain	2017
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

    Post-graduate degree (DEA) in "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 Comté – Founder and Manager since 1998

    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	**Offices**	**Country**	
Executive Board member	LP2C	France	
Director	ACTIA UK	United Kingdom	
	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 Brazil	Brazil	
Permanent representative of Action Logement (MEDEF)	Ma Nouvelle Ville	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	**Offices**	**Country**	**End of term**
Director	ACTIA Muller	France	2015
Co-Manager	SCIPIA	France	2013
	SCI du 4 Jules Védrines	France	2013
Permanent representative of MEDEF 31	CILEO	France	2016

❖ 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

  A 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	**Offices**	**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	**Offices**	**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

  Cambridge Certificate of Proficiency in English 1980

  BTS Executive Secretary 1982

- PROFESSIONAL BACKGROUND

  Technal France Toulouse: Certified 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".

6.3.3 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. However: 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;
- 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.

6.3.4 Conflicts of interest within Administrative, Management and Supervisory bodies and Executive Management

To the best of the Company's knowledge, there are no proven or potential conflicts of interest between their duties as members of the Company's Management and Supervisory Boards with regards to the issuer and their personal and other interests.

In accordance with the Code, the internal rules of the Supervisory Board state that: "In a situation in which there is a conflict of interest or a potential conflict of interest between the corporate interest and their direct or indirect personal interests or the interests of the shareholder or the group of shareholders they represent, the member must inform the Board and abstain from voting on the corresponding decision".

Therefore, in the event of a conflict of interest, and depending on its nature, the member of the Supervisory Board must abstain from voting and attending meetings and must, potentially, resign.

To the knowledge of the Company and as of the date of issue of this document, there is no arrangement or agreement between the main shareholders, customers or suppliers under which one of the members of the Supervisory Board or of the Executive Board was selected in this capacity.

To the knowledge of the Company and as of the date of issue of this document, the members of the Supervisory Board and of the Executive Board have not accepted any restrictions on the disposal of their interest in the Company's capital other than those contained in the terms and conditions of the Shareholders' Agreement which is detailed in Subsection 5.13.3 “Shareholders' agreement”.

6.3.5 Appointments, reappointments and confirmation of cooption

No Supervisory Board member is up for reappointment at this General Meeting.

6.4 Corporate Officer compensation

6.4.1 Executive management compensation policy

The compensation paid to the Corporate Officers of ACTIA Group is primarily paid by LP2C, the consolidating holding company for the offices exercised at the level of LP2C, a French corporation, and voted by the Supervisory Board of the latter. As such, the compensation does not specifically represent compensation paid for offices held within ACTIA Group.

In addition, note that, under an assistance agreement, LP2C only invoices the Group a portion of the salaries paid for the various technical services described in Subsection 6.6.3 “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. The compensation paid by LP2C in no way affects the offices of the Chairman of the Executive Board or the offices of the members of the Executive Board, or the offices within the Supervisory Board.

To date, the only compensation attributable as a result of a corporate office held in ACTIA Group is the fixed compensation paid to the Chairman of the Executive Board of ACTIA Group. As a general rule, the fixed portion of compensation paid to the Chairman of the Executive Board of ACTIA Group tracks trends for the employees of the main French company, except in exceptional years when the Group is subject to significant pressure, in which case, any increase is lower or nil. Compensation is compared with that of the Group on a regular basis to ensure that it is consistent.

6.4.2 Approval of compensation policy items (ex-ante say-on-pay)

Approval of the principles and criteria used to determine, apportion and allocate the fixed, variable and exceptional items that comprise the total compensation and benefits of any kind due for the duties carried out by the Chairman of the Executive Board of ACTIA Group (subject to the General Meeting vote of May 30, 2018, in the 9th resolution):

- The Chairman of the ACTIA Group Executive Board receives gross fixed annual compensation for his position. The fixed portion tracks trends for employees of the main French organization of the Group.

In the absence of compensation or other benefits attributable to the other members of the Executive Board and to the members of the Supervisory Board of ACTIA Group for their offices, no resolution will be submitted to the next General Meeting for approval of the compensation principles or criteria applicable to them.

6.4.3 Corporate Officer compensation and benefits

Pursuant to the provisions of Articles L.225-68 and L.225-37-3 of the French Commercial Code and the recommendation of the French securities market regulator (*Autorité des Marchés Financiers* - AMF) of December 9, 2012, we hereby notify you of the total gross compensation (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 compensation and benefits likely to be payable upon taking up, leaving or changing duties or subsequent thereto, as well as how such commitments are determined.

No commitment of any kind relating to items of compensation 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.

No directors' fees are currently paid to the members of the Supervisory Board of ACTIA Group.

Compensation paid and decisions rendered for the financial year ended December 31, 2017 were as follows; figures provided concern total compensation paid to each Executive Officer of ACTIA Group by the issuer and by any other Group company:

Table 1 – Summary of the compensation paid to each Corporate Officer by the issuer and any other Group company

Name and function of Executive Corporate Officer:	Amounts payable	Amounts paid	Amounts payable	Amounts paid	Amounts payable	Amounts paid
	In 2017		In 2016		In 2015	
Jean-Louis Pech - Chairman of the Executive Board						
Fixed compensation(1)	218,498	218,498	215,122	215,122	212,183	212,183
Annual variable compensation(2)	100,000	100,000	100,000	100,000	100,000	50,000
Multi-year variable compensation						
Exceptional compensation						
Directors' fees						
Benefits in kind	4,499	4,499	4,472	4,472	3,720	3,720
TOTAL	**322,997**	**322,997**	319,594	319,594	265,903	265,903
Catherine Mallet - Executive Board member						
Fixed compensation(2)	105,498	105,498	102,247	102,247	100,276	100,276
Annual variable compensation						
Multi-year variable compensation						
Exceptional compensation(2)	17,056	17,056	2,056	2,056	1,810	1,810
Directors' fees						
Benefits in kind	1,790	1,790	1,708	1,708	2,343	2,343
TOTAL	**124,344**	**124,344**	106,011	106,011	104,429	104,429

Table 1 – Summary of the compensation paid to each Corporate Officer by the issuer and any other Group company						
Name and function of Executive Corporate Officer:	**Amounts payable**	**Amounts paid**	Amounts payable	Amounts paid	Amounts payable	Amounts paid
	In 2017		In 2016		In 2015	
Marine Candelon - Executive Board member						
Fixed compensation(2)	73,078(3)	73,078(3)	61,699(3)	61,699	49,927	49,927
Annual variable compensation						
Multi-year variable compensation						
Exceptional compensation(2)	11,526	11,526	1,526	1,526	1,345	1,345
Directors' fees						
Benefits in kind	1,513	1,513	2,082	2,082	2,078	2,078
TOTAL	**86,117**	**86,117**	65,307	65,307	53,350	53,350

(1) Compensation for the office exercised at the level of the French limited corporation LP2C: €168,987 - Compensation for his executive offices within the ACTIA Group: €49,511.

(2) Compensation for offices held in the French corporation LP2C.

(3) Increase due primarily to an increase in work time in 2016.

The increase in the variable compensation of the Chairman of the Executive Board was based 50% on the growth in Group revenue and 50% on the Group's improved profitability. The maximum amount of the variable portion for 2016 (paid in 2017) was set at 30% of fixed compensation. All criteria were met. The level of achievement of these quantitative criteria is not made public for confidentiality reasons.

The exceptional compensation paid to the members of the Executive Board was granted for the achievement of financial and communication objectives within the Group and for the conclusion of disputes. All criteria were met. The level of achievement of these quantitative criteria is not made public for confidentiality reasons.

Benefits in kind relate to the use of company cars.

During the General Meeting of May 30, 2017, approval of the compensation policy for the members of the Executive Board was submitted in the 9th resolution, which was approved by 95.54% of the vote.

Table 2 – Directors' fees and other compensation received by non-executive Corporate Officers paid by the issuer and any other Group company			
Non-executive Corporate Officers – Name and office	**Amounts paid in 2017**	Amounts paid in 2016	Amounts paid in 2015
Louis Pech - Chairman of the Supervisory Board Directors' fees Other compensation(1)	105,941	104,690	103,635
Pierre Calmels - Vice-Chairman of the Supervisory Board Directors' fees Other compensation(1)	60,000	60,000	72,000
Henri-Paul Brochet – Supervisory Board member Directors' fees Other compensation	**NONE**	NONE	NONE
Catherine Casamatta, Supervisory Board member Directors' fees Other compensation(1)	**NONE**	NONE	NONE
Alain Costes – Supervisory Board member Directors' fees Other compensation	**NONE**	NONE	NONE
Carole Garcia – Supervisory Board member Directors' fees Other compensation	**NONE**	NONE	NONE
Laura Pech - Supervisory Board member Directors' fees	**NONE**	NONE	NONE

Table 2 – Directors' fees and other compensation received by non-executive Corporate Officers paid by the issuer and any other Group company			
Other compensation[1]			
Günther Thrum – Supervisory Board member Directors' fees Other compensation	**NONE**	NONE	NONE
Véronique Védrine – Supervisory Board member Directors' fees Other compensation	**NONE**	NONE	NONE
TOTAL	**165,941**	**164,690**	175,635

[1] Fixed compensation for offices held in the French corporation LP2C.

During the General Meeting of May 30, 2017, approval of the compensation policy for the members of the Supervisory Board was submitted in the 10th resolution, which was approved by 99.98% of the vote.

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**

6.4.4 Compensation items submitted to a vote

As stated above, only Jean-Louis Pech, Chairman of the Executive Board receives compensation for his corporate office within the ACTIA Group.

The compensation paid to Jean-Louis Pech for his duties as Chairman of the Executive Board of ACTIA Group for 2017, which will be subject to the approval of the General Meeting under the 10th resolution, 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
	2017	
Jean-Louis Pech - Chairman of the Executive Board		
Fixed compensation	9,026	9,026
Variable compensation		
Exceptional compensation		
Directors' fees		
Benefits in kind		
TOTAL	**9,026**	**9,026**

Only the Chairman of the Executive Board of ACTIA is paid fixed compensation for his corporate office.

Given that the other members of the Executive Board and the Chairman of the Supervisory Board are not compensated for their corporate office in ACTIA Group, no resolution will be submitted to the ACTIA Group shareholders for ex post say-on-pay.

6.5 Authorizations granted in respect of capital increases

6.5.1 Share capital increase

At the balance sheet date, there was one authorization in respect of capital increases in effect:

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	05/30/2016	07/29/2018	3% of the share capital	None	None	None

6.5.2 Stock option plan

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

6.5.3 Bonus share plan

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

6.6 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.

6.6.1 Specific disclosure on related party agreements

We hereby inform you that no agreements have been entered into, in accordance with the provisions of Articles L.225-68 and L.225-37-4 of the French Commercial Code relating to agreements entered into between members of the Executive Board or of the Supervisory Board or with a Shareholder holding more than 10% of a company's voting rights and another company in which it holds, directly or indirectly, more than half the capital.

6.6.2 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 6.6.3 “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”.

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 overview of the Group".

6.6.3 Special Report of the Statutory Auditor on regulated agreements and commitments

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 and signed in the financial year ended

In application of Article L. 225-88 of the French Commercial Code, we have been advised of the agreements and commitments below, concluded during the past financial year, which received the prior approval of your Supervisory Board.

With ACTIA Automotive S.A.

- **Parties concerned**: ACTIA Group S.A, director of ACTIA Automotive S.A., represented by Marine Candelon, Louis Pech, Pierre Calmels, Jean-Louis Pech and Laura Pech.
- **Nature and purpose**: Guarantees
- **Terms of application/Reasons justifying the interest in the company**:

  As part of a contract with Airbus in the amount of €16 million per year, your Company signed a complementary financial, judicial, legal and civil liability guarantee on behalf of its subsidiary ACTIA Automotive S.A. 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 S.A. in the amount of the guarantee, i.e. €200 million.

With ACTIA Systems

- **Parties concerned**: LP2C S.A., director of ACTIA Systems, represented by Louis Pech, ACTIA Automotive S.A., director of ACTIA Systems, represented by Jean-Louis Pech, Pierre Calmels and Catherine Mallet.
- **Nature and purpose**: Service agreement
- **Terms of application**:

  The assistance agreement was effective from October 1 to December 31, 2017.

  ACTIA Systems assistance to the South American subsidiaries ACTIA do Brazil and ACTIA de Mexico in the following areas:

  - coordination of activities, definition of the Group's products and services to be implemented, definition of strategy implementation;
  - expansion of Latin American markets: Peru, Costa Rica and Colombia with subsidiaries in Mexico and Brazil;
  - assistance to rail business development;
  - facilitation and coordination of strategic management in this sector: technology monitoring, geographical expansion of the segment, international development of new products and/or associated services development.

  With respect to this fee, ACTIA Systems invoiced your Company the amount of €52,608, excluding VAT, during the financial period.

- **Reasons justifying its interest in the Company**:

  As part of the development of the rail business and the South American market, this agreement is intended to enable each organization involved in the business to contribute to the development costs and deployment for the overall Group.

With Coovia S.A.S.

- **Parties concerned**: ACTIA Group S.A., Chair of Coovia S.A.S. since December 29, 2017 whose legal representative is Jean-Louis Pech, Chairman of the Executive Board of ACTIA Group S.A.
- **Nature and purpose**: current account advance agreement.
- **Terms of application**:

  ACTIA Group S.A. can provide Coovia S.A.S. with current account advances. 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, 2017, the balance of the Coovia S.A.S. current account was €650 k. The amount of interest invoiced was €9,307.

  The agreement was signed for a period of six years as of July 22, 2016.

- **Reasons justifying its interest in the Company**:

  The Group wanted to support a start-up in order to have a presence in carpooling for urban mobility.

With LP2C S.A.

- **Parties concerned**: Louis Pech, Jean-Louis Pech, Pierre Calmels, Marine Candelon and Catherine Mallet, Executive Officers in common
- **Nature and purpose**: Coordination, assistance and services agreements;
- **Terms of application**:

  New agreements were implemented to replace the agreement which expired on December 31, 2017. Their main characteristics are as follows:

  - LP2C S.A. Group Promotion agreement for each of the subsidiaries and sub-subsidiaries of LP2C, for the role it plays alone and exclusively in the definition of the general ACTIA Group strategy and which it coordinates for the benefit of all ACTIA Group companies;

    For this purpose, LP2C S.A. invoices a global annual amount of €370 k for all of the Group companies, allocated between the companies of the Group based on the added value of the previous year.

    The promotion agreement is agreed for a period of five years as of January 1, 2018 and is automatically renewable for consecutive twelve-month periods;

  - LP2C S.A. assistance and services agreement for each of the LP2C S.A. subsidiaries and sub-subsidiaries for the ongoing services LP2C S.A. provides to the Group, including:

    - administrative, legal, accounting and financial assistance,
    - quality support,
    - communications support,
    - human resources support,
    - real estate support,
    - support for Group management and internal procedures,
    - business development support.

    The procedures used to set the amounts invoiced, excluding VAT, for the services rendered are as follows: LP2C S.A. will receive compensation based on a provisional budget established at the beginning of the financial year. The compensation will be set based on the direct and indirect costs actually incurred by LP2C S.A., plus 15%.

The assistance agreement is agreed for a period of five years as of January 1, 2018 and is automatically renewable for consecutive twelve-month periods;

- Reasons justifying its interest in the company

  As a result of the expiry of the previous assistance agreement with LP2C S.A., an analysis was conducted on all agreements between Group companies in order to take into account the changes that have occurred in the Group's overall structure and in jurisprudence. The interests of LP2C S.A. are shared by the subsidiaries which can, therefore, increase their effectiveness and profitability through these operations. At the LP2C/ACTIA Group level, the arrangements will result in a reduction in overall management costs by creating economies of scale for fixed costs and, therefore, in greater effectiveness and profitability. The subsidiaries and sub-subsidiaries will benefit from the reduced costs, therefore enabling them to focus their energies on their core business and improve their economic performance.

With ACTIA Automotive S.A.

- **Parties concerned**: ACTIA Group S.A, director of ACTIA Automotive S.A., represented by Marine Candelon, Louis Pech, Pierre Calmels, Jean-Louis Pech and Laura Pech.
- **Nature and purpose**: Assistance and services agreement
- **Terms of application**:

The services provided by ACTIA Automotive S.A. to the Group on an ongoing basis are:

- Administrative, legal, accounting and financial assistance;
- Quality support;
- communications support;
- Human resources support;
- Information systems support;
- Purchasing support;
- Support for Group management and internal procedures;
- Business development support;
- Technology support.

The procedure used to set the amounts invoiced, excluding VAT, for the services rendered by ACTIA Automotive S.A. are as follows: in exchange for the services provided, ACTIA Automotive S.A. will invoice each of its subsidiaries and sub-subsidiaries a fee based on a provisional budget established at the start of the financial year. The compensation will be set based on the direct and indirect costs actually incurred by ACTIA Automotive S.A., plus 15%.

The assistance agreement is agreed for a period of five years as of January1, 2018 and is automatically renewable for consecutive twelve-month periods.

- **Reasons justifying its interest in the company**:

The interests of the ACTIA Group are shared by the subsidiaries and sub-subsidiaries which can, therefore, increase their effectiveness and profitability through these operations. At the ACTIA Group level, the arrangements will result in a reduction in overall management costs by creating economies of scale for fixed costs and, therefore, in greater effectiveness and profitability. The subsidiaries will benefit from the reduced costs, therefore enabling them focus their energies on their core business and improve their economic performance.

For all of the subsidiaries

- **Parties concerned**:

  - ACTIA Automotive S.A.: ACTIA Group S.A, director of ACTIA Automotive, represented by Marine Candelon, Louis Pech, Pierre Calmels, Jean-Louis Pech and Laura Pech.
  - ACTIA 3E S.A.: ACTIA Automotive S.A., director of ACTIA 3E S.A., represented by Louis Pech, LP2C S.A., director of ACTIA 3E S.A., represented by Marine Candelon and Jean-Louis Pech.
  - ACTIA Telecom S.A.: ACTIA Group S.A., director of ACTIA Telecom S.A., represented by Jean-Louis Pech, LP2C S.A., director of ACTIA Telecom S.A., represented by Louis Pech, Marine Candelon and Pierre Calmels.

- ACTIA PCs S.A.: LP2C S.A., director of ACTIA PCs S.A., represented by Jean-Louis Pech and Catherine Mallet.
- SCI les Coteaux de Pouvourville: Pierre Calmels, related party.
- SCI de l'Oratoire: Pierre Calmels and Louis Pech, Executive Officers in common.
- SCI Sodimob: ACTIA Group S.A., Co-Manager, represented by Jean-Louis Pech.
- ACTIA CZ: ACTIA Group S.A., majority shareholder, represented by Jean-Louis Pech.
- ACTIA I+ME: ACTIA Group S.A., majority shareholder, represented by Jean-Louis Pech.
- ACTIA Systems: LP2C S.A., director of ACTIA Systems, represented by Louis Pech, ACTIA Automotive S.A., director of ACTIA Systems, represented by Jean-Louis Pech, Pierre Calmels and Catherine Mallet.
- SCI los Olivos: Louis Pech, Pierre Calmels and Jean-Louis Pech.
- ACTIA UK: Jean-Louis Pech and Catherine Mallet.
- ACTIA Italia: Louis Pech, Pierre Calmels, Jean-Louis Pech and Catherine Mallet.
- ACTIA Polska: Jean-Louis Pech.
- ACTIA Nordic: Louis Pech, Pierre Calmels and Jean-Louis Pech.
- KARFA: Louis Pech, Pierre Calmels and Jean-Louis Pech.
- ACTIA do Brazil: Louis Pech, Jean-Louis Pech and Catherine Mallet.
- ACTIA de Mexico: Louis Pech, Jean-Louis Pech and Catherine Mallet.
- ACTIA Italia: Louis Pech, Pierre Calmels, Jean-Louis Pech and Catherine Mallet.
- ACTIA Corp: Louis Pech, Pierre Calmels, Jean-Louis Pech and Catherine Mallet.
- ACTIA China: Louis Pech and Catherine Mallet.
- ACTIA India: Pierre Calmels, Jean-Louis Pech and Catherine Mallet.
- CIPI ACTIA: LP2C S.A., director of CIPI ACTIA, represented by Louis Pech, ACTIA Group S.A., director of CIPI ACTIA, represented by Pierre Calmels, ACTIA Automotive S.A., director of CIPI ACTIA, represented by Jean-Louis Pech and Catherine Mallet.
- ARDIA: LP2C S.A., director of CIPI ACTIA, represented by Louis Pech, ACTIA Automotive S.A., director of CIPI ACTIA, represented by Jean-Louis Pech and Pierre Calmels.
- ACTIA Tunisie: LP2C S.A., director of CIPI ACTIA, represented by Louis Pech, ACTIA Automotive S.A., director of CIPI ACTIA, represented by Jean-Louis Pech.
- Market IP: ACTIA Group S.A., sole manager, represented by Jean-Louis Pech as the permanent representative.

