Gévelot

Annual Report




Financial Year 2018

This is a free translation into English of the 2018 Annual Report issued in the French language and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France. In case of discrepancy the French version prevails.

Ordinary General Meeting of 19 June 2019

Contents

Gévelot Group

2018 Accounts

Société Anonyme (public limited company) with a registered capital of 26 932 500 euros
Head Office, Direction and Administration:
6, boulevard Bineau
92300 Levallois-Perret
562 088 542 R.C.S. Nanterre – SIRET N° 562 088 542 00369

www.gevelot-sa.fr

Financial year 2018

Administration of Gévelot S.A.

Board of Directors

Chairman and Managing Director	Mario MARTIGNONI
Directors	Roselyne MARTIGNONI Claudine BIENAIMÉ Armelle CAUMONT-CAIMI Charles BIENAIMÉ Pascal HUBERTY Jacques FAY

Management

Managing Director	Mario MARTIGNONI
Deputy Managing Director	Philippe BARBELANE

Auditors

Permanent	PricewaterhouseCoopers Audit (PwC) represented by Yan RICAUD Cabinet RSM PARIS represented by Régine STEPHAN and Stéphane MARIE

Listing Sponsor