❖ **Nature and purpose**: Assistance and service agreements

❖ **Terms of application**:

The services provided by ACTIA Group S.A. to the Group on an ongoing basis are:

- Administrative, legal, accounting and financial assistance;
- Communications support;
- Human resources support;
- Information systems support;
- Purchasing support;
- Real estate support;
- Support for Group management and internal procedures;
- Business development support;
- Technology support.

The procedures used to set the amounts invoiced, excluding VAT, for the services rendered by ACTIA Group S.A. are as follows: in exchange for the services provided, ACTIA Group S.A. will receive from each of the subsidiaries and sub-subsidiaries a fee based on a provisional budget established at the start of the financial year. The compensation will be set based on the direct and indirect costs actually incurred by ACTIA Group S.A., plus 15%.

The assistance agreement is agreed for a period of five years as of January 1, 2018 and is automatically renewable for consecutive twelve-month periods.

- **Reasons justifying its interest in the company**:

  As part of the overall reorganization, this ACTIA Group assistance and services agreement is implemented for each of the subsidiaries and sub-subsidiaries to cover the ongoing services ACTIA Group S.A. provides to the Group. The interests of the ACTIA Group S.A. are shared by the subsidiaries which will, therefore, increase their effectiveness and profitability through these operations. At the ACTIA Group level, the arrangements will result in a reduction in overall management costs by creating economies of scale for fixed costs and, therefore, in greater effectiveness and profitability. The subsidiaries will benefit from the reduced costs, therefore enabling them focus their energies on their core business and improve their economic performance.

With LP2C S.A.

- **Parties concerned**: Louis Pech, Jean-Louis Pech, Pierre Calmels, Marine Candelon and Catherine Mallet, Executive Officers in common.
- **Nature and purpose**: Assistance and specific services agreement
- **Terms of application**:

  The specific services which ACTIA Group S.A. provides to LP2C S.A. are for accounting and executive secretarial services.

  The procedures used to set the amounts invoiced, excluding VAT, for the services rendered by ACTIA Group S.A. are as follows: in exchange for the services provided, ACTIA Group S.A. will receive from LP2C a fee set based on a provisional budget established at the start of the financial year. The compensation will be set based on the direct and indirect costs actually incurred by ACTIA Group S.A., plus 15%.

  The assistance agreement is agreed for a period of five years as of January 1, 2018 and is automatically renewable for consecutive twelve-month periods.

- **Reasons justifying its interest in the company**:

  This agreement is in the common interest of LP2C S.A. and ACTIA Group S.A. and will enable LP2C to increase its effectiveness and profitability through these operations. At the LP2C S.A. and ACTIA Group S.A. level, the arrangements will result in a reduction in overall management costs by creating economies of scale for fixed costs and, therefore, in greater effectiveness and profitability.

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 S.A., represented by Marine Candelon, Louis Pech, Pierre Calmels, Jean-Louis Pech and Laura Pech.
- **Nature and purpose**: Service agreement
- **Terms of application**:

  This agreement was concluded for a five-year period beginning 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 the amount of €2,244,788, excluding VAT, to ACTIA Automotive S.A.

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 provide 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 S.A. in the amount of the guarantee, i.e. €200 million.

  In addition, your Company granted bank guarantees for the financial year which are part of 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, 2017, the current account debit balance of ACTIA Automotive S.A. was €7,578,143. In financial year 2017, your Company had interest income of €106,221.

- 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, 2017.

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 was concluded for a five-year period beginning 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 the amount of €298,745, excluding VAT, to ACTIA Telecom S.A. during the 2017 financial year.

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.

  Your Company granted bank guarantees for the 2017 financial year which are part of current agreements.

- Current accounts:

  Your Company may also provide 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, 2017, the current account balance of ACTIA Telecom S.A. was nil. No interest was invoiced in respect to the 2017 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, 2017.

- **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 ACTIA Telecom S.A. subsidiary were pledged as security by your Company. There was no outstanding amount on December 31, 2017.

- **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 S.A. 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.

- **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 is €3 million paying interest at the intermediary rate between the borrowing rate and the interest rate on short-term investments.

At December 31, 2017, the treasury advance by ACTIA Telecom S.A. amounted to €0 and the interest expense for financial year 2017 for your Company to €11,765.

With LP2C S.A.

- **Parties concerned**: Louis Pech, Jean-Louis Pech, Pierre Calmels, Marine Candelon and Catherine Mallet, Executive Officers in common
- **Nature and purpose:** Service agreement
- **Terms of application**:

This agreement was concluded for a five-year period beginning 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. based on a daily fee of €3,186, excluding tax. The 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 compensation 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 1 to 4, LP2C S.A. invoiced your Company €1,881,459, excluding tax, in financial year 2017.

For service 5, no guarantees or current account treasury advances were granted by LP2C S.A. to your Company during financial year 2017.

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, 2017.

- **Nature and purpose:** Accounting and financial services
- **Terms of application**:

Your Company performed accounting and financial services for LP2C S.A.

Your Company invoiced €156,619, excluding tax, for the financial year ended on December 31, 2017.

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, 2017, the current account debit balance of ARDIA S.A. was €73,107. In financial year 2017, your Company had interest income of €915.

- **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 the amount of €76,866, excluding tax, to ARDIA in financial year 2017.

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 compensation for the provision of funds of €2 million by the SCI. l'Oratoire.

  The treasury advance in favor of your Company at December 31, 2017 amounted to €0. The corresponding interest expense recognized by your Company at December 31, 2017 amounted to €118.

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 the premises located at 5, Rue Jorge Semprun in Toulouse to your Company with a chargeback for the property tax.

  The rental payments made in the financial year amounted to €51,600 excluding VAT.

  Property tax charged back in the period amounted to €0.

  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 24, 2018

KPMG Audit
A division of KPMG S.A.

Philippe Saint-Pierre
Partner

Paris, April 24, 2018

Eric Blache

6.6.4 Related party transactions

See Note 23 in the notes to the consolidated financial statements, “Related party transactions”.

6.7 Comments and scope of the Supervisory Board’s work

Called to the Ordinary General Meeting of 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 and of the Statutory Auditors in respect of the financial year ended December 31, 2017.

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 on the financial statements for the period ended December 31, 2017.

6.7.1 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 financial statements for the financial year ended December 31, 2017:

  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, 2017.

  The Board asks you to approve the resolutions proposed by the Executive Board.

6.7.2 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 26, 2018
The Supervisory Board

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	12/31/2017	12/31/2016
Goodwill	Note 4	24,532	21,668
Development costs	Note 4	33,870	33,937
Other intangible assets	Note 4	582	590
Total intangible assets	**Note 4**	**58,984**	**56,195**
Land	Note 5	3,557	2,849
Buildings	Note 5	6,427	6,620
Plant and equipment	Note 5	15,137	13,739
Other property, plant and equipment	Note 5	8,205	5,885
Total property, plant and equipment	**Note 5**	**33,326**	**29,093**
Investments in associates (equity method)	Note 6	718	985
Non-current financial assets	Note 12	1,472	1,433
Deferred tax	Note 11	11,105	10,898
Non-current tax credit	Note 12	12,224	11,722
TOTAL NON-CURRENT ASSETS		**117,829**	**110,326**
Inventory and work-in-process	Note 8	107,378	93,778
Accounts receivable	Note 9	125,065	118,378
Other current receivables from operations	Note 9	9,020	6,297
Current tax credit	Note 9	8,129	5,489
Miscellaneous current receivables	Note 9	1,603	814
Current financial assets	Note 10.2		692
Total current receivables		**251,195**	**225,447**
Cash equivalents	Note 10.1	163	184
Cash	Note 10.1	45,416	27,162
Total cash and cash equivalents	**Note 10.1**	**45,579**	**27,346**
TOTAL CURRENT ASSETS		**296,774**	**252,793**
TOTAL ASSETS		**414,603**	**363,119**

Shareholders' Equity & Liabilities (€k)	Notes	12/31/2017	12/31/2016
Share capital	Note 14	15,075	15,075
Share premiums	Note 14	17,561	17,561
Reserves	Note 14	80,653	61,994
Retained earnings	Note 14	7,784	8,534
Cumulative translation differences	Note 14	(3,204)	(386)
Treasury shares	Note 14	(162)	(162)
Net income	Note 14	8,264	20,914
Shareholders' equity attributable to Group shareholders	**Note 14**	**125,970**	**123,528**
Net income attributable to non-controlling interests	Note 14	246	371
Reserves attributable to non-controlling interests	Note 14	1,235	1,336
Non-controlling interests	**Note 14**	**1,481**	**1,707**
SHAREHOLDERS' EQUITY	**Note 14**	**127,451**	**125,235**
Total Bank borrowings	Note 13	92,640	54,568
Other financial liabilities	Note 13	1,982	1,941
Finance lease liabilities	Note 13	2,937	3,965
Total non-current financial liabilities	**Note 13**	**97,559**	**60,474**
Deferred tax liabilities	Note 11	3,631	3,786
Provisions for pensions and other non-current employee benefits	Note 16	9,315	9,075
TOTAL NON-CURRENT LIABILITIES		**110,506**	**73,335**
Other provisions	**Note 16**	**6,771**	**5,466**
Current financial liabilities	Note 13	60,086	61,497
Financial instruments	Note 10.2	5,296	
Total current financial liabilities		**65,381**	**61,497**
Accounts payable	Note 17	55,471	52,351
Other operating liabilities	Note 17	33,569	32,888
Tax payables (income tax)	Note 17	2,083	1,457
Miscellaneous liabilities	Note 17	1,592	79
Deferred income		11,780	10,810
TOTAL CURRENT LIABILITIES		**176,647**	**164,548**
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		**414,603**	**363,119**

7.1.2 Consolidated income statement

Consolidated income statement (€k)	Notes	2017	2016
Revenue *(Sales)*	**Note 18**	**436,130**	**431,648**
- Purchases consumed	Note 18	(226,644)	(230,332)
- Staff costs	Note 18	(107,424)	(103,816)
- External charges	Note 18	(70,357)	(59,672)
- Taxes and duties other than on income		(5,494)	(7,088)
- Depreciation and amortization	Note 18	(16,652)	(16,209)
+/- Changes in inventories of work-in-process and finished goods		4,196	5,123
+/- Translation gains and losses on operating transactions		1,923	2,719
+ Research tax credit		3,290	3,761
Current operating income	**Note 18**	**18,967**	**26,135**
+ Other operating income		1,535	362
- Other operating expenses		(652)	(159)
+/- Gains (losses) on disposals of non-current assets		(47)	22
- Goodwill impairment	Note 4		
Operating income	**Note 18**	**19,803**	**26,361**
+ Income on cash and cash equivalents		30	62
- Interest expense and other financial charges	Note 18	(2,626)	(2,191)
+ Other financial income		226	102
- Other financial expenses		(6,619)	(586)
Financial result	**Note 22**	**(8,988)**	**(2,614)**
+ Share in the earnings of equity-method associates	Note 6	(449)	128
+ Income tax	Note 18	(1,856)	(2,590)
Net income for the period	**Note 18**	**8,510**	**21,285**
* attributable to Group shareholders		8,264	20,914
* attributable to non-controlling interests		246	371
Basic and diluted earnings (loss) per share (in €) – Attributable to the Group	**Note 15**	**0.41**	**1.04**

7.1.3 Statement of comprehensive income

Statement of comprehensive income (€k)	2017	2016
Net income for the period	**8,510**	**21,285**
Items that will not be subsequently reclassified in profit or loss		
Post-employment benefits - actuarial gains and losses	370	(887)
Deferred taxes on post-employment benefits - actuarial gains and losses	(126)	297
Items that may be subsequently reclassified in profit or loss		
Cumulative translation differences	(3,163)	(1,658)
Other comprehensive income net of tax	**(2,919)**	**(2,249)**
Comprehensive income of the period	**5,591**	**19,036**
* attributable to Group shareholders	5,691	18,920
* attributable to non-controlling interests	(100)	116

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 12/31/2015	**15,075**	**(162)**	**17,561**	**73,135**	**1,017**	**106,626**	**4,378**	**111,004**
Comprehensive income								
Consolidated income				20,914		20,914	371	21,285
Other comprehensive income				(590)	(1,404)	(1,994)	(255)	(2,249)
Comprehensive income for 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**
Comprehensive income								
Consolidated income				8,264		8,264	246	8,510
Other comprehensive income				244	(2,817)	(2,573)	(345)	(2,919)
Comprehensive income for the period	**0**	**0**	**0**	**8,508**	**(2,817)**	**5,691**	**(100)**	**5,591**
Transactions with shareholders								
Dividends paid				(3,013)		(3,013)	(266)	(3,279)
Changes in scope						0		0
Other				(236)		(236)	140	(96)
At 12/31/2017	**15,075**	**(162)**	**17,561**	**96,701**	**(3,204)**	**125,970**	**1,481**	**127,451**

7.1.5 Consolidated statement of cash flows

Consolidated Statement of Cash Flows (€k)	Notes	2017	2016
Net income for the period	**7.1.2**	**8,510**	**21,285**
Adjustments for:			
Depreciation, amortization and provisions	7.1.2	26,262	17,148
(Gains) losses on disposal of non-current assets	7.1.2	10	(33)
Interest expense	7.1.2	2,626	2,191
Current income tax (excluding research tax credit)	7.1.2	2,277	3,792
Change in deferred taxes	7.1.2	(421)	(1,203)
Research tax credit	7.1.2	(3,290)	(3,761)
Other income and expenses	7.1.2	1,754	196
Share in the earnings of equity-method associates	7.1.2	449	(128)
Operating cash flows before change in working capital requirements		***38,177***	***39,488***
Change in working capital requirements from operating activities	Note 27.5	(22,281)	(4,854)
Cash generated by operating activities		15,895	34,634
Income tax paid (excluding research tax credit)		(1,651)	(3,567)
Research tax credit collected		2,344	603
Net cash generated by operating activities		**16,588**	**31,670**
Acquisitions of non-current assets	Note 4	(23,877)	(19,440)
Dividends received from associates			41
Proceeds from disposals of non-current assets	7.1.2	333	95
Change in loans and advances granted		(228)	
Acquisitions of the period subject to deduction of the cash acquired		(2,746)	(2,547)
Net cash used by investing activities		**(26,518)**	**(21,851)**
Dividends paid to parent company shareholders		(3,013)	(2,009)
Dividends paid to non-controlling interests in subsidiaries		(266)	(249)
Increases in borrowings	Note 13	70,320	39,524
Repayment of borrowings	Note 13	(28,149)	(21,966)
Interest payments	Note 22	(2,626)	(2,191)
Net cash generated (used) by financing activities		**36,266**	**13,109**
Impact of changes in exchange rates		(1,073)	(135)
Opening cash and cash equivalents	Note 10.1	(8,650)	(31,444)
Closing cash and cash equivalents	Note 10.1	16,612	(8,650)
Net cash and cash equivalents		**25,263**	**22,793**

7.1.6 Notes to the consolidated financial statements

Note 1. Information about the Group - Entity presenting the financial statements

ACTIA Group S.A. 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, 2017 were approved by the Executive Board on March 26, 2018 and will be submitted for ratification at the General Meeting of May 30, 2018.

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, 2017. 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"), development 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, 2017 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
Amendment to IAS 7: Disclosure initiative	01/01/2017	11/06/2017	01/01/2017
Amendment to IAS 12: Tax assets recognized in respect of unrealized losses	01/01/2017	11/06/2017	01/01/2017
Annual improvements to IFRS / 2014-2016	01/01/2017	Q1 2018	01/01/2017

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, 2017 are as follows:

	Date of application "IASB"	Date of adoption EU	Date of application EU
IFRS 9 - Financial instruments	01/01/2018	11/22/2016	01/01/2018
IFRS 15 - Revenue from contracts with customers	01/01/2018	09/22/2016	01/01/2018
Clarification of IFRS 15	01/01/2018	10/31/2017	01/01/2018
IFRS 16 - Leases	01/01/2019	10/31/2017	01/01/2019
Interpretation of IFRIC 22 - Foreign currency transactions and advance consideration	01/01/2018	2018?	01/01/2018?
Interpretation of IFRIC 23 - Uncertainty over Income Tax Treatments	01/01/2019	2018?	01/01/2019
Amendments to IFRS 4 - Application of IFRS 9 and IFRS 4	01/01/2018	11/03/2017	01/01/2018
Annual improvements to IFRS / 2014-2016	01/01/2018	Q1 2018	01/01/2018?

The Group has not elected to apply in advance these standards, interpretations and amendments in preparing its 2017 consolidated financial statements.

The Group analyzed its accounting methods with respect to the future application of **IFRS 15**. The analysis identified the types of existing contracts within the Group.

- Sale of equipment and goods

Revenue is currently recognized on delivery and the application of IFRS 15 will not change the recognition rate. The Group has not identified any changes in the transaction price applicable according to IFRS 15.

- Multiple item contracts

These contracts include development and a range of goods and services. It will be necessary to identify the performance obligations of each contract. The revenue from each performance obligation will be recognized based on the transfer of control. This may, therefore, change the rate at which revenue and associated margins are recognized.

The Group estimates that the portion of the contract covering specific development will not, in general, constitute an obligation for a separate service because the development is inseparable from production runs. Therefore, the development costs will be handled as "execution costs" of the contracts and recognized as an expense over the life time of the contracts. These costs are currently recycled in profit/(loss) based on "production" sales forecasts at the effective time of delivery of each product. The revenue from consulting services will now be recognized during the delivery phase of goods produced in runs.

The recognition rate of revenue from items produced in production runs, currently recognized at delivery time, should not change.

For the Defense and Energy sectors of the Telecommunications Division, the Group currently handles revenue as an overall service obligation for certain contracts. The revenue and margins are recognized based on percentage of completion. The application of IFRS 15 should not change these accounting principles.

The Group plans to apply this new standard as of January 1, 2018 using the full retrospective method. As a result, shareholders' equity at the opening balance of January 1, 2017 will be restated for the effects of this new standard and the 2017 comparative financial statements presented in the 2018 consolidated financial statements will also be restated.

In summary, the implementation of IFRS 15 should not have a significant impact on consolidated shareholders' equity at January 1, 2017 or on the annual revenue of the Group in its current scope. In addition, there will be no impact on the associated cash flows.

The Group is also analyzing the impact of **IFRS 16**. The contracts are currently being inventoried. Analysis and measurement of the impact expected on the Group's limits will continue in 2018 based on contracts as of December 31, 2017.

The new IAS/IFRS and interpretations in issue but pending adoption by the European Union and not yet applicable are:

	Date of application "IASB"	Date of adoption EU	Date of application EU
IFRS 14 - Regulatory deferral accounts	01/01/2016	N/A	N/A
Amendments to IFRS 10 and IAS 28: Sales or contributions of assets between an investor and an associate or joint venture	Delayed indefinitely	Adoption delayed	Adoption delayed
Amendments to IFRS 2: Classification and measurement of share-based payments	01/01/2018	02/26/2018	01/01/2018
Amendments to IFRS 9: Prepayment features with negative compensation	01/01/2019	2018?	01/01/2019?
Amendments to IAS 28: Long-term investments in associates and joint ventures	01/01/2019	2018?	01/01/2019?
Annual improvements to IFRS / 2015-2017	01/01/2019	2018?	01/01/2019?

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 income 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 forecast,
  - 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 2017 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 competitiveness and employment tax credit applied to staff costs for financial year 2017 amounted to €1,457 k compared to €1,149 k in 2016.

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

It was decided in the first semester 2017 to use the equity method to consolidate the Internet start-up Coovia, in which ACTIA Group has a 19.98% holding.

On July 18, 2017, ACTIA Group S.A. acquired 100% of the capital of the Belgian company Market IP, thereby strengthening its skills in connected services.

Name	Registered office	Siren no. or country of incorporation	Controlling interest (%)		Consolidation method		Activity	Contribution to consolidated revenue (€k)	Contribution to net consolidated income (€k)
			Dec- 16	Dec- 17	Dec- 16	Dec- 17			
ACTIA Group	Toulouse	542 080 791	Consolidating company		Consolidating company		Holding company	157	-510
Automotive									
ACTIA Automotive	Toulouse	389 187 360	99.98	99.98	FC	FC	Electronics research & manufacturing	146,125	-792
ACTIA PCs	Maisons-Alfort	384 018 263	87.80	87.80	FC	FC	Electronics research & manufacturing	5,375	88
ACTIA UK	Newtown	United Kingdom	100.00	100.00	FC	FC	Electronics research & manufacturing	3,628	222
ACTIA Systems	Getafe Madrid	Spain	100.00	100.00	FC	FC	Research and manufacturing of audio and video equipment	16,401	455
ACTIA Muller España[(1)]	Getafe Madrid	Spain	100.00		FC		Distribution of products		
SCI Los Olivos	Getafe Madrid	Spain	39.99	39.99	EM	EM	Real estate		-9
KARFA	Mexico	Mexico	90.00	90.00	FC	FC	Administration of holdings		-269
ACTIA de Mexico		Mexico	100.00	100.00	FC	FC	Electronics research & manufacturing	9,308	-48
ACTIA do Brasil	Porto Alegre	Brazil	97.97	97.97	FC	FC	Electronics research & manufacturing	3,446	-606
ACTIA Inc.	Dearborn - Michigan	USA	100.00	100.00	FC	FC	Electronics research & manufacturing	16	-78
ACTIA Cz	Tabor	Czech Republic	89.98	89.98	FC	FC	Electronics research & manufacturing	1,220	23
ACTIA Italia	Torino	Italy	100.00	100.00	FC	FC	Electronics research & manufacturing	18,689	353
ACTIA 3E	Le Bourget du Lac	381 805 514	99.93	99.93	FC	FC	Electronics research & manufacturing	986	46
ACTIA I+Me	Braunschweig	Germany	100.00	100.00	FC	FC	Electronics research & manufacturing	34,428	-25
ACTIA Corp.	Elkhart-Indiana	USA	100.00	100.00	FC	FC	Electronics research & manufacturing	21,078	2,087
ACTIA NL[(3)]	Helmond	Netherlands	100.00	100.00	FC	FC	Electronics research & manufacturing	156	-124
ACTIA Polska	Piaseczno	Poland	100.00	100.00	FC	FC	Electronics research & manufacturing	937	23
CIPI ACTIA	Tunis	Tunisia	65.80	65.80	FC	FC	Electronics manufacturing	274	808
ACTIA India	New Delhi	India	51.00	51.00	FC	FC	Electronics research & manufacturing	1,829	-480
ACTIA China	Shanghai	China	100.00	100.00	FC	FC	Electronics research & manufacturing	13,273	-63
ACTIA Nordic	Sollentuna	Sweden	100.00	100.00	FC	FC	Electronics research & manufacturing	116,642	3,038
ACTIA Tunisie	Tunis	Tunisia	89.87	96.96	FC	FC	Electronics manufacturing	5	238
Telecommunications									
ACTIA Telecom	St Georges de Luzençon	699 800 306	100.00	100.00	FC	FC	Electronics research & manufacturing	39,778	3,262
SCI SODIMOB	St Georges de Luzençon	419 464 490	100.00	100.00	FC	FC	Real estate		66
ARDIA	Tunis	Tunisia	73.33	73.33	FC	FC	Electronics research	1,204	910
COOVIA	Toulouse	788 665 149		19.98		EM	Mobility consulting		-110
Market IP	Naninne	Belgium	-	100.00	-	FC	Electronics research & design	1,174	134
SCI de l'Oratoire[(2)]	Colomiers	345 291 405	100.00	100.00	FC	FC	Real estate		200
SCI Les Coteaux de Pouvourville	Toulouse	343 074 738	27.50	27.50	EM	EM	Real estate		-330

(1) : ACTIA Muller España was merged by absorption by ACTIA Systems, its parent company, on December 15, 2017.
(2) : SCI de l'Oratoire is 86% owned by ACTIA Group and 14% by ACTIA Automotive.
(3) : being wound up.

Note 4. Intangible assets

Note 4.1 Changes in intangible assets

The gross amounts of intangible fixed assets changed as follows:

- In 2017:

(€k)	12/31/2016	Changes in scope	Cumulative translation differences	Acquisitions (Transfers)	Disposals and other reductions	12/31/2017
Goodwill	23,010	2,777[1]				25,787
Development costs	78,125		(1,313)	10,394	46	87,253
Other intangible assets	11,521	39	(173)	497	(29)	11,854
Other intangible assets in process	65		(7)		(58)	
Total	**112,722**	**2,816**	**(1,493)**	**10,891**	**(42)**	**124,893**
Of which finance leases						
Other intangible assets	*513*					*513*
Other intangible assets in process						

[1] acquisition of Market IP

- 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						

No intangible asset at ACTIA Group is subject to a pledge or other encumbrance.

Amortization and impairment charges were as follows:

- In 2017:

(€k)	12/31/2016	Changes in scope	Cumulative translation differences	Provisions	Reversals	12/31/2017
Goodwill	1,342	(88)				1,254
Development costs	44,188		(576)	10,861	(1,091)	53,383
Other intangible assets	10,996	37	(162)	728	(326)	11,272
Total	**56,526**	**(50)**	**(738)**	**11,589**	**(1,418)**	**65,909**
Of which finance leases						
Other intangible assets	*513*					*513*

No impairment was recorded at December 31, 2017.

❖ 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*

Net carrying amounts:

❖ In 2017:

(€k)	12/31/2016	Changes in scope	Cumulative translation differences	Net acquisitions (disposals)	12/31/2017
Goodwill	21,668	2,864			24,532
Development costs	33,937		(737)	670	33,870
Other intangible assets	525	2	(11)	66	581
Other intangible assets in process	65		(7)	(58)	
Total	**56,195**	**2,866**	**(755)**	**677**	**58,984**
Of which finance leases					
Other intangible assets	*(0)*				*(0)*
Other intangible assets in process					

❖ 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					

Note 4.2 Goodwill

At the end of 2017, the carrying amounts of **goodwill** were as follows:

(€k)	Country	Net balance sheet amounts at 12/31/2017	Net balance sheet amounts at 12/31/2016
ACTIA Telecom	France	11,415	11,415
ACTIA Corp.	USA	7,501	7,501
Market IP	Belgium	2,864	
ACTIA Nordic	Sweden	1,351	1,351
CIPI ACTIA	Tunisia	922	922
ACTIA PCs	France	390	390
SODIMOB	France	88	88
Total		**24,532**	**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., the goodwill is allocated to several 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 by applying 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)	2017		2016	
	Europe	USA	Europe	USA
Automotive sector	between 7.5% and 8.5%(1)	between 7.3% and 8.4%	between 7.0% and 7.8%	between 7.3% and 8.4%
Telecommunications sector	between 6.0% and 7.0%	-	between 7.0% and 8.0%	-

(1): CIPI-ACTIA (Tunisia): between 11.2% 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 assess the most significant values 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 (2018 to 2021);
  - the rate used to discount the cash flows and terminal values was 6.50% after tax;
  - below are the assumptions underlying the rates applied:

- cost of capital:

  Risk-free rate: 1.12%,
  Average market premium risk: 6.13%,
  Unlevered beta: 0.82; levered: 0.97 (five year average);

- cost of debt:

  Cost of medium- to long-term debt before tax of 4.73%,
  A 33.33% tax rate will be used until 2018, then 28% starting in 2019 to determine cash flows;

- sector financial leverage is 15%;
- the AAGR for sales is 9.5% for the specific time-frame,
- an EBITDA/Sales ratio used for the calculation of the normalized cash flow of 12.8% (the actual rate in 2017 was 10.9%). 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;
- the 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 one of the following adverse assumptions:
  - a normalized EBITDA/revenue rate of less than 11.6%, i.e. 120 basis points less than the parameters adopted to estimate terminal cash flows,
  - a discount rate of more than 7.8% or 130 basis points above the central rate previously presented.

❖ **ACTIA Corp**. (USA) goodwill test:

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 (2018 to 2021);
- the rate used to discount the cash flows is 7.91% after tax;
- below are the assumptions underlying the rates applied:
  - cost of capital:

    Risk-free rate: 2.46%,
    Average market premium risk: 6.44%,
    Unlevered beta: 1.01; levered: 1.27;
  - cost of debt:

    Cost of medium- to long-term debt before tax of 2.83%,
    A 40% tax rate used to determine the cash flows;
- sector financial leverage is 30%;
- the AAGR for sales is 3.9% for the specific time-frame;
- an EBITDA/Sales ratio used for the calculation of the normalized cash flow of 13.2% (the actual rate in 2017 was 11.4%);
- 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;
- the 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 one of the following adverse assumptions:
  - a normalized EBITDA/revenue rate of less than 8.0%, i.e. 520 basis points less than the parameters adopted to estimate terminal cash flows,
  - a discount rate of more than 16.4% or 850 basis points above the central rate previously presented.

To date, **impairment charges for goodwill** amount to €1,254 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).

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)	2017	2016	2015
Development costs			
Automotive sector	8,539	6,444	8,980
o.w. Diagnostics	*396*	*1,221*	*403*
o.w. Embedded Systems	*8,143*	*5,223*	*8,577*
Telecommunications sector	1,855	1,318	1,765
Total	**10,394**	**7,762**	**10,745**
Other intangible assets			
Automotive sector	465	340	442
Telecommunications sector	32	60	39
Total	**497**	**400**	**481**

New intangible assets:

- produced in-house (capitalized development costs) for €10.4 million (€7.8 million in 2016);

- purchased externally for €0.5 million (€0.4 million in 2016).

The table below summarizes the changes in the total research and development expenditure:

(€k)	2017	2016
Automotive Division	**56,955**	**48,399**
o.w. Cost of research commissioned by customers	*18,588*	*15,762*
non-current assets	*8,539*	*6,491*
Period expenses	*29,828*	*26,146*
Telecommunications Division	**9,995**	**8,400**
o.w. Cost of research commissioned by customers	*5,991*	*4,505*
non-current assets	*1,855*	*1,318*
Period expenses	*2,149*	*2,577*
Total	**66,950**	**56,799**
Amortization of capitalized development costs not included in the total expenditure calculation	*10,837*	*10,241*

Most companies of the Automotive Division engage in R&D activity. ACTIA Automotive (France) contributes 48.2% (approximately 47.9% in 2016) ACTIA I+Me (Germany) for 11.4% (11.6% in 2016) and ACTIA Nordic (Sweden) 22.5% (27.6% in 2016), 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:

- telematics for vehicles, including both OEM and aftermarket and associated services;
- power electronics for vehicles;
- technical inspection and repair equipment for vehicles;
- professional microwave communications equipment.

In these 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 16 countries and incurs considerable R&D expenditure. Over the past three years, these expenses have averaged 14.1% of consolidated sales. This proactive policy generates inflows for France in the form of significant research tax credits and grants (€5.4 million for 2017 compared to €5.8 million in 2016).

In 2017, total R&D expenditure accounted for 15.4% of Group revenue compared with 13.2% in 2016. 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 from 7.8% to 8.8% of sales in 2017. The customer chargeback rate was 36.7% in 2017 compared to 35.7% in 2016. The Group recorded a decrease in capitalized R&D of (0.2%).

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 2017:

(€k)	12/31/2016	Changes in scope	Cumulative translation differences	Acquisitions (Transfers)	Disposals and other reductions	12/31/2017
Land	2,862		(274)	982		3,570
Buildings	17,172		(804)	739	(3)	17,104
Plant and equipment / Facilities and tools	55,892	160	(2,354)	6,788	(668)	59,819
Other items of property, plant and equipment	22,473	416	(845)	4,812	(890)	25,967
Total	**98,399**	**577**	**(4,277)**	**13,322**	**(1,560)**	**106,460**
Of which finance leases						
Land	*260*					*260*
Buildings	*6,079*					*6,079*
Plant and equipment / Facilities and tools	*12,679*			*215*		*12,894*
Other items of property, plant and equipment	*4,269*			*312*		*4,581*

- 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*

Depreciation:

- In 2017:

(€k)	12/31/2016	Changes in scope	Cumulative translation differences	Provisions	Reversals	12/31/2017
Land	13					13
Buildings	10,552		(368)	557	(64)	10,677
Plant and equipment Facilities and tools	42,153	157	(1,418)	4,258	(468)	44,682
Other items of property, plant and equipment	16,587	238	(537)	1,664	(190)	17,762
Total	**69,305**	**395**	**(2,324)**	**6,479**	**(722)**	**73,134**
Of which finance leases						
Land	*13*					*13*
Buildings	*5,222*					*5,222*
Plant and equipment *Facilities and tools*	*8,369*					*8,369*
Other items of property, plant and equipment	*3,417*					*3,417*

- 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*

Net carrying amounts:

- In 2017:

(€k)	12/31/2016	Changes in scope	Cumulative translation differences	Net acquisitions (disposals)	12/31/2017
Land	2,849		(274)	982	3,557
Buildings	6,620		(436)	244	6,427
Plant and equipment Facilities and tools	13,739	3	(935)	2,330	15,137
Other items of property, plant and equipment	5,886	178	(307)	2,448	8,205
Total	**29,093**	**181**	**(1,953)**	**6,005**	**33,326**
Of which finance leases					
Land	*247*				*247*
Buildings	*856*				*856*
Plant and equipment *Facilities and tools*	*4,310*			*215*	*4,524*
Other items of property, plant and equipment	*852*			*312*	*1,164*

❖ 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*

Encumbered property, plant and equipment are detailed in Note 26 "Encumbered assets" in the notes to the consolidated financial statements.

The main acquisitions relate to:

(€k)	2017	2016	2015
Land			
Automotive sector	967	-	4
Telecommunications sector	15	-	-
Subtotal	**982**		**4**
Buildings			
Automotive sector	381	1,125	662
Telecommunications sector	32	21	5
Other (incl. holding)	-	-	-
Subtotal	**413**	**1,146**	**667**
Plant and equipment			
Automotive sector	6,475	7,113	4,185
Telecommunications sector	354	311	90
Subtotal	**6,829**	**7,424**	**4,275**
Other property, plant and equipment			
Automotive sector	4,845	2,342	2,311
Telecommunications sector	254	134	110
Other (incl. holding)	-	22	-
Subtotal	**5,099**	**2,498**	**2,421**
Total	**13,324**	**11,068**	**7,368**

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, 2017, 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	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
SCI Los Olivos	408	417	(9)	(11)
SCI Les Coteaux de Pouvourville	220	568	(330)	139
Coovia	90		(110)	
Total	**718**	**985**	**(449)**	**128**

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 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, 2017:

(€k)	Total assets	Liabilities	Sales	Net income
SCI Los Olivos	2,648	1,628	136	(24)
SCI Les Coteaux de Pouvourville	7,028	5,855	515	43
Coovia	269	936	40	(548)

- At December 31, 2016:

(€k)	Total assets	Liabilities	Sales	Net income
SCI Los Olivos	1,084	40	120	(27)
SCI Les Coteaux de Pouvourville	1,456	397	757	(183)

Note 7. Non-current financial assets

(€k)	12/31/2017			12/31/2016		
	Gross	Impairment	Net	Gross	Impairment	Net
Non-consolidated fixed securities	297	(231)	**65**	506	(238)	**268**
Receivables on non-consolidated investments	727	(72)	**656**	377	(72)	**306**
Deposits and guarantees	722		**722**	853		**853**
Loans and miscellaneous	29	0	**29**	6	0	**6**
Total	**1,775**	**(303)**	**1,472**	**1,743**	**(310)**	**1,433**

In 2017, financial assets generated €43 k in income, included in the income statement under "Other financial income" (€71 k in 2016).

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)	12/31/2017	12/31/2016
	Net	Net
Raw materials	48,414	38,768
Work-/services-in-process	24,069	19,979
Semi-finished and finished goods	24,928	25,284
Goods held for resale	9,967	9,746
Total	**107,378**	**93,778**

Changes in inventories in 2017 are set out below:

(€k)	Gross	Impairment	Net
At 12/31/2016	**104,412**	**(10,635)**	**93,777**
Change in the period	14,836		14,836
Net impairment		(63)	(63)
Changes in scope	33		33
Impact of changes in exchange rates	(1,327)	120	(1,206)
At 12/31/2017	**117,955**	**(10,578)**	**107,377**

In 2017, scrapped inventories amounted to €1,233 k (€1,377 k for 2016) and concerned primarily:

- ACTIA Automotive: €261 k (fully accrued in previous periods);
- ACTIA Telecom: €456 k (accumulated provision of €374 k from prior periods).

The gross value of inventory increased €13.5 million in 2017 compared with €4.9 million in 2016. The breakdown of these changes is presented below:

(€m)			2017	2016
Raw materials			**+ 9.7**	**+ 0.0**
	o.w.	*ACTIA Automotive*	*+ 9.1*	*+ 1.1*
		ACTIA Telecom	*+ 0.6*	*(1.1)*
Work-/services-in-progress			**+ 3.7**	**+ 2.6**
	o.w.	*ACTIA Automotive*	*+ 2.2*	*+ 2.0*
		ACTIA Telecom	*+ 1.5*	*+ 0.6*
Semi-finished and finished goods			**(0.4)**	**+ 2.4**
	o.w.	*ACTIA Automotive*	*(0.1)*	*+ 2.7*
		ACTIA Telecom	*(0.3)*	*(0.3)*
Goods held for resale			**+ 0.4**	**(0.1)**
	o.w.	*ACTIA Automotive*	*+ 0.4*	*(0.1)*
		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 12/31/2016	Change in the period	Net allowances / reversals	Changes in scope	Impact of changes in exchange rates	Net value at 12/31/2017
Accounts receivable	**118,378**	**7,831**	**101**	**470**	**(1,716)**	**125,065**
Advances and prepayments	**1,873**	2,077			(91)	**3,859**
Amounts receivable from payroll tax agencies	**436**	7		0	(40)	**402**
VAT receivable	**2,255**	428		22	1	**2,705**
Prepaid expenses	**1,733**	319		36	(34)	**2,053**
Other current receivables from operations	**6,297**	**2,831**		**57**	**(165)**	**9,020**
Tax receivables	**1,159**	2,924			(129)	**3,955**
Research tax credit	**4,330**	(155)				**4,175**
Current tax credit	**5,489**	**2,769**			**(129)**	**8,129**
Miscellaneous current receivables	**814**	**551**		**282**	**(43)**	**1,603**
Total	**130,978**	**13,981**	**101**	**810**	**(2,052)**	**143,817**

At December 31, 2017, 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 12/31/2017	104,353	8,727	4,100	1,854	8,290	**127,324**
Gross amounts at 12/31/2016	91,259	11,622	4,823	4,349	8,732	**120,784**

No significant **losses on bad debt** were recognized in 2017 as in 2016.

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)	12/31/2017	12/31/2016	Change
Cash equivalents	163	184	(21)
Cash	45,416	27,162	18,254
Cash and cash equivalents	**45,579**	**27,346**	**18,234**
(Current bank facilities)	**(28,967)**	**(35,996)**	**7,029**
Total	**16,612**	**(8,650)**	**25,263**

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 12/31/2017	Fixed rate	Inception date	Expiry date	Amortization/ Depreciation
SWAP 1	5,000	5,000	0.50%	06/01/2016	06/01/2021	End
SWAP 2	5,000	3,500	0.34%	06/01/2016	06/01/2021	quarterly
SWAP 3	5,000	3,750	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**	**17,250**				

While these interest rate hedges are not associated with specific financing agreements, they did cover Group debt for up to €17.3 million at December 31, 2017 (€19.3 million at December 31, 2016).

ACTIA Group recognizes interest rate hedging instruments at fair value through profit and loss under "Other Financial income" and "Other financial expenses".

Details of the impact of this accounting treatment on earnings are set out below:

(€k)	12/31/2017		12/31/2016	
	Fair value	Impact on earnings	Fair value	Impact on earnings
Financial instruments ASSETS (LIABILITIES)				
Swap	(230)	159	(389)	(138)
Total	**(230)**	**159**	**(389)**	**(138)**

The interest rate risk incurred by ACTIA Group is analyzed in Note 27 "Risk factors" in the notes to the consolidated financial statements.

- 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 12/31/2017	Floor	Strike	Inception date	Expiry date
EUR/USD option	$21,000,000	$0	1.0480	1.1770	11/21/2016	04/09/2018
EUR/USD accumulator	$7,200,000	$3,600,000	1.1200	1.1990	08/11/2017	05/03/2018
EUR/USD accumulator	$10,800,000	$3,600,000	1.0510	1.1755	12/8/2016	06/06/2018
EUR/USD accumulator	$14,400,000	$4,800,000	1.0510	1.1735	12/06/2016	06/12/2018
EUR/USD term	$2,100,000	$2,100,000	-	1.1657	07/04/2017	07/12/2018

In foreign currency	Maximum Initial amount	Maximum amount to be acquired at 12/31/2017	Floor	Strike	Inception date	Expiry date
EUR/USD accumulator	$12,000,000	$4,800,000	1.0210	1.1600	01/05/2017	08/20/2018
EUR/USD accumulator	$20,000,000	$8,000,000	1.0250	1.1600	01/04/2017	08/21/2018
EUR/USD accumulator	$10,400,000	$7,600,000	1.1400	1.2000	08/09/2017	09/21/2018
EUR/USD accumulator	$17,500,000	$11,250,000	1.0825	1.2000	07/12/2017	11/11/2018
EUR/USD accumulator	$3,800,000	$2,400,000	1.0750	1.1855	05/17/2017	12/04/2018
EUR/USD accumulator	$7,800,000	$7,200,000	1.0860	1.1920	07/04/2017	12/05/2018
EUR/USD accumulator	$3,600,000	$3,600,000	1.1200	1.2185	11/10/2017	12/17/2018
EUR/USD accumulator	$3,600,000	$2,400,000	1.0950	1.1735	07/12/2017	12/18/2018
ABF Protégé EUR/USD	$18,000,000	$14,700,000	1.1600	1.2350	08/25/2017	12/19/2018
EUR/USD accumulator	$3,300,000	$3,300,000	1.1280	1.2455	11/15/2017	12/19/2018
EUR/USD accumulator	$10,600,000	$10,600,000	1.0500	1.2000	02/23/2017	02/02/2019
EUR/USD accumulator	$16,000,000	$12,000,000	1.1000	1.1700	04/07/2017	02/15/2019
EUR/USD accumulator	$9,000,000	$9,000,000	1.0585	1.1960	04/25/2017	02/22/2019
EUR/USD accumulator	$7,800,000	$7,800,000	1.0875	1.2300	06/30/2017	02/22/2019
EUR/USD accumulator	$16,000,000	$12,600,000	1.0800	1.2167	06/07/2017	03/13/2019
EUR/USD accumulator	$14,100,000	$10,500,000	1.0600	1.1860	04/21/2017	04/23/2019
EUR/USD accumulator	$5,200,000	$5,200,000	1.1400	1.2720	11/14/2017	06/28/2019
EUR/JPY accumulator	¥144,000,000	¥48,000,000	119.2000	130.0000	03/10/2017	03/29/2018

The ACTIA Group recognizes these exchange hedging instruments at fair value through profit and loss under "Other financial income" and "Other financial expenses".

Note that the Group carried out the acquisition of $87.5 million for its purchasing needs compared to $74.6 million in 2016.

Details of the impact of this accounting treatment on earnings are set out below:

(€k)	12/31/2017		12/31/2016	
	Fair value	Impact on earnings	Fair value	Impact on earnings
Financial instruments ASSETS (LIABILITIES)				
EUR/USD hedge	(5,035)	(6,164)	1,129	(76)
EUR/JPY hedge	(30)	17	(48)	(54)
Total	**(5,066)**	**(6,147)**	**1,081**	**(130)**

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 **€23.3 million** (€21.1 million at December 31, 2016). The potential tax gain represents €7.3 million (€6.0 million at December 31, 2016). This change is related to a change in the corporate income tax in France. 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)	12/31/2017	12/31/2016
Tax assets recognized in respect of:		
Temporary differences	4,575	4,672
o.w. provision for retirement severance payments	*1,967*	*2,011*
o.w income from inventory	*423*	*456*
o.w other adjustments	*2,185*	*2,205*
Tax-loss carryforwards	6,530	6,226
Total net tax assets	**11,105**	**10,898**
Tax liabilities recognized in respect of:		
Deferred tax liabilities	3,631	3,786
Total net tax liabilities	**3,631**	**3,786**
Total net deferred tax assets/(liabilities)	**7,474**	**7,111**

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".

<u>Transfers of financial instrument assets</u>

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 quoted on an active market;
- Level 2 "model with observable inputs": financial instruments valued using valuation techniques based on observable inputs;
- Level 3 "model with unobservable inputs".

Note 12.1 Financial assets

The following table presents the carrying value of financial assets:

(€k)	12/31/2017				12/31/2016			
	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	713		759	**1,472**	563		870	**1,433**
Non-current research tax credit			12,224	**12,224**			11,722	**11,722**
Current assets								
Accounts receivable			125,065	**125,065**			118,378	**118,378**
Current tax credit			8,129	**8,129**			5,489	**5,489**
Miscellaneous current receivables			1,603	**1,603**			814	**814**
Financial instruments		0		**0**		692		**692**
Cash equivalents		163		**163**		184		**184**
Cash			45,416	**45,416**			27,162	**27,162**
Total	**713**	**163**	**193,196**	**194,072**	**563**	**876**	**164,435**	**165,873**

(*) For all financial assets, fair value is identical to the value recognized in the consolidated financial statements.

At December 31, 2017, financial assets measured at fair value were classified as follows:

(€k)	<u>Level 1</u> Market price	<u>Level 2</u> With observable inputs	<u>Level 3</u> With non-observable inputs
Financial instruments		-	
Cash equivalents	163		
Total	**163**	**-**	**-**

Note 12.2 Financial liabilities

The following table presents the carrying value of financial liabilities:

(€k)	12/31/2017			12/31/2016		
	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						
Bonds	20,000		**20,000**			**0**
Bank borrowings	72,640		**72,640**	54,568		**54,568**
Other financial liabilities	322	1,660	**1,982**	394	1,547	**1,941**
Finance lease liabilities	2,937		**2,937**	3,965		**3,965**
Current liabilities						
Current financial liabilities	59,691	395	**60,086**	60,810	687	**61,497**
Financial instruments		5,296	**5,296**			**0**
Accounts payable	55,471		**55,471**	52,351		**52,351**
Miscellaneous liabilities	1,592		**1,592**	79		**79**
Total	**212,653**	**7,351**	**220,003**	**172,168**	**2,234**	**174,401**

(*) For financial liabilities, fair value is close to the value recognized in the consolidated financial statements.

At December 31, 2017, financial liabilities measured at fair value were classified as follows:

(€k)	Level 1 Market price	Level 2 With observable inputs	Level 3 With non-observable inputs
Non-current liabilities			
Other financial liabilities	1,660		
Current liabilities			
Current financial liabilities	395		
Financial instruments		5,296	
Total	**2,055**	**5,296**	**-**

Note 13. Financial liabilities

Financial liabilities by type of financing and maturity break down as follows:

(€k)	12/31/2017				12/31/2016			
	<12/31/18	>01/01/19 <12/31/22	>01/01/23	Total	<12/31/17	>01/01/18 <12/31/21	>01/01/22	Total
Bonds			20,000	**20,000**				**0**
Bank borrowings	28,757	68,865	3,775	**101,398**	22,512	50,733	3,835	**77,080**
Other financial liabilities	900	1,621	361	**2,882**	1,414	1,667	274	**3,355**
Finance lease liabilities(*)	1,461	2,921	17	**4,399**	1,576	3,538	426	**5,540**
Bank facilities and overdrafts	28,967			**28,967**	35,996			**35,996**
Total	**60,086**	**73,406**	**24,153**	**157,645**	**61,497**	**55,939**	**4,534**	**121,971**

(*) See the "Property, plant and equipment" section.

Changes in financial liabilities in 2017 are set out below:

(€k)	As of 01/01/17	Increases in borrowings	Repayments of loans and other changes	Cumulative translation differences	At 12/31/2017
Bonds	**0**	20,000			**20,000**
Bank borrowings	**77,080**	49,774	(25,268)	(188)	**101,398**
Other financial liabilities	**3,355**	374	(811)	(36)	**2,882**
Finance lease liabilities	**5,540**	527	(1,669)		**4,399**
Bank facilities and overdrafts	**35,996**		(6,832)	(197)	**28,967**
Total	**121,971**	**70,675**	**(34,580)**	**(421)**	**157,645**

Changes in financial liabilities in 2016 are set out below:

(€k)	Au 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**

At December 31, 2017, the maturity of financial liabilities including non-accrued interest was as follows:

(€k)	<12/31/18		>01/01/19 <12/31/22		>01/01/23		Total		
	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal + Interest
Bonds	0	625	0	2,500	20,000	625	**20,000**	**3,750**	**23,750**
Bank borrowings	28,757	1,018	68,865	1,552	3,775	78	**101,398**	**2,648**	**104,045**
Other financial liabilities	900		1,621		361		**2,882**	**0**	**2,882**
Finance lease liabilities	1,461	49	2,921	68	17	0	**4,399**	**118**	**4,517**
Bank facilities and overdrafts	28,967	371					**28,967**	**371**	**29,338**
Total	**60,086**	**2,063**	**73,406**	**4,120**	**24,153**	**703**	**157,645**	**6,887**	**164,532**

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, 2017, financial liabilities by currency break down as follows:

(€k)	EUR	USD	Other	Total
Bonds	20,000	0	0	**20,000**
Bank borrowings	100,043	1,355	0	**101,398**
Other financial liabilities	2,366	0	515	**2,882**
Finance lease liabilities	4,399	0	0	**4,399**
Bank facilities and overdrafts	27,033	303	1,631	**28,967**
Total	**153,840**	**1,658**	**2,146**	**157,645**

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**

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 €9.8 million at December 31, 2017 compared to €11.9 million at December 31, 2016 and other government related receivables financing (CIR/CICE) amounting to €9.8 million at December 31, 2017 compared to €10.5 million at December 31, 2016.

The ratio of net debt to shareholders' equity or gearing breaks down as follows:

(€k)	12/31/2017	12/31/2016
Bonds	20,000	
Bank borrowings	101,398	77,080
Other financial liabilities	2,882	3,355
Finance lease liabilities	4,399	5,540
Bank facilities and overdrafts	28,967	35,996
Subtotal A	**157,645**	**121,971**
Cash equivalents	163	184
Cash	45,416	27,162
Subtotal B	**45,579**	**27,346**
Total net debt = A - B	**112,065**	**94,625**
Total shareholders' equity	**127,451**	**125,235**
Gearing	**87.9%**	**75.6%**

The "net debt/equity" ratio (gearing) adjusted for the impact of the receivables account for French research and competitiveness and employment tax credits (CIR and CICE) is as follows:

(€k)	12/31/2017	12/31/2016
Bonds	20,000	
Bank borrowings	101,398	77,080
Other financial liabilities	2,882	3,355
Finance lease liabilities	4,399	5,540
Bank facilities and overdrafts	28,967	35,996
- Financing receivables account	*(9,824)*	*(11,945)*
- CIR collateralization	*(7,862)*	*(8,078)*
- CICE collateralization	*(1,954)*	*(2,400)*
Subtotal A	**138,005**	**99,548**

(€k)	12/31/2017	12/31/2016
Cash equivalents	163	184
Cash	45,416	27,162
Subtotal B	**45,579**	**27,346**
Total net debt = A - B	**92,425**	**72,202**
Total shareholders' equity	**127,451**	**125,235**
Gearing	**72.5%**	**57.7%**

The breakdown between variable and fixed rate debt is set out below:

(€k)	12/31/2017			12/31/2016		
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Bonds	20,000	0	**20,000**			**0**
Bank borrowings	82,970	18,427	**101,398**	51,503	25,577	**77,080**
Other financial liabilities	2,882	0	**2,882**	3,355	0	**3,355**
Finance lease liabilities	4,399	0	**4,399**	5,540	0	**5,540**
Bank facilities and overdrafts	3,597	25,370	**28,967**	2,760	33,236	**35,996**
Total	**113,848**	**43,797**	**157,645**	**63,158**	**58,813**	**121,971**
Breakdown by percentage	72.2%	27.8%	**100.0%**	51.8%	48.2%	**100.0%**

All covenants on the borrowings and bank credit lines must be verified annually at the end of each period. They apply to 32.4% of borrowings, or €51.1 million.

In 2017, 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 2016 = 15.4% of 2016 consolidated profit);
- the increase in gross debt, after the issue of a bond and significant financing obtained to cover investments (R&D, production and real estate);
- 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 decline in EBITDA, notably impacted by exceptional transport costs.

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, 2017 is presented below:

Debt subject to a covenant				Covenant		Respected (3)		Reclassification under current borrowings (4)	
Category (1)	Year of inception	Balance at 12/31/2017(€k)	Final maturity	Ratios	Basis of calculation (2)	Year-end 2016	Year-end 2017	Year-end 2016	Year-end 2017
Borrowings									
L	2013	70	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	96	Nov-2018	Net debt to equity ≤ 1.15	CA AG	R	R	0	0
				Net financial expense to EBITDA < 30%	CA AG	R	R		

Debt subject to a covenant				Covenant		Respected (3)		Reclassification under current borrowings (4)	
Category (1)	Year of inception	Balance at 12/31/2017(€k)	Final maturity	Ratios	Basis of calculation (2)	Year-end 2016	Year-end 2017	Year-end 2016	Year-end 2017
				Net debt to EBITDA < 5	CA AG	R	R		
L	2014	469	Jul-2018	Equity to net debt ≥ 1	CA AG	R	R	0	0
				SN N ≥ 90% x SN N-1	CA AG	R	R		
L	2014	250	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	358	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	788	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	1,125	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	2,063	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	1,200	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	1,051	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	1,210	Dec-2020	Net debt to equity < 1.15	CA AG	R	R	0	0
				Net debt to EBE < 3.5	CA AG	R	R		
L	2016	2,063	Sept-2020	Equity to net debt MLT ≥ 1	SA AA	R	R	0	0
				Net debt to SN ≤ 2	SA AA	R	R		
				SN N ≥ 90% x SN 2014	SA AA	R	R		
L	2016	2,006	Dec-2021	Net debt to equity ≤ 1.20	CA AG	R	R	0	0
L	2016	1,538	Dec-2021	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	3,011	Jul-2023	Net debt to equity < 1.15	CA AG	R	R	0	0
				Net debt to EBITDA < 3.5	CA AG	R	R		
L	2017	2,629	Jun-2021	Net debt to equity ≤ 1.15	CA AG	-	R	-	0
				Net debt to EBE ≤ 3.5	CA AG	-	R	-	
L	2017	3,000	Nov-2021	Equity to net debt MLT ≥ 1	SA AA	-	R	-	0
				Net debt to SN ≤ 2	SA AA	-	R		
				SN N ≥ 90% x SN 2016	SA AA	-	R		
L	2017	1,000	Nov-2021	Equity to net debt MLT ≥ 1	SA AA	-	R	-	0
				Net debt to SN ≤ 2	SA AA	-	R		
				SN N ≥ 90% x SN 2016	SA AA	-	R		
L	2017	1,803	Jun-2022	Net debt to equity < 1.15	CA AG	-	R	-	0
				Net debt to EBITDA < 3.5	CA AG	-	R		
L	2017	2,754	Jul-2022	Net debt to equity ≤ 1.20	CA AG	-	R	-	0
L	2017	934	Aug-2022	Net debt to equity < 1.15	CA AG	-	R	-	0

Debt subject to a covenant				Covenant		Respected (3)		Reclassification under current borrowings (4)	
Category (1)	Year of inception	Balance at 12/31/2017(€k)	Final maturity	Ratios	Basis of calculation (2)	Year-end 2016	Year-end 2017	Year-end 2016	Year-end 2017
				Net financial expense to EBITDA < 30%	CA AG	-	R		
				Net debt to EBITDA < 5	CA AG	-	R		
L	2017	934	Aug-2022	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	2017	701	Aug-2022	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	2017	15,000	Nov-2024	Net debt to EBITDA ≤ 4	CA AG	-	R	-	0
L	2017	5,000	Nov-2026	Net debt to EBITDA ≤ 4	CA AG	-	R	-	0
Overdraft facility									
D	-	0	-	HG debt to (CP + Group debt) <3	SA AC	R	R	0	0
				EBITDA to interest > 1	SA AC	R	R		
				Equity > $3,500,000	SA AC	R	R		
Total		**51,052**						**0**	**0**

(1) L = Loan
O = Overdraft

(2) CA AG = Consolidated Accounts - ACTIA Group
SA AC = Separate Financial Statements - ACTIA Automotive
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 and, sometimes, a requirement to maintain the composition of the capital, with any changes requiring prior information of the partners.

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 this 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.

Information about the **share buyback program** is provided in Note 3.7 “Treasury shares' in the notes to the separate financial statements.

At December 31, 2017, there were no stock option plans established.

The General Meeting of May 30, 2017 authorized the issue of new shares for the benefit of the members of a Company Savings Plan accounting for 3% of the capital of ACTIA Group S.A. The authorization was granted to the Executive Board for a period of 26 months. At December 31, 2017, 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	12/31/2016	Capital increase	12/31/2017
ACTIA Group shares - ISIN FR 0000076655	**20,099,941**	**None**	**20,099,941**

At December 31, 2017, the share capital consisted of 8,005,292 shares with ordinary voting rights, 12,091,321 shares with double voting rights and 3,328 treasury shares with no voting rights. There are 12,316,320 registered shares and 7,783,621 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 2017 earnings proposed to the General Meeting of May 30, 2018 is set out in Subsection 5.12.2 of this Registration Document on "Appropriation of earnings". A proposal will be submitted to distribute a dividend of €0.12 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, 2017 were calculated on the basis of consolidated income attributable to Group shareholders according to the breakdown provided below:

Euros	12/31/2017	12/31/2016
Consolidated net income (loss) attributable to Group shareholders *(in €)*	**8,264,191**	**20,913,875**
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 €)*	**0.41**	**1.04**

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, 2017 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	12/31/2017	12/31/2016
Diluted net income *(in €)*	**8,264,191**	**20,913,875**
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 €)*	**0.41**	**1.04**

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 2017:

(€k)	12/31/2016	Changes in scope Cumulative translation differences	Provisions	Reversals		12/31/2017
				Applied	Unused	
Provisions for pension and other non-current employee benefits	**9,075**	**(32)**	**667**	**(227)**	**(168)**	**9,315**
Other provisions						
Lawsuit contingencies	**94**		423			**517**
Warranties	**2,659**	(30)	334	(87)		**2,876**
Losses on contracts	**0**		121	0		**121**
Fines/penalties	**839**	(3)	310	(337)		**809**
Other risks	**1,579**	(123)	499	(84)		**1,872**
Investments in associates (equity method)	**0**					**0**
Tax	**0**					**0**
Other expenses	**294**	5	342	(65)		**576**
Other provisions	**5,466**	**(151)**	**2,029**	**(573)**	**0**	**6,771**
Total	**14,541**	**(183)**	**2,696**	**(800)**	**(168)**	**16,086**

- In 2016:

(€k)	12/31/2015	Changes in scope, translation difference	Provisions	Reversals		12/31/2016
				Applied	Unused	
Provisions for pensions 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**
Investments in associates (equity method)	**0**					**0**
Tax	**0**					**0**
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**

Provisions for other risks are comprised primarily of tax and commercial litigation contingency provisions.

At December 31, 2017, 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 taking into account demographic factors (staff turnover and mortality tables) and financial variables (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 2017, provisions for pension and other non-current employee benefits rose €240 k to €9,315 k at December 31, 2017. This increase in the provision reflects the following items:

- service cost: €504 k;
- finance cost: €139 k;
- actuarial gains and losses: (€370) k.

The actuarial gain recognized in OCI results from the change in the:

- discount rate of 1.30% (1.31% in 2016) for French companies and 7.50% (7.31% in 2016) for Tunisian companies.

The other assumptions have not changed:

- mortality table: INSEE 2013:

Age of employee	20 years old	30 years old	40 years old	50 years old	60 years old	65 years old
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

- 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 years old	30 years old	40 years old	50 years old	60 years old	65 years old
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 in the rate would have a positive impact on consolidated comprehensive income of €1,040 k;
- a change of less than 1% in the rate would have a negative impact on consolidated comprehensive income of €1,255 k.

In 2017-2016, provisions for retirement liabilities amounted to:	**2017**	**2016**
for all of the Group's French companies	€7,778 k	€7,620 k
for the Italian subsidiary	€1,372 k	€1,294 k
for the Group's Tunisian subsidiaries	€165 k	€161 k
TOTAL	**€9,315 k**	**€9,075 k**

For information, provisions for pension commitments were €7,607 k as of December 31, 2015.

Retirement liabilities at the end of the next financial year (12/31/2018) should total approximately €10,123 k at a consistent discount rate.

Retirement severance payments paid in financial year 2017 amounted to €227 k.

Concerning defined contribution schemes, pension contributions paid for financial year 2017 totaled €3,747 k versus €3,518 k for 2016.

Note 17. Other current liabilities

A breakdown of **other current financial liabilities** is presented below:

(€k)	Net value at 12/31/2016	Change in the period	Changes in scope	Impact of changes in exchange rates	Net value at 12/31/2017
Accounts payable on goods and services	**52,351**	**3,612**	**109**	**(601)**	**55,471**
Advances and prepayments received	**5,228**	2,171		(28)	**7,371**
Amounts payable to payroll tax agencies	**19,637**	911	109	(392)	**20,264**
Tax payables (other than income tax)	**8,023**	(1,978)	29	(139)	**5,934**
Other operating liabilities	**32,888**	**1,104**	**138**	**(560)**	**33,569**
Tax payables (income tax)	**1,457**	**731**		**(105)**	**2,083**
Liabilities on non-current assets	**22**	527		(0)	**550**
Creditor current accounts	**(315)**	428	216	(13)	**316**
Other miscellaneous liabilities	**372**	358		(4)	**726**
Miscellaneous liabilities	**79**	**1,313**	**216**	**(16)**	**1,592**
Total	**86,776**	**6,759**	**463**	**(1,282)**	**92,715**

Advances and prepayments received on orders increased by €2,142 k in 2017 and included mainly:

	2017	2016
❖ ACTIA Automotive	€1,141 k	€327 k
❖ ACTIA I+ME	€2,232 k	€2,866 k
❖ ACTIA Telecom	€2,929 k	€1,641 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 comprises the "Original Equipment Manufacturer (OEM)", "Aftermarket", and "Manufacturing-Design & Services (MDS)" products;
- the Telecommunications Division, which comprises "Satcom", "Energy", "Rail - Transport", and "Telecom Network Infrastructure" 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 2017, the breakdown of key line items by operating segment was as follows:

(€k)	12/31/2017			
	Automotive sector	Telecommunications sector	Other	Group consolidated financial statements
Revenue				
(Sales)	396,195	39,778	157	**436,130**
Purchases consumed	(213,690)	(12,588)	(365)	**(226,644)**
Staff costs	(92,020)	(14,442)	(962)	**(107,424)**
External charges	(60,978)	(6,221)	(3,159)	**(70,357)**
Depreciation and amortization (A)	(15,528)	(1,318)	193	**(16,652)**
Current operating income	**15,596**	**3,641**	**(270)**	**18,967**
Impairment of goodwill (C)	0	0	0	**0**
Operating income	**16,388**	**3,722**	**(307)**	**19,803**
Interest expense and other financial charges (B)	(2,373)	(63)	(190)	**(2,626)**
Taxes (D)	(1,956)	(60)	160	**(1,856)**
NET INCOME/(LOSS) (E)	**6,132**	**3,328**	**(950)**	**8,510**
EBITDA (F) = (E)-(A)-(B)-(C)-(D)	**25,989**	**4,768**	**(1,114)**	**29,644**
EBITDA excluding hedging instruments	**31,701**	**5,044**	**(1,114)**	**35,631**
SEGMENT ASSETS				
Non-current assets	96,029	20,462	1,337	**117,829**
Inventories	95,950	11,428	0	**107,378**
Accounts receivable	103,324	21,615	125	**125,065**
Other current receivables	16,049	2,453	250	**18,752**
Cash and cash equivalents	28,859	4,240	12,480	**45,579**
TOTAL SEGMENT ASSETS	**340,211**	**60,199**	**14,193**	**414,603**
CAPITAL EXPENDITURE				
Intangible assets	9,004	2,203	0	**11,207**
Property, plant and equipment	12,534	656	0	**13,190**
Financial assets	0	0	350	**350**
TOTAL CAPITAL EXPENDITURE	**21,538**	**2,859**	**350**	**24,747**
SEGMENT LIABILITIES				
Non-current liabilities	78,307	6,658	25,540	**110,506**
Current financial liabilities	55,522	1,921	2,642	**60,086**
Accounts payable	50,515	4,157	798	**55,471**
Other current liabilities	46,841	13,023	1,226	**61,091**
TOTAL SEGMENT LIABILITIES	**231,186**	**25,760**	**30,207**	**287,153**

In 2016, the breakdown of key line items by operating segment was as follows:

(€k)	12/31/2016			
	Automotive sector	Telecommunications sector	Other	Group consolidated financial statements
Revenue				
(Sales)	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 and amortization (A)	(15,048)	(1,157)	(4)	**(16,209)**
Current operating income	**23,144**	**3,217**	**(226)**	**26,135**
Impairment of goodwill (C)	0	0	0	**0**
Operating income	**23,311**	**3,284**	**(235)**	**26,361**
Interest expense and other financial charges (B)	(1,988)	(75)	(129)	**(2,191)**
Taxes (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**
EBITDA excluding hedging instruments	**38,144**	**4,449**	**(49)**	**42,543**
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**

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 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, 2017 was as follows:

(€k)	12/31/2017	12/31/2016
Income recognized in the period	20,600	18,130
Advances and prepayments received (Liabilities)	(579)	(459)
Accounts receivable	2,629	3,751

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 "Deferred tax" in the notes to the consolidated financial statements.

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 second amending Finance Act for 2012 was deemed unconstitutional by the Decision of the Constitutional Council of October 6, 2017. No tax was recognized for 2017. The Group has requested the restitution of the amounts paid for 2014, 2015 and 2016 and accrued income has been recorded in the amount of €440 k in the current tax line of the income statement.

The breakdown for **Group income tax** aggregates is as follows:

(€k)	12/31/2017	12/31/2016
Earnings (loss) of consolidated companies	8,959	21,157
Current tax (credit)	2,277	3,792
Deferred tax (credit)	(421)	(1,203)
o.w. Deferred tax arising from timing differences	*(432)*	*(1,203)*
Deferred tax on change in tax rate	*10*	*0*
Pretax earnings (loss) of consolidated companies	**10,815**	**23,747**

The table below provides an analysis of tax in the consolidated financial statements:

(€k)		12/31/2017	12/31/2016
Theoretical income tax calculated at the standard rate in France	(theoretical tax rate: 33.33%)	3,605	7,915
Research tax credit		(1,096)	(1,252)
Competitiveness and employment tax credit		(485)	(383)
Tax on dividends		(440)	116
Impact on theoretical income tax of:			
- Tax rate differential (between French and foreign rates)		(843)	*(1,292)*
- Impact of changes in deferred tax rates		(10)	0
- Non-capitalized tax losses		1,768	286
- Change in outlook for utilization of tax losses		(1,064)	(2,396)
Income on the utilization of non-capitalized tax losses		*(760)*	*(1,481)*
Income on modification of capitalization of tax losses		*(304)*	*(915)*
Losses on changes to capitalization of tax losses		*0*	*0*
- Tax on capital gains		0	0
- Adjustment of prior year's tax		25	(23)
- Adjustment of current year's tax		15	167
- Other (including permanent differences)		382	(548)
Income tax recognized	(actual tax rate: 9.25%)	**1,856**	**2,590**

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. Financial result

The financial result is detailed in the following table:

(€k)		12/31/2017	12/31/2016
Income on cash and cash equivalents		30	62
Interest expense and other financial charges		(2,626)	(2,191)
o.w.	*Interest on financial liabilities*	*(2,626)*	*(2,191)*
Other financial income		226	102
o.w.	*Interest income*	*67*	*73*
	Dividends received	*0*	*28*
	Income from financial instruments	*159*	*0*
Other financial expenses		(6,619)	(586)
o.w.	*Expenses on financial instruments*	*(6,147)*	*(269)*
Financial result		**(8,988)**	**(2,614)**

Given the EUR/USD exchange rate of 1.1993 at the close of the financial year, the valuation of foreign currency hedging instruments had a significant impact and generated a fair value entry with no impact on cash of €6.1 M.

It should be noted that the gross interest rate for the 2017 financial year was 1.67% compared to 1.80% in 2016.

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 2017.

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 can ask LP2C to carry out, on its behalf, specific, clearly defined, time-limited assignments 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 was concluded for a fixed period of five years from January 1, 2013 to December 31, 2017.

The **financial details** for 2017 are set out below:

(€k)		**Dedicated staff** (number of people)	2017
Recurring assignments			**1,881**
o.w.	*Management support*	*5*	*364*
	Business coordination support	*5*	*726*
	Communications support	*4*	*248*
	Accounting, legal and administrative support	*5*	*404*
	Financial support	*3*	*140*
Non-recurring assignments		-	

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		-	

No particular benefit was granted under this agreement.

This agreement is also covered in 6.6.3 “Special Report of the Statutory Auditors on regulated agreements and commitments" of this Registration Document.

The financial details concerning key balance sheet aggregates are set out below:

(€k)		2017	2016
Net transaction amount (expense)		**(1,721)**	**(1,685)**
o.w.	*Invoicing agreement*	*(1,881)*	*(1,793)*
	Sundry services to the holding company	*160*	*108*
Net balance sheet amount (liability)		**(525)**	**(528)**
o.w.	*Current accounts*	*0*	*0*
	Accounts payable	*(641)*	*(528)*
	Accounts receivable	*116*	*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 the land and 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.

In addition, the Group also took a minority holding (20% of the capital) in Coovia, an Internet start-up specialized in urban carpooling, in 2016 via its parent company ACTIA Group.

The financial details for **SCI Los Olivos** are as follows:

(€k)		2017	2016
Net transaction amount (expense)		**(134)**	**(120)**
o.w.	*Rental charges*	*(136)*	*(120)*
	Interest expense and other financial charges	*2*	*0*
Net balance sheet amount (liability)		**0**	**0**
o.w.	*Current accounts*	*0*	*0*
	Accounts payable	*0*	*0*
	Accounts receivable	*0*	*0*
Invoicing terms		Monthly	Monthly
Payment terms		Cash	Cash
Impairment of doubtful receivables		**0**	**0**

The financial details for **SCI Les Coteaux de Pouvourville** are as follows:

(€k)		2017	2016
Net transaction amount (expense)		**(519)**	**(847)**
o.w.	*Rental charges*	*(515)*	*(757)*
	Chargebacks of misc. expenses	*(4)*	*(90)*
Net balance sheet amount (liability)		**8**	**(9)**
o.w.	*Current accounts*	*0*	*0*
	Accounts payable	*0*	*(9)*
	Accounts receivable	*8*	*0*
Invoicing terms		Quarterly	Quarterly
Payment terms		Cash	Cash
Impairment of doubtful receivables		**0**	**0**

The financial details for **Coovia** are as follows:

(€k)		2017
Net transaction amount (expense)		**9**
o.w.	*Interest expense and other financial charges*	*9*
Net balance sheet amount (liability)		**659**
o.w.	*Current accounts*	*650*
	Accounts payable	*0*
	Accounts receivable	*9*
Invoicing terms		Annual
Payment terms		Cash
Impairment of doubtful receivables		**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 compensation paid to **Corporate Officers of ACTIA Group S.A.:**

- by ACTIA Group: members of the Executive Board and of the Supervisory Board;
- by LP2C, the controlling company: members of the Executive Board and of the Supervisory Board;
- by the control Companies, subsidiaries of ACTIA Group.

The **breakdown of compensation paid** to Corporate Officers is set out below:

(€k)		2017	2016
Compensation of Corporate Officers		**533**	**491**
o.w.	*Fixed*	*397*	*383*
	Variable	*100*	*100*
	Non-recurring	*29*	*0*
	Benefits in kind	*8*	*8*
Other compensation of non-executive Corporate Officers		**166**	**165**
Directors' fees		**0**	**0**
Total		**699**	**656**

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 6.4.1 "Remuneration and directors' fees" of this Registration Document.

Note 23.5 With other related parties

- GIE PERENEO

ACTIA Automotive S.A. owns 50% of GIE PERENEO. The purpose of this economic interest grouping (EEIG) is to provide Operating Maintenance Services (OMS) and to extend the lifespan of electronic systems with Spherea Tests & Services, the joint-partner of the EEIG.

The **financial details relating to transactions** with GIE PERENEO are set out below:

(€k)	12/31/2017	12/31/2016
Amount of transaction (expense)	1,759	1,483
Balance sheet amount (liability)	835	663
Payment terms	Cash	Cash
Impairment of doubtful accounts	0	0

Key financial aggregates for GIE PERENEO are set out below:

(€k)	12/31/2017	12/31/2016
Total assets	2,206	1,698
Liabilities	2,183	1,658
Sales	4,493	4,046
Net income	(11)	3

Note 24. Headcount

Headcount	2017	2016
France	1,140	1,068
Foreign operations	2,319	2,200
Total	**3,459**	**3,268**

The breakdown of headcount by operating segment at December 31, 2017 was as follows:

Headcount	Managers	Non-Managers	Total
Automotive	1,071	2,108	3,179
Telecommunications	138	132	270
Other (o.w. the Holding)	8	2	10
Total	**1,217**	**2,242**	**3,459**

For further information, see Subsection 5.7.1 "Employees" of this Registration Document.

Note 25. Off-balance sheet commitments

Off-balance-sheet commitments break down as follows:

(€k)	12/31/2017	12/31/2016
Commitments received		
Bank guarantees	947	1,699
Total commitments received	**947**	**1,699**

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)	12/31/2017				12/31/2016			
	Automotive Division	Telecommunications Division	Other subsidiaries	Total	Automotive Division	Telecommunications Division	Other subsidiaries	Total
Equity securities of consolidated companies(*)	0	4,916	0	**4,916**	199	4,916	0	**5,115**
Balance of debt guarantee	*0*	*3,011*	*0*	***3,011***	*0*	*3,500*	*0*	***3,500***
Trade receivables pledged	12,383	0	0	**12,383**	16,010	0	0	**16,010**
o.w. Dailly-type, guaranteed	*2,466*	*0*	*0*	***2,466***	*5,591*	*0*	*0*	***5,591***
Dailly-type, with recourse	*9,917*	*0*	*0*	***9,917***	*10,419*	*0*	*0*	***10,419***
Bills discounted not yet due	*0*	*0*	*0*	***0***	*0*	*0*	*0*	***0***
Pledges on CIR & CICE tax credits	9,816	0	0	**9,816**	10,478	0	0	**10,478**
Inventory pledged	0	0	0	**0**	1	0	0	**1**
Other receivables pledged	0	0	0	**0**	0	0	0	**0**
Equipment pledged	1,324	0	0	**1,324**	1,942	0	0	**1,942**
Mortgages / pledges (land / buildings)	8,198	0	0	**8,198**	3,963	0	0	**3,963**
Total	**31,722**	**4,916**	**0**	**36,638**	**32,593**	**4,916**	**0**	**37,509**

(*) Carrying value of pledged securities

Note 27. Risk factors

In addition to the other information set out in this 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 this 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 Subsection 7.3.2 “Legal and arbitration proceedings”).

Note 27.2 Industrial and environmental risks

As mentioned in our environmental report included in this Registration Document in Subsection 5.7.2 “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 57.3% of total sales. The largest customer in terms of sales accounts for 15.4% 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. However, it is important to note that the leading customers are in most cases international groups with many subsidiaries operating in differentiated markets both in terms of legal form (subsidiaries/divisions) and of products addressing the needs of independent segments. The next nine customers account for percentages of between 9.8% and 1.8% of consolidated revenue. This situation did not change significantly in 2017.

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.

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 2017.

Note 27.4 Operational risks

The primary operational risk involves the supply of electronic components for the Group. The current strong development of connected objects combined with significant global growth can impact the organization of purchasing, for example the discontinuation of a component or a manufacturer's lack of capacity.

Given the growing worldwide demand for electronics, a number of different events can disrupt the supply of a component or family of components, i.e.:

- the end of production of a component: when a manufacturer decides to stop producing a component, it will inform its customers and ask them to put in a last order covering all of their needs (Last Buy Order). This penalizes heavily-used inventories, but only represents a minor risk over time, since needs must be anticipated as nearly as possible to ensure that there are no shortages or obsolete stocks. This subject is reviewed by the teams on a regular basis. It can occasionally impact the balance sheet, as it did in 2015, when the supply of a component had an impact of several million Euros on the Group's inventory, which was used normally in 2016;

- lack of manufacturer capacity: the quantities manufactured by a supplier are not sufficient to meet market demand. When this impacts a specific component, as was the case for the Group in 2017, the customer's specifications will make it difficult to obtain supplies from another source. In this case, it took ACTIA nine months from the time the supplier announced that they were no longer able to meet demand to identify, test, certify and have the replacement component validated by the customer and supply it to them. As a result, significant exceptional transport costs were incurred that year to obtain product and deliver to customers to ensure that their production lines would not shut down;
- market shortages: without creating a specific shortage, increased demand (telephony, connected objects, etc.) can result in market shortages for the component and lead to increased supply times and/or delivery by allotment. When consumer goods like a new-generation tablet come to market, the demand for components of all categories can sometimes significantly disrupt the market. Today's shortages are not related to the release of a particular product, but to overall popularity which is all the more noticeable because most countries are in a growth phase. As a result, all component families are being impacted given that manufacturers did not correctly anticipate capacity needs. They announced in the fall of 2017, that the market would be under stress from late 2018 - early 2019. This type of shortage is difficult to manage but does not represent a significant risk given that the organization of purchasing around different manufacturers and distributors, and even brokers, makes it possible to deal with it.

Therefore, thanks to long-term experience in these matters, and an internal "optimization" team responsible for monitoring the regulations for sensitive components (ITAR, EAR), all regulatory changes at the world level and end of production announcements, the Group has the means to manage these situations which can, occasionally, become quite significant.

Another point the Group must pay close attention to is skills management. They must be built on a worldwide scale without, however, the resources of a major group. In countries with full employment like the United States and China, once trained, staff do not always show a great deal of loyalty to a company and move on to the best offer. This situation can also arise in Europe in certain categories, such as software engineering, where demand has grown significantly as a result of digitization. The impact even extends to North Africa where major groups sometimes attempt to poach the engineers of our Tunisian research office. As a result, the Group is gradually implementing skills management at a worldwide level, providing mobility within the Group while maintaining a reasonable compensation policy. In-depth work is also being done on the employer brand to enrich our approach to promoting ACTIA's family company values.

Despite constantly growing R&D teams (+116 dedicated staff), 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.

Lastly, given the geopolitical situation, the Group remains attentive to events in Tunisia although there were no disruptions to either production or R&D in 2017. The local teams are constantly working to improve processes and quality to renew the trust of our customers in our know-how.

The creation of a sales subsidiary in Tunisia in 2018 demonstrates the Group's confidence in the future economic development of the country, and its opening onto the African continent.

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 "Financial liabilities" in the notes to the consolidated financial statements.

Liquidity risk for ACTIA Group is concentrated with the ACTIA Group parent company and its subsidiary ACTIA Automotive, as they account for 85.0% of total debt. Furthermore, dependency on lenders is limited by diversifying sources of financing.

In 2017, thanks to an excellent level of medium-term financing of €48.9 million and the issue of two bonds in the amount of €15 million at seven years and €5 million at nine years, the Group was able to decrease its use of short-term financing by €7,029 k as follows:

- Dailly-type: (€2,121) k;
- Overdraft facility: (€668) k;
- Cash credit lines: (€2,890) k.

CIR and CICE financing also decreased by, respectively, €216 k and €446 k, as a result of the natural evolution of these specific items. Note that the collateralization of €7,862 k of the CIR changed in 2017 in the amount of the difference between the collateralization of the 2016 CIR and the refund of the 2012 CIR from the government.

Note that approvals for short-term credit lines increased by 17.0% and were only 22.1% used by the end of the period.

The Group's gross debt increased by €35.7 million to €157.6 million over the 2017 financial year.

However, thanks to significant financing and the cash generated by the business, cash and cash equivalents also increased by €18.3 million (see Note 10.1 “Cash and cash equivalents" in the notes to the consolidated financial statements). Given the very low level of market return and the allocation of available cash in the Group, ACTIA Group used its liquidity to reduce the use of its overdraft facility and carry out several secure placements on term accounts.

As a result, net debt increased from €125.2 million to €127.6 million over the financial year while the change in the WCR was a decrease of €22.3 million over the same period.

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 "Financial Assets and Liabilities" in the notes to the consolidated financial statements. It is presented in the following tables by maturity:

At December 31, 2017:

(€k)	<12/31/18	>01/01/19 <12/31/22	>01/01/23	Total
Total financial assets	180,376	12,224	1,472	**194,072**
Total financial liabilities	(122,444)	(73,406)	(24,153)	**(220,003)**
Net position before hedging	**57,932**	**(61,182)**	**(22,681)**	**(25,931)**
Off-balance-sheet commitments	(947)			**(947)**
Net position after hedging	**56,985**	**(61,182)**	**(22,681)**	**(26,878)**

At December 31, 2016:

(€k)	<12/31/17	>01/01/18 <12/31/21	>01/01/22	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	(1,699)			**(1,699)**
Net position after hedging	**37,092**	**(44,217)**	**(3,102)**	**(10,227)**

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. As the lead company of the Automotive Division, ACTIA Automotive S.A. may be required to finance significant investments for its subsidiaries (e.g. telematics investments for its ACTIA Nordic subsidiary).

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 2017, ACTIA Automotive S.A received €1,000 k in cash from its subsidiary ACTI I+Me. The amount was repaid on December 31, 2017.

Similarly, ACTIA Telecom executed a bilateral cash pooling agreement with its parent company ACTIA Group S.A. for €3.0 million, which was not used as of December 31, 2017.

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.

The Group's expertise is based on an active innovation strategy and research and development and acquisitions account for nearly 75% of medium-term investments. This priority guides our financing strategy which consists of three parts:

- long-term financing: the construction of new buildings (France, Spain and Tunisia) is financed by long-term loans (10 to 15 years).

  Openness to new tools has also led to the issue of two bonds in the amount of €15 million with a 7-year maturity and €9 million with a 9-year maturity to enable the Group to take advantage of opportunities for acquisitions, as was the case with the acquisition of Market IP during the last financial year.

  The new financing improved the Group's debt maturity;
- medium-term financing: the Group arranges medium-term financing in the form of bank loans or finance leases (production equipment and vehicles) for average terms of four to five years to ensure the sustainability of its developments and lay the foundations for its future. The bank loans are used to finance key strategic R&D projects representing approximately half of the Group's R&D expenditure (see Section 5.6 "Investments" of this 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 were up (+17.0% in 2017). They are generally subject to requests for renewal, 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 18.9%.

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		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	180,376		88,876	33,568	91,501	(33,568)	17,250	(17,250)	**74,251**	**(16,318)**
From 1 to 2 years	3,460		21,832	5,507	(18,372)	(5,507)			**(18,372)**	**(5,507)**
From 2 to 3 years	4,731		19,675	2,681	(14,943)	(2,681)			**(14,943)**	**(2,681)**
From 3 to 4 years	4,033		15,621	791	(11,588)	(791)			**(11,588)**	**(791)**
From 4 to 5 years			6,801	500	(6,801)	(500)			**(6,801)**	**(500)**
> 5 years old	1,472		23,403	750	(21,931)	(750)			**(21,931)**	**(750)**
Total	**194,072**	**0**	**176,206**	**43,797**	**17,866**	**(43,797)**	**17,250**	**(17,250)**	**616**	**(26,547)**

* 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 continue to take out fixed-rate financing in 2017. The breakdown of financial liabilities between variable- and fixed-rate debt is set out in Note 13 "Financial liabilities" of the notes to the consolidated financial statements. 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 take advantage of the exceptionally low interest rates, with the lowest possible risk, when rates begin to increase again.

The Group implemented staggered hedging instruments in 2015. They have reduced the share of variable-rate bank borrowings to 18% today. The characteristics of the interest rate swaps subscribed to by our subsidiary ACTIA Automotive S.A. are described in Note 10.2 “Financial instruments at fair value through profit or loss” in the notes to the consolidated financial statements.

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)	12/31/2017	
	Impact on pretax earnings	**Impact on shareholders' equity before tax**
Impact of a 1% increase in interest rates	**(265)**	**(265)**
Impact of a 1% decrease in interest rates	**265**	**265**

It is important to note that, since the implementation of short-term interest rates below 0, many banks impose a floor of 0%, which prevents the 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 the volumes involved allow for it.

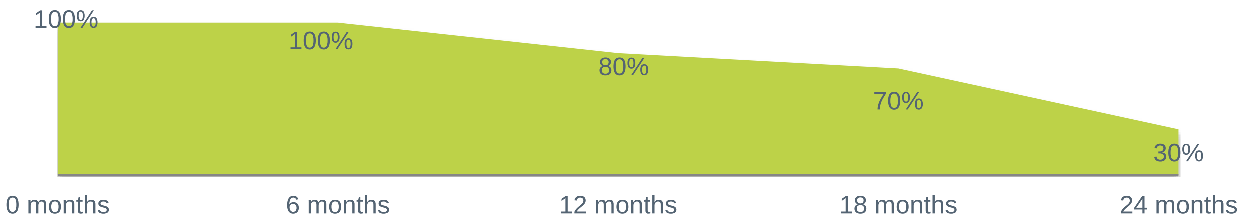
ACTIA Automotive, a French subsidiary of the Group, manages a very significant portion of the Group's component purchases. It subscribes to foreign exchange hedging contracts on a regular basis. Their characteristics are described in Note 10.2 “Financial instruments at fair value through profit or loss” in the notes to the consolidated financial statements. The purpose of the hedging tools is to secure the cost of acquisition of Dollars compared to the sales price to our customers, which do not allow for changes in pricing based on fluctuations in the EUR/USD exchange rate. The goal is not to speculate on the markets, but to ensure a reasonable level of parity for the coming weeks and months.

A very quick shift in the EUR/USD ratio has very different outcomes based on the short-term and medium-term approaches of the Group:

- in the short-term, it represents a major risk for our component purchases, about half of which are made in Dollars and which are primarily manufactured in a Dollar-dominated region. The hedging instruments limit the impact of changes in the ratio and protect purchases when there is a significant drop. However, they do not enable the benefit of increases to be felt immediately as they must wait for the implementation of new tools following the expiration of the current ones. It is also noted that, despite very significant variations, the Group has been able to work at a virtually constant exchange rate for the past three years. However, actions are being carried out to identify the adjustments required for pricing for both suppliers and customers. Note that in both cases, given our size, few products have benefited from price adjustments in our favor in the past;
- in the medium-term, changes in exchange rates may impact the Group's competitiveness in international calls for tender, but with a time lag of 18 months to three years in the business, reflecting the development (R&D) and industrialization cycle.

Thanks to its active hedging strategy, ACTIA Group was able to acquire Dollars in 2017 at an average exchange rate for purchases of 1.162, compared to 1.130 if the Group had purchased USD on the spot market, thereby reducing the impact by €1.9 million. However, compared to the average purchase price for 2016 of 1.166, the impact was not very significant despite the growing Dollar volume required for the acquisition of components (up 16.8%).

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	111,079	(43,529)	947	68,497		68,497
USD	3,484	(6,316)		(2,832)	5,125	2,293
Other currencies	12,761	(5,626)		7,135	127	7,262
Total	**127,324**	**(55,471)**	**947**	**72,800**	**5,253**	**78,053**

The majority of transactions are accordingly in Euros. Analysis of the sensitivity given a +/- 1% change in the exchange rate was carried out for the American Dollar, the second-most used currency in the Group. The other nine currencies shown in the table above in the "Other currencies" section do not present a major risk, even though some of the currencies, like the Brazilian Real, experience strong fluctuations.

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		2,293	2,293	2,293	2,293
USD	0.88382	0.89266	0.87498	0.89266	0.87498
Estimated risk		**+ 20**	**-20**	**+ 20**	**-20**

Lastly, given the particularly strong negative impact on the 2017 year-end of €6.1 million, the valuation of hedging instruments required by IAS 39 can fluctuate significantly from one financial year to the next. The use of accumulator-type tools managed with an accumulation capacity limited by regular early exercises and a double accumulation threshold providing a bonus compared to forward purchases, adds a degree of risk to the valuation calculation which bids up the calculation. Note that the purpose of these instruments is to protect purchases in foreign currencies. There is a risk that technical entries with no link to the business may have to be made.

- Risks on equities and other financial instruments

There are no investments in equities. Only a limited number of treasury shares are held for ACTIA Group S.A (see Note 3.7 "Treasury shares" in the notes to the separate financial statements). 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, shortages in the copper market, a metal required for the production of printed circuits or in the plastics market, 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 this 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, 2017, the minimum future lease payments under these operating leases are as follows:

(€k)	12/31/2017			
	<12/31/18	>01/01/19 <12/31/22	>01/01/23	Total
Buildings	663	535	0	**1,198**
Equipment and vehicles	845	803	8	**1,656**
Total	**1,508**	**1,339**	**8**	**2,855**

At December 31, 2016:

(€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**

❖ 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, 2017, the minimum future lease payments under these agreements were as follows:

(€k)	12/31/2017			
	<12/31/18	>01/01/19 <12/31/22	>01/01/23	Total
Software				**0**
Buildings				**0**
Plant and equipment	1,461	2,921	17	**4,399**
Total	**1,461**	**2,921**	**17**	**4,399**

At December 31, 2016:

(€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**

Note 29. Post-closing events

Following the approval given by the Supervisory Board on September 18, 2017, a subsidiary is currently being created in Tunisia. It will be responsible for the promotion, marketing and technical support for Group products in Tunisia and Africa, in order to boost ACTIA's economic development across the continent.

7.1.7 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 2017 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 semester of the following period. This was the case for the balance of fees for 2016 invoiced in early 2017.

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		%	
	2017	2016	2017	2016	2017	2016	2017	2016
Audit fees in respect of the separate annual and consolidated financial statements:								
Issuer: ACTIA Group S.A.	88	84	19.7%	18.2%	45	42	100.0%	100.0%
Fully consolidated subsidiaries	349	367	78.0%	79.4%	0	0	0.0%	0.0%
Other services directly related to statutory auditing:								
Issuer: ACTIA Group S.A.	10	10	2.2%	2.2%	0	0	0.0%	0.0%
Fully consolidated subsidiaries	1	1	0.1%	0.2%	0	0	0.0%	0.0%
SUBTOTAL	**447**	**462**	**100.0%**	**100.0%**	**45**	**42**	**100.0%**	**100.0%**
Other services provided by the networks to fully consolidated subsidiaries:								
Legal, tax, labor	6	4	59.3%	54.4%	0	0		
Other	4	3	40.7%	45.6%	0	0		
SUBTOTAL	**10**	**7**	**100.0%**	**100.0%**	**0**	**0**	**0.0%**	**0.0%**
Total ACTIA Group	**457**	**469**	**100.0%**	**100.0%**	**45**	**42**	**100.0%**	**100.0%**

Audit fees for the separate and consolidated financial statements for the financial years ended December 31, 2016 and 2017 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.

7.1.8 Report of the Statutory Auditors on the consolidated financial statements

To the shareholders,

Opinion

In accordance with the mission entrusted to us by your Annual General Meeting, we carried out an audit of the consolidated financial statements of ACTIA Group S.A. for the financial year ended December 31, 2017.

We hereby certify that the consolidated financial statements for the financial year are truthful and give a true and fair picture of the results, financial position and assets of the companies and entities comprising the consolidated group, in accordance with IFRS standards as adopted by the European Union.

The opinion above is consistent with the content of our report to the Audit Committee.

Basis for our opinion

Audit standards

We conducted our audit in accordance with the professional standards applicable in France. We believe that the audit evidence we have obtained provides a sufficient and appropriate basis for our audit opinion.

The responsibilities incumbent upon us by virtue of these standards are described in the section entitled "Responsibilities of the Statutory Auditors with respect to the audit of the consolidated financial statements" of this report.

Independence

We conducted our audit assignment in compliance with the rules of independence applicable to us for the period from January 1, 2017 to the date of issue of our report. We did not provide any of the services forbidden by Article 5, Paragraph 1 of Regulation (EU) No. 537/2014 or by the Statutory Auditor's Code of Ethics.

Justification of our assessments - Key audit points

In application of the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code on the justification of our assessments, we hereby inform you of the key points of the audit regarding the risk of material misstatements which, in our professional opinion, were most significant for the audit of the consolidated financial statements of the financial year, and the answers we provided in response to these risks.

Our assessments are part of the audit of the consolidated financial statements taken as a whole and therefore contributed to the opinion expressed above. We have not expressed an opinion on the items of the consolidated financial statements taken individually.

Capitalization of development costs

Risk identified:

On December 31, 2017, the net carrying amount of capitalized development costs was €33,870 k.

The criteria used to record development costs in assets are provided in Note 4.3 of the notes to the consolidated financial statements.

The analysis of compliance with the different capitalization criteria calls for many judgments and estimates and, notably, an assessment of the way in which the intangible asset will generate probable future economic benefits.

Given the significant nature of capitalized development costs and the assessments related to the analysis of the various capitalization criteria, we considered that the capitalization of development costs constituted a key point of our audit.

Our answer:

Our work consisted primarily of:

- understanding the internal control procedures implemented to identify development costs complying with the capitalization criteria;
- testing the effectiveness of the key controls with respect to compliance with the capitalization criteria and monitoring the expenses attributable to the different intangible assets during the development phase;
- assessing, via sampling, compliance with the various criteria used to capitalize the development costs;
- assessing the quality of the forecasting processes used within the framework of the analysis of the probable future economic benefits generated by the capitalized projects via critical analysis of the differences identified between revenue and profitability forecasts of previous years and subsequent achievements.

Valuation of ACTIA Corp and ACTIA Telecom goodwill

Risk identified:

On December 31, 2017, the net carrying amount of goodwill was €24,532 k of which €18,916 k in ACTIA Corp and ACTIA Telecom goodwill.

Goodwill is tested for impairment annually at the closing date or as soon as there is an indication of loss of value. The main indicators of loss of value used by the Group are described in Note 2.6 inf the notes to the consolidated financial statements.

Goodwill is allocated to one or more cash generating units (CGU). The impairment test is intended to compare the carrying amount of the asset or CGU group with its recoverable value, which corresponds to the higher of the fair value less selling costs and the value in use determined based on the discounted value of future cash flows.

The valuation of the recoverable amount calls for many judgments and estimates by executive management and, notably, a reasonable assessment of the operating cash flows retained in the medium-term operating budgets and business plans, the discount rates and the perpetuity growth rates used for the calculation of recoverable amounts.

Given the significant nature of the intangible assets and the assessments inherent in the determination of the recoverable value of the ACTIA Corp. and ACTIA Telecom CGUs, we considered that the valuation of goodwill constituted a key point of the asset.

Our answer:

Our work consisted primarily of:

- evaluating the consistency of the cash flow forecasts for the activities of the CGUs in question as prepared by their operational management using data and assumptions from the business plans prepared under the supervision of the executive management of each business line;
- assessing the quality of the forecasting processes via critical analysis of the differences identified between the operating and capital expenditure forecasts of previous years and subsequent achievements;
- assessing the relevance of the discount rates and the growth rates used;
- examining the analyses of value sensitivity to changes in the flow forecast and discount rate assumptions;
- comparing the consistency of the items included in the carrying amount of the CGUs with the way in which cash flow forecasts were prepared.

Verifying the information about the Group provided in the management report.

As required by the professional standards applicable in France and by law, we also specifically verified the information about the Group provided in the Executive Board's Management Report.

We have nothing to report with respect to the fair presentation of such information and its consistency with the consolidated financial statements.

Information resulting from other legal and regulatory obligations

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of ACTIA Group S.A. by the General Meeting of May 26, 2000 (KPMG S.A.) and May 28, 2013 (Eric Blache).

As of December 31, 2017, KPMG S.A. was in its eighteenth consecutive year with the Company and Eric Blache in its fifth year.

Responsibilities of management and of the persons constituting the governance of the Company with respect to the consolidated financial statements

It is the responsibility of management to prepare accurate consolidated financial statements in accordance with IFRS as adopted by the European Union and to implement the internal controls it believes are necessary for the preparation of consolidated financial statements which do not contain any material misstatements resulting from either fraud or errors.

At the time the consolidated financial statements are prepared, it is the responsibility of management to assess the ability of the Company to continue operating, to present in its financial statements, if necessary, information regarding business continuation and to apply the going concern accounting principle, unless there are plans to liquidate the Company or terminate its business activities.

It is the responsibility of the Audit Committee to monitor the process of preparing financial information and of tracking the effectiveness of the internal control and risk management systems as well as, if applicable, of the internal audit, with respect to the procedures for the preparation and processing of accounting and financial information.

The financial statements were approved by the Executive Board.

Responsibilities of the Statutory Auditors regarding the audit of the consolidated financial statements

Audit purpose and approach

It is our duty to prepare a report on the consolidated financial statements. Our goal is to obtain a reasonable assurance that the consolidated financial statements taken overall do not contain any material misstatements. A reasonable assurance corresponds to a high level of assurance without, however, guaranteeing that an audit conducted in accordance with professional standards will consistently identify all material misstatements. Misstatements can be the result of fraud or of errors. They are considered to be material when it can reasonably be expected that they might, individually or cumulatively, impact the financial decisions that the users of the financial statements make based on them.

As stated in Article L.823-10-1 of the French Commercial Code, our certification of the financial statements does not entail guaranteeing the viability or the quality of your Company's management.

Audits conducted in accordance with the professional standards applicable in France require that the Statutory Auditors exercise their professional judgment during the entire audit. In addition:

- they identify and assess the risk that the consolidated financial statements may contain material misstatements, regardless if they are the result of fraud or errors, define and implement audit procedures to deal with the risks and collect the information they deem sufficient and relevant to form their opinion. The risk of non-identification of a material misstatement is greater in the case of fraud than that of a material misstatement resulting from an error given that fraud can involve collusion, falsification, voluntary omissions, false statements or the bypassing of internal controls;
- the Auditor must review and understand the internal controls relevant to the audit in order to define the audit procedures appropriate for the circumstances and not for the purpose of providing an opinion on the effectiveness of the internal controls;
- they assess the suitability of the accounting methods selected and the reasonable nature of the accounting estimates made by management as well as the information about them provided in the consolidated financial statements;
- they assess the relevance of the application by management of the going concern principle and, based on the information collected, whether or not there is any significant uncertainty related to events or circumstances which could potentially jeopardize the Company's ability to continue operating. The assessment is based on the information collected through to the date of the audit report, it being noted, however, that later circumstances and events can negatively impact business continuity. If they conclude that there is significant uncertainty, they must draw the attention of the readers of the report to the information provided in the consolidated financial statements about the uncertainty or, if the information is not provided or is not relevant, they must provide a qualified opinion or refuse to certify the financial statements;
- they assess the overall presentation of the consolidated financial statements and assess if they reflect underlying transactions and events such that they provide an accurate picture;
- with respect to the financial information of the persons and entities included within the scope of consolidation, they must collect the information they deem to be sufficient and appropriate to express an opinion on the consolidated financial statements. They are responsible for the management, supervision and preparing of the audit of the consolidated financial statements and for the opinion expressed about the financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which presents the extent of the audit work done, the work program implemented and the conclusions of our work. We also point out, if relevant, any significant weaknesses in the internal controls we have identified with respect to the procedures used to prepare and process the accounting and financial information.

The information provided in the Audit Committee report includes the risk of material misstatements which we believe are most significant for the audit of the consolidated financial statements for the financial year and which, as a result, constitute the key points of the audit which it is our responsibility to describe in this report.

We are also providing the Audit Committee with the statement required by Article 6 of Regulation (EU) No. 537-2014 confirming our independence as meant by the rules applicable in France as they have been defined in Articles L.822-10 to L.822-14 of the French Commercial Code and the Statutory Auditors' Code of Ethics. If required, we meet with the Audit Committee to discuss any risks to our independence and the safeguards implemented to protect it.

Statutory Auditors

Labège, April 24, 2018	Paris, April 24, 2018
KPMG Audit *A division of KPMG S.A.*	
Philippe Saint-Pierre *Partner*	Eric Blache

7.2 Separate financial statements

7.2.1 Balance sheet of ACTIA Group S.A.

Balance sheet - assets (in €)	12/31/2017			12/31/2016
	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	62,610	62,539	**71**	0
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	77,281	48,727	**28,555**	36,311
Property, plant and equipment in process				
Advances and prepayments				
NON-CURRENT FINANCIAL ASSETS				
Investments in associates				
Other holdings	55,431,335	257,324	**55,174,011**	51,277,460
Receivables on investments	8,301,250		**8,301,250**	6,677,641
Other non-current investments				
Loans	778	103	**675**	675
Other non-current financial assets	4,573		**4,573**	4,573
TOTAL NON-CURRENT ASSETS	**63,877,829**	**368,693**	**63,509,136**	**57,996,661**
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	1,311,562	355	**1,311,207**	803,612
Other receivables	198,227		**198,227**	26,890
Subscribed and called capital but not yet paid up				
MISCELLANEOUS				
Marketable securities	326,072	144,087	**181,985**	203,424
o.w. treasury shares: 162,076				
Cash at bank and in hand	12,316,892		**12,316,892**	386,527
ACCRUAL ACCOUNTS				
Prepaid expenses	52,230		52,230	36,003
TOTAL CURRENT ASSETS	**14,204,983**	**144,442**	**14,060,541**	**1,456,455**
Deferred expenses				
Bond redemption premiums				
Translation difference - assets				
TOTAL ASSETS	**78,082,811**	**513,135**	**77,569,677**	**59,453,116**

Balance sheet - shareholders' equity and liabilities (in €)		12/31/2017	12/31/2016
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			
Retained earnings		7,783,639	8,533,810
NET INCOME/(LOSS) FOR THE PERIOD		**5,766,829**	**2,262,529**
Investment subsidies			
Restricted provisions			
SHAREHOLDERS' EQUITY		**47,882,740**	**45,128,611**
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		20,000,000	
Bank borrowings		8,159,113	11,297,547
Other financial liabilities	(including equity loans: 0)		2,143,141
Advances and prepayments on orders			
OPERATING LIABILITIES			
Accounts payable		859,274	700,369
Amounts payable to payroll tax agencies		223,371	134,893
OTHER MISCELLANEOUS LIABILITIES			
Liabilities on non-current assets		393,641	
Other liabilities		51,539	48,556
ACCRUAL ACCOUNTS			
Deferred income			
LIABILITIES		**29,686,937**	**14,324,506**
Unrealized translation differences			
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**77,569,677**	**59,453,116**

7.2.2 Separate income statement of ACTIA Group S.A.

Income statement (in €)	**12/31/2017**	**12/31/2016**
Sales of goods held for resale		
Sales of work		
Sales of services	2,777,018	2,394,764
NET SALES	**2,777,018**	**2,394,764**
Stored production		
Capitalized production		
Operating subsidies		
Reversals of depreciation, amortization and provisions and expense reclassifications	786,215	641,827
Other income		
OPERATING INCOME	**3,563,234**	**3,036,591**
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	3,591,698	3,070,963
Taxes and duties other than income tax	23,996	26,111
Wages and salaries	667,535	595,203
Payroll charges	283,796	258,119
OPERATIONAL APPROPRIATIONS		
On non-current assets: depreciation and amortization	6,651	4,080
On non-current assets: provisions		
On current assets: provisions	355	
For contingencies and expenses: provisions		
Other expenses		
OPERATING EXPENSES	**4,574,029**	**3,954,477**
NET OPERATING INCOME/(LOSS)	**(1,010,796)**	**(917,886)**
JOINT VENTURES		
Profits attributed or losses transferred		
Losses incurred or profits transferred		
FINANCIAL INCOME		
Financial income from investments	6,576,552	2,984,255
Income from other marketable securities and capitalized receivables	457,203	399,647
Other interest and similar income		
Reversals of provisions and expense reclassifications	2,043	4,184
Foreign exchange gains	82	
Net gains on disposal of marketable securities	16,988	40,140
FINANCIAL INCOME	**7,052,867**	**3,428,226**
Amortization and provisions	202,850	924
Interest and similar charges	201,823	154,773
Foreign exchange losses		62
Net losses on disposal of marketable securities	37,629	10,359
FINANCIAL EXPENSES	**442,302**	**166,118**
NET FINANCIAL INCOME/(LOSS)	**6,610,566**	**3,262,108**
NET INCOME/(LOSS) BEFORE INCOME TAX	**5,599,770**	**2,344,222**

Income statement (in €)	12/31/2017	12/31/2016
Non-recurring income from hedging transactions	477	5
Non-recurring income from capital transactions	11,200	16,422
Reversals of provisions and expense reclassifications		
NON-RECURRING INCOME	**11,677**	**16,428**
Non-recurring expenses on hedging transactions	7	5
Non-recurring expenses on capital transactions	1,198	15,550
Non-recurring depreciation, amortization and provisions		
NON-RECURRING EXPENSES	**1,205**	**15,555**
NET NON-RECURRING ITEMS	**10,473**	**873**
Statutory employee profit-sharing scheme		
Income tax	(156,586)	82,566
TOTAL INCOME	**10,627,778**	**6,481,244**
TOTAL EXPENSES	**4,860,949**	**4,218,715**
NET INCOME/(LOSS) FOR THE PERIOD	**5,766,829**	**2,262,529**

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 2017.

In July 2017, it took control of the Belgian company Market IP, employing 18 people, with which the Group had already been working for several months. The acquisition will strengthen the Company's skills in connected services with complementary expertise in the management of mobility for goods and people.

Note 2. Accounting policies

The financial statements for the 2017 financial year were approved by the Executive Board on March 26, 2018 in accordance with the provisions of Regulation 2014-03 of the *Autorité des Normes Comptables* (national accounting standards body) approved by the ministerial decree on the *Plan Comptable Général* (generally accepted accounting principles) of September 8, 2014. They were submitted to the Supervisory Board on the same day.

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.

An impairment is recorded when the carrying amount of a holding is less than the share of its shareholders' equity held by ACTIA Group unless:

- a recorded fair transaction value justifies the value;
- or the prospects for a recovery in profitability are strong and can be demonstrated. In this case, the value in use of the holding is estimated using a financial valuation method.

The present value of holdings is also primarily assessed using the discounted future cash flow method based on business and free cash flow forecast assumptions reasonably estimated by executive management and most probable on the date the financial statements are closed. The discount and growth rates used are rationalized based on market data.

In order to assess the tolerance of the estimate of the shareholders' equity determined in this way, analyses of the sensitivity of the values to changes in assumptions about estimated future cash flows and the discount rate are simulated.

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: 1.30% (1.31% in 2016);
- salary escalation rate: 2.25%;
- retirement age: 67;
- low turnover rate:

Age of employee	20 years old	30 years old	40 years old	50 years old	60 years old	65 years old
Turnover rate (management and non-management)	5.80%	2.77%	2.04%	0.10%	0.05%	0.00%

- Mortality table: INSEE 2013:

Age of employee	20 years old	30 years old	40 years old	50 years old	60 years old	65 years old
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 €110,974.

Note 3. Additional information on the balance sheet and the income statement

The balance sheet date of the financial statements is December 31, 2017 and covers a period of 12 months.

Note 3.1 Intangible assets

The gross amounts of **intangible fixed assets** changed as follows:

In €	12/31/2016	Acquisitions	Disposals and write-offs	12/31/2017
Start-up expenses	0			0
Other intangible assets	62,585	163	138	62,610
Total	**62,585**	**163**	**138**	**62,610**

The amortization was as follows:

In €	12/31/2016	Provisions	Reversals	12/31/2017
Start-up expenses	0			0
Other intangible assets	62,585	92	138	62,539
Total	**62,585**	**92**	**138**	**62,539**

Note 3.2 Property, plant and equipment

Gross amounts of **property, plant and equipment** changed as follows:

In €	12/31/2016	Acquisitions	Disposals and write-offs	12/31/2017
Land	0			0
Buildings	0		0	0
Plant and equipment, facilities and tools	0			0
Other	88,043		10,761	77,282
Property, plant and equipment in process	0			0
Total	**88,043**	**0**	**10,761**	**77,282**

The amortization was as follows:

In €	12/31/2016	Provisions	Reversals	12/31/2017
Land	0			0
Buildings	0		0	0
Plant and equipment, facilities and tools	0			0
Other	51,732	6,559	9,564	48,727
Total	**51,732**	**6,559**	**9,564**	**48,727**

Note 3.3 Financial assets

These changed as follows:

In €	Amounts of Securities in the Balance Sheet 12/31/2016 Gross value	Amounts of Securities in the Balance Sheet 12/31/2016 Net value	Amounts of Securities in the Balance Sheet 12/31/2017 Gross value	Amounts of Securities in the Balance Sheet 12/31/2017 Net value	Held at 12/31/17 (%)	Shareholders' equity prior to earnings appropriation at 12/31/17	2017 sales excl. VAT	Net income at 12/31/17
HOLDINGS								
Subsidiaries and holdings > 10%								
ACTIA Automotive	24,892,212	24,892,212	24,894,195	24,894,195	99.98%	52,146,148	259,471,916	3,649,132
ACTIA Telecom	25,772,641	25,772,641	25,772,641	25,772,641	100.0%	33,422,417	40,174,929	2,915,067
MORS INC.	0	0	0	0	100.0%	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%	993,358	8,706,573	1,039,657
SCI Oratoire	199,098	199,098	199,098	199,098	86.00%	513,943	508,537	237,270
SCI Pouvourville	41,161	41,161	41,161	41,161	27.50%	1,130,260	514,982	42,792
Coovia	200,010	200,010	200,010	0	19.98%	(121,184)	40,366	(548,103)
Market IP			4,094,578	4,094,578	99.00%	1,235,938	1,226,249	133,576
Subsidiaries and holdings < 10%								
CIPI-ACTIA(*)	10,138	10,138	10,138	10,138	0.20%	3,347,198	11,359,283	706,541
SCI SODIMOB	7,030	7,030	7,030	7,030	2.00%	218,774	101,690	66,007
Non-Group								
MPC	3,489	3,489	3,489	3,489	0.02%	ND	ND	ND
Continentale	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
Total	**51,334,774**	**51,277,460**	**55,431,335**	**55,174,011**				
OTHER NON-CURRENT INVESTMENTS								
1% Construction (French social housing tax)	0	0	0	0				
Total	**0**	**0**	**0**	**0**				
OTHER NON-CURRENT FINANCIAL ASSETS								
Loans	778	675	778	675				
Miscellaneous receivables	4,573	4,573	4,573	4,573				
Total	**5,352**	**5,248**	**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 values	Net values	Expiry < one year	Expiry > one year
Investment-related receivables	8,301,250	8,301,250	3,913,107	4,388,143
Accounts receivable	1,312,762	1,312,407	1,312,407	
Current accounts on investments				
Other receivables (including deferred expenses)	249,256	249,256	249,256	
Total	**9,863,268**	**9,862,914**	**5,474,770**	**4,388,143**

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, 2017 for 18 months. This program complies with Articles L.225-209 et seq. of the French Commercial Code. The objectives, maximum amount allocated to the share buyback program, the maximum number and characteristics of the shares as well as the maximum purchase price are described in Subsection 5.13.9 of this Registration Document.

As of December 31, 2017, ACTIA Group S.A. held 3,328 treasury shares.

A provision for the treasury shares is calculated based on the closing price, i.e. €6.98 at December 31, 2017, for a total of €143,278.

Breakdown of treasury shares at December 31, 2017:

Origin (in €)	Number of shares	Gross value	Provisions	Net value
Merger with MORS S.A. in 2000	1,399	€153,043	€143,278	€9,765
Share buyback programs	1,929	€9,033	- €	€9,033
Total	**3,328**	**€162,076**	**€143,278**	**€18,798**

In addition, as of December 31, 2017 as part of the **liquidity contract**, ACTIA Group held **8,886 treasury shares** and €100,132.48 in liquidity. All of the shares are used to ensure market-making on the secondary market or share liquidity via the intermediary of the investment service provider (ISP) Société de Bourse Portzamparc, through a liquidity contract in compliance with the AMAFI code of ethics recognized by the AMF.

Note 3.8 Shareholders' equity

At December 31, 2017, 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 12/31/2016 prior to appropriation of earnings	Appropriation of earnings 2016			Share capital increase	Balance at 12/31/2017 prior to proposed appropriation of earnings
		Retained earnings	Dividends			
			Paid to shareholders	On treasury shares		
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	8,533,810	(752,462)		2,292		7,783,639
Net income for 2016	2,262,529	752,462	(3,012,699)	(2,292)		0
Net income for 2017						5,766,829
Total	**45,128,611**	**0**	**(3,012,699)**	**0**	**0**	**47,882,740**

At December 31, 2017, restricted reserves set aside to cover treasury shares totaled €18,798.

Note 3.9 Provisions for expenses

None.

Note 3.10 Liabilities

In November 2017, ACTIA Group S.A. issued two bonds non-convertible into shares in the amount of €15 million for seven years and €5 million for nine years.

The breakdown of liabilities by type and maturity at the balance sheet date was as follows:

In €	12/31/2017			Total
	<12/31/18	>01/01/19 <12/31/22	>01/01/23	
Other bonds			20,000,000	20,000,000
Bank borrowings and debts to credit establishments	2,729,194	4,918,620	511,299	8,159,113
Of which MLT borrowings	*2,632,580*	*4,918,620*	*511,299*	*8,062,498*
ST bank lines and commercial paper	*0*			*0*
Interest accruing on financial liabilities	*96,614*			*96,614*
Other financial liabilities				0
Advances and prepayments on orders				0
Accounts payable	1,252,914			1,252,914
Amounts payable to payroll tax agencies	223,371			223,371
Other liabilities (including deferred income)	51,539			51,539
Total	**4,257,018**	**4,918,620**	**20,511,299**	**29,686,937**

Certain medium- to long-term loans are subject to conditions imposed by covenants. These covenants apply to loans for amounts totaling €27,211,608 or 97.0% 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, 2017 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 12/31/2017	Covenant				
				Ratios at end 2017 (calculated based on the consolidated financial statements)	Respected [1]		Reclassification under current borrowings [2]	
					Year-end 2016	Year-end 2017	Year-end 2016	Year-end 2017
500	2013	5 years	70	Net debt to equity ≤ 1.15	R	R	0	0
				Net financial expense to EBITDA < 30%	R	R		
				Net debt to EBITDA < 5	R	R		
2,000	2013	5 years	311	-				
1,000	2014	5 years	357	Net debt to equity ≤ 1.15	R	R	0	0
				Net financial expense to EBITDA < 30%	R	R		
				Net debt to EBITDA < 5	R	R		
1,000	2014	4 years	250	Net debt to equity ≤ 1.15	R	R	0	0
				Net financial expense to EBITDA < 30%	R	R		
				Net debt to EBITDA < 5	R	R		
1,500	2014	5 years	539	-				
2,000	2015	5 years	1,050	Net debt to equity ≤ 1.15	R	R	0	0
				Net financial expense to EBITDA < 30%	R	R		
				Net debt to EBITDA < 5	R	R		
2,000	2016	5 years	1,537	Net debt to equity < 1.15	R	R	0	0
				Net financial expense to EBITDA < 30%	R	R		
				Net debt to EBITDA < 5	R	R		
3,500	2016	7 years	3,011	Net debt to equity < 1.15	R	R	0	0
				Net debt to EBE < 3.5	R	R		

Amount at inception (in €)	Year of inception	Term (years)	Outstanding principal at 12/31/2017	Covenant				
				Ratios at end 2017 (calculated based on the consolidated financial statements)	Respected [(1)]		Reclassification under current borrowings [(2)]	
					Year-end 2016	Year-end 2017	Year-end 2016	Year-end 2017
1,000	2017	5 years	934	Net debt to equity < 1.15	-	R	-	0
				Net financial expense to EBITDA < 30%	-	R		
				Net debt to EBITDA < 5	-	R		
15,000	2017	7 years	15,000	Net debt to EBITDA ≤ 4	-	R	-	0
5,000	2017	9 years	5,000	Net debt to EBITDA ≤ 4	-	R	-	0
Total			**28**				**0**	**0**

[(1)] R = Respected - NR = Not respected

[(2)] Non-current portion of debt reclassified under "Current financial liabilities"

In 2017, 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 2016 = 15.4% of 2016 consolidated profit);
- the increase in gross debt, after the issue of a bond and significant financing obtained to cover investments (R&D, production and real estate);
- 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 decline in EBITDA, notably impacted by exceptional transport costs.

Based on these factors, all covenants at December 31, 2017 were satisfied, as at December 31, 2016.

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:

- licenses: €358,789;
- insurance (including brokerage services): €427,446.

Note 3.13 Financial result

The most significant items of **financial income** are:

- dividends received from subsidiaries: €6,460,110;
- interest on current accounts of subsidiaries: €116,442;
- income from off-balance sheet commitments in favor of subsidiaries: €457,133.

Financial expenses are mainly comprised of:

- interest on commercial paper: €7,693;
- interest and similar charges on financial liabilities from credit establishments: €164,340;
- interest on bank current account credit balances: €17,907.

Note 3.14 Non-recurring items

There were no other material non-recurring items in financial year 2017.

Note 3.15 Earnings per share

Basic earnings per share at December 31, 2017 are calculated on the basis of the net income of €5,766,829 divided by the number of shares in circulation excluding treasury shares. These calculations break down as follows:

In €	12/31/2017	12/31/2016
Net income	5,766,829	2,262,529
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	**0.29**	**0.11**

Note 3.16 Financial commitments and collateral provided

Collateral provided by ACTIA Group S.A. to banks on behalf of its subsidiaries represented €51,120,290 at December 31, 2017 versus €36,129,132 at December 31, 2016.

The guarantees provided by ACTIA Group S.A. on behalf of its subsidiaries to non-banking third parties amounted to €222,243,900, breaking down as follows:

- client guarantees[1]: €221,957,400;
- lease payment guarantees: €286,500.

[1] *Of which, two guarantees of €217 million 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 of its subsidiary ACTIA Telecom.

Note 4. Other information

Note 4.1 Accrued expenses

Accrued expenses consist of auditors' fees in the amount of €49,030.

Note 4.2 Dividends

The appropriation of 2017 earnings is set out in 5.12.2 “Appropriation of earnings" of this Registration Document. A proposal will be submitted to the General Meeting of May 30, 2018 to distribute a dividend of €0.12 per share.

Note 4.3 Unrealized tax position

At December 31, 2017, the unrealized tax position was comprised of losses of €7,004,997 remaining to be carried forward.

Note 4.4 Headcount at year-end

	2017	2016
Managers and supervisors	8	5
Employees	2	1
Students on work placements		
Workers		
Total	**10**	**6**

Note 4.5 Related party transactions

Related party balances at 12/31/2017	Parent	Subsidiaries	Other related companies
Total Assets			
Investment-related receivables		8,301,250	
Provision for receivables on investments			
Accounts receivable	116,080	1,195,138	
Other receivables			
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES			
Accounts payable	641,351	69,012	
Income statement			
Operating expenses	1,881,459	118,250	
Financial expenses		212,247	
Non-recurring expenses			
Operating revenue	160,231	3,402,062	
Financial income		7,024,378	
Non-recurring income		11,200	

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, 2017:

In €	2017			2016		
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Bonds	20,000,000		**20,000,000**			**0**
Total medium- and long-term borrowing	6,603,906	1,458,592	**8,062,498**	7,155,187	2,775,907	**9,931,094**
Commercial paper/short-term bank lines			**0**		1,350,000	**1,350,000**
Total value	**26,603,906**	**1,458,592**	**28,062,498**	**7,155,187**	**4,125,907**	**11,281,094**
Total in %	95%	5%	**100%**	63%	37%	**100%**

The sensitivity to a 1% increase in the benchmark (3-month Euribor) was calculated on a pre-hedging basis. At December 31, 2017, this represented €15 k and was only impacted by medium- and long-term borrowings (€41 k as of December 31, 2016, including €28 k for medium- and long-term borrowings).

- Equity risk

At December 31, 2017, ACTIA Group S.A. held 3,328 treasury shares. The sensitivity to a €1 decline in the share price is consequently €3 k.

- Exchange rate risk

There are currently no foreign currency transactions in progress. The subsidiaries are invoiced in Euros.

Note 4.7 Remuneration for management body members

Supervisory Board members do not receive any compensation from ACTIA Group S.A and only the Chairman of the Executive Board receives compensation for his office. For further information see Section 6.4 “Remuneration and benefits”.

Note 4.8 Post-closing events

No noteworthy events have taken place since December 31, 2017

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.

To the shareholders,

Opinion

In accordance with the mission entrusted to us by your Annual General Meeting, we carried out an audit of the annual financial statements of ACTIA Group S.A. for the financial year ended December 31, 2017, as attached to this report.

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.

The opinion above is consistent with the content of our report to the Audit Committee.

Basis for our opinion

Audit standards

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained provides a sufficient and appropriate basis for our audit opinion.

The responsibilities incumbent upon us by virtue of these standards are described in the section of this report entitled "Responsibilities of the Statutory Auditors with respect to the audit of the annual financial statements".

Independence

We conducted our audit assignment in compliance with the rules of independence applicable to us for the period from January 1, 2017 to the date of issue of our report. We did not provide any of the services forbidden by Article 5, Paragraph 1 of Regulation (EU) No. 537/2014 or by the Statutory Auditor's Code of Ethics.

Justification of our assessments - Key audit points

In application of the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code on the justification of our assessments, we hereby inform you of the key points of the audit regarding the risk of material misstatements which, in our professional opinion, were most significant for the audit of the annual financial statements of the financial year, and the answers we provided in response to these risks.

Our assessments are part of the audit of the annual financial statements taken as a whole and therefore contributed to the opinion expressed above. We have not expressed an opinion on the items of the annual financial statements taken individually.

Valuation of investment securities

Risk identified:

the investment securities appearing on the balance sheet on December 31, 2017 in the net amount of €55,174,011. They are recorded at their acquisition cost or contribution value on the entry date. An impairment is recorded when the share of the shareholders' equity in the holding is less than its carrying amount in the financial statements of your Company, unless a net transaction fair value or a value in use in excess of the carrying amount can be justified.

As indicated in Note 2.3 of the notes to the financial statements, the value in use is estimated by executive management based primarily on the discounted future cash flow method. Analysis of the sensitivity of value to changes in the flow forecast and discount rate assumptions are carried out to measure the appraisal margin.

The estimate of the value in use of the securities requires the exercise of judgment by executive management to determine the prospects for business and profitability.

As a result of the material nature of these assets and the assessments involved in all forecasting, we are of the opinion that the valuation of the investment securities is a key point of the audit.

Our answer:

where the shareholders' equity of holdings is the sole criterion used to assess their present value, we checked that the shareholders' equity used matches the financial statements of the entities audited or which underwent analysis and that the adjustments carried out, when necessary, on the shareholders' equity were based on sound documentation.

In order to assess the reasonable nature of the estimates of the value in use of holdings, based on the information provided to us, our due diligence consisted primarily in verifying that the estimate made by executive management was founded on relevant justifications of the assessment method and the figures used.

As a result, our work, conducted by holding line, consisted of:

- evaluating the consistency of the cash flow forecasts of the entities in question established by their operational management with the data and assumptions of the business plans prepared under the supervision of the executive management of each business line;
- assessing the quality of the forecasting processes via critical analysis of the differences identified between the operating and capital expenditure forecasts of previous years and subsequent achievements;
- checking the relevance of the discount and growth rates applied to the forecast flows to estimate net present value.

Verification of the management report and other documents addressed to the shareholders

We have also performed in accordance with professional practice standards applicable in France the specific verifications required by French law.

Information provided in the management report and in the other documents addressed to the shareholders on the financial position and annual financial statements

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.

Corporate governance report

We certify that the Supervisory Board's report on corporate governance includes the information required by Article L.225-37-3 and L.225-37-4 of the French Commercial Code.

Regarding the information provided in accordance with the provisions of Article L.225-37-3 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.

Other information

As required by law, we have verified that the Management Report contains the appropriate disclosures relating to holdings and control and the identity of holders of capital and voting rights.

Information resulting from other legal and regulatory obligations

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of ACTIA Group S.A. by the General Meeting of May 9, 2006 (KPMG S.A.) and May 28, 2013 (Eric Blache).

As of December 31, 2017, KPMG Audit was in its eleventh consecutive year with the Company and Eric Blache in its fifth year.

Responsibilities of management and of the persons constituting the governance of the Company with respect to the annual financial statements

It is the responsibility of management to prepare accurate annual financial statements in accordance with French accounting rules and principles and to implement the internal controls it believes are necessary for the preparation of annual financial statements which do not contain any material misstatements resulting from either fraud or errors.

At the time the annual financial statements are prepared, it is the responsibility of management to assess the ability of the Company to continue operating, to present in its financial statements, if necessary, the information regarding business continuation and to apply the going concern accounting principle, unless if there are plans to liquidate the Company or terminate its business activities.

It is the responsibility of the Audit Committee to monitor the process of preparing financial information and of tracking the effectiveness of the internal control and risk management systems as well as, if applicable, of the internal audit, with respect to the procedures for the preparation and processing of accounting and financial information.

The financial statements have been approved by the Executive Board.

Responsibilities of the Statutory Auditors regarding the audit of the annual financial statements

Audit purpose and approach

It is our duty to prepare a report on the annual financial statements. Our goal is to obtain a reasonable assurance that the annual financial statements taken overall do not contain any material misstatements. A reasonable assurance corresponds to a high level of assurance without, however, guaranteeing that an audit conducted in accordance with professional standards will consistently identify all material misstatements. Misstatements can be the result of fraud or of errors. They are considered to be material when it can reasonably be expected that they might, individually or cumulatively, impact the financial decisions that the users of the financial statements make based on them.

As stated in Article L.823-10-1 of the French Commercial Code, our certification of the financial statements does not entail guaranteeing the viability or the quality of your Company's management.

Audits conducted in accordance with the professional standards applicable in France require that the Statutory Auditor exercise their professional judgment during the entire audit. In addition:

- they identify and assess the risk that the annual financial statements may contain material misstatements, regardless if they are the result of fraud or errors, define and implement audit procedures to deal with the risks and collect the information they deem sufficient and relevant to form their opinion. The risk of non-identification of a material misstatement is greater in the case of fraud than that of a material misstatement resulting from an error given that fraud can involve collusion, falsification, voluntary omissions, false statements or the bypassing of internal controls;
- the Auditor must review and understand the internal controls relevant to the audit in order to define the audit procedures appropriate for the circumstances and not for the purpose of providing an opinion on the effectiveness of the internal controls;
- they assess the suitability of the accounting methods selected and the reasonable nature of the accounting estimates made by management as well as the information about them provided in the annual financial statements;
- they assess the relevance of the application by management of the going concern principle and, based on the information collected, whether or not there is any significant uncertainty related to events or circumstances which could potentially jeopardize the Company's ability to continue operating. The assessment is based on the information collected through to the date of the audit report, it being noted, however, that later circumstances and events can negatively impact business continuity. If they conclude that there is significant uncertainty, they must draw the attention of the readers of the report to the information provided in the annual financial statements about the uncertainty or, if the information is not provided or is not relevant, they must provide a qualified opinion or refuse to certify the financial statements;
- they must assess the overall presentation of the annual financial statements and assess if they reflect underlying transactions and events such that they provide an accurate picture;

Report to the Audit Committee

We will submit a report to the Audit Committee which presents the extent of the audit work done, the work program implemented and the findings arising from our work. We will also point out, if relevant, any significant weaknesses in the internal controls we have identified with respect to the procedures used to prepare and process the accounting and financial information.

The information provided in the Audit Committee report includes the risk of material misstatements which we believe are most significant for the audit of the annual financial statements for the financial year and which, as a result, constitute the key points of the audit which it is our responsibility to describe in this report.

We are also providing the Audit Committee with the statement required by Article 6 of Regulation (EU) No. 537-2014 confirming our independence as meant by the rules applicable in France as they have been defined, notably, in Articles L.822-10 to L.822-14 of the French Commercial Code and the Statutory Auditors' Code of Ethics. If required, we will meet with the Audit Committee to discuss any risks to our independence and the safeguards implemented to protect it.

Statutory Auditors

Labège, April 24, 2018

KPMG Audit
A division of KPMG S.A.

Philippe Saint-Pierre
Partner

Paris, April 24, 2018

Eric Blache

Partner

7.3 Miscellaneous financial information

7.3.1 Dividend policy

FY	Dividend per share €	Total dividend distributed €
2014	0.10	2,009,994.10
2015	0.10	2,009,994.10
2016	0.15	3,014,991.15

ACTIA Group proposes to its shareholders the distribution of dividends in line with its policy for Shareholders' Equity described in Note 14 "Shareholders' equity" of the notes to the consolidated financial statements and in line with its 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. The same will hold true in the future.

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.

7.3.2 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.

In the second part, an order by the Court of Appeal of Grenoble of May 15, 2017 stated that the public case against the Company had expired.

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 2017, 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.

7.3.3 Significant changes in the issuer's financial or trading policies

There have been no material events since the balance sheet date of December 31, 2017 in connection with the Group's financial or trading position.

8. ADDITIONAL INFORMATION

8.1 Share capital

As of December 31, 2017, the shares of ACTIA Group S.A. have been included in Segment B of 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 to 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		FRF 50	FRF 113,645,832	FRF 142,727,000	2,854,540
June 1994	Capital reduction by reducing the par value of shares from FFR 50 to FFR 10	FRF 10	FRF (113,645,832)	FRF 28,545,400	2,854,540
July 1994	Capital increase for cash via the issue of shares with share warrants	FRF 10	FRF 129,917,897	FRF 92,772,550	9,277,255
January 1995	Capital increase via the exercise of share warrants	FRF 10	FRF 6,696	FRF 92,775,340	9,277,534
August 1997	Capital increase via the exercise of share warrants	FRF 10	FRF 2,400	FRF 92,776,340	9,277,634
June 1998	Capital reduction by reducing the par value of shares from FFR 10 to FFR 4	FRF 4	FRF (129,926,993)	FRF 37,110,536	9,277,634

FY	Transactions	Par value	Premium	Successive capital amounts	Cumulative number of shares
February 1999	Issue of share warrants in favor of Electropar	FRF 4	FRF 1	FRF 37,110,536	9,277,634
May 2000	Share capital reduction pursuant to losses by reducing the par value of shares	FRF 0.5	-	FRF 4,638,817	9,277,634
May 2000	Capital increase via the contribution of ACTIELEC securities	FRF 0.5	FRF 31,737,488	FRF 77,341,042	154,682,084
May 2000	Reverse share split and capital reduction	FRF 5	-	FRF 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 Subsection 5.13.8 "Share buyback program under way” in this Registration Document.

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 6.3.1 “Supervisory Board and Executive Board membership” of this 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 compensation of each Executive Board member."

Established at the General Meeting of November 12, 2002 and comprised of three members, 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, while its activities also 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. Shareholders can always be represented at General Meetings by the natural person or entity of their choice.

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 shareholders' agreement that is described in Subsection 5.13.3 “Shareholders' agreement” of this 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."

Note that a change to this article will be submitted to the vote of the General Meeting in accordance with the draft resolutions detailed in Subsection 5.1.2 “Draft resolutions”.

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 this 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, 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

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 2015 and 2016 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, 2015 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, 2016 as well as the related Statutory Auditors' reports;
- selected financial information.

This information is included in the French language versions of the 2015 Registration Document filed on April 20, 2016 and the 2016 Registration Document filed on April 26, 2017 with 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.
- **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.
- **TVSE** (semi-embedded video transmission) **cabinet**: intended to transmit video information from all of the doors of a train in a station to the driver's cabin to enable the latter to monitor passengers boarding and getting off the train, therefore contributing to safe departures once the confirmation signal to close the doors has been given.
- **Dual-use item:** the control of exports of dual-use goods and technologies is implemented by governments to fight against the destabilizing accumulation of arms in certain regions of the world. The controls are carried out for goods subject to restrictions to certain destinations.
- **BMS (Battery management system)**: electronic modules to regulate the power of different battery cell blocks.
- **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 safety.
- **Cloud**: cloud-based IT which uses the computing and storage power of remote servers via the Internet.
- **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.
- **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.
- **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.
- **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).
- **Electre:** a project for the deployment of digital substations led by RTE (see "RTE").

- **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.
- **End of Line:** electronic diagnostics solution for vehicles at the end of assembly lines.
- **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 gauges provide information to the driver: vehicle speed, engine speed, fuel consumption…
- **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").
- **IATF**: International Automotive Task Force.
- **iCAN:** a telematics device designed for light vehicle fleets in the aftermarket segment. The 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.
- **Inductance**: component characterized by its ability to create a magnetic flux when it is provided with an electrical current.
- **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.
- **ITxPT**: a cooperative initiative for the implementation of standards for public transport IT systems. The systems are intended to operate perfectly when they are used or connected for the first time without any need for reconfiguration. An integrated test bench provides specification, test, qualification and promotion services for standardized solutions.
- **Lean**: this 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. N/A
- **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.
- **MSA methods**: measurement and analysis methods. Validation of the number of errors in a measurement system. An analysis of measurement systems assesses the test method, the measurement instruments and all of the process to obtain measurements to ensure the integrity of the data used for the analysis.
- **High speed Internet:** this national program is intended to quickly reduce the number of areas with low-speed Internet thanks to the modernization of current telecommunications networks. In addition to the economic and social stakes of the new digital economy, this program will also help to provide access to areas far from major cities.
- **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.
- **Multiplexing**: a technology which enables the transmission of a very large amount of data between electronic command management devices and accessories using a reduced amount of cabling.

- **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.
- **OBD**: On Board Diagnostic.
- **ONCF:** an acronym for *Office National des Chemins de Fer*, the Moroccan national railway company.
- **ONE WEB:** a constellation project with approximately 650 telecommunications satellites in low orbit to provide private individuals with global access to high-speed Internet starting in 2022.
- **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.
- **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.
- **SMART ELECTRE PHASE**: the *Palier de contrôle commande numérique* (PCCN) is a digital protection and command control system for RTE source substations. It is located in the digital command control cabinet. The Smart Electre phase is used to manage high-voltage equipment.
- **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.).
- **PCCN:** an acronym for *Poste Contrôle Commande Numérique,* a digital protection and control system. This system is used by Enedis. It defines a new technical level (PCCN level) that equips all new installations and replaces previous equipment requiring overly-expensive operating maintenance.
- **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 (reliable) communications device which makes it possible for regional dispatching to carry out commands in an electrical transmission station (opening a 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.
- **Shelter**: a shelter (container) hosting various functions, notably for military applications: complete equipment which can be moved from one site to another.
- **SIL 4** (Safety Integrity Level): relative level of risk reduction inherent to a safety function It is a measure of the expected performance of a safety function. The requirements for SIL 4 level correspond to the highest safety level (high reliability). A SIL is determined from a given number of quantified factors for the management of the development and/or life cycle.
- **SMART GRID**: an intelligent electrical grid for optimized energy performance with a remote control capability.
- **SMART POWER**: Smart Power peripherals are switching circuits with digital content. They interface with microprocessors and a load. These intelligent switches are designed to control a wide range of loads in automotive and industrial systems.
- **Earth station:** an earth station is a terrestrial radio station for receiving and/or broadcasting satellite communications. It is used for both civilian and military applications.
- **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").
- **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.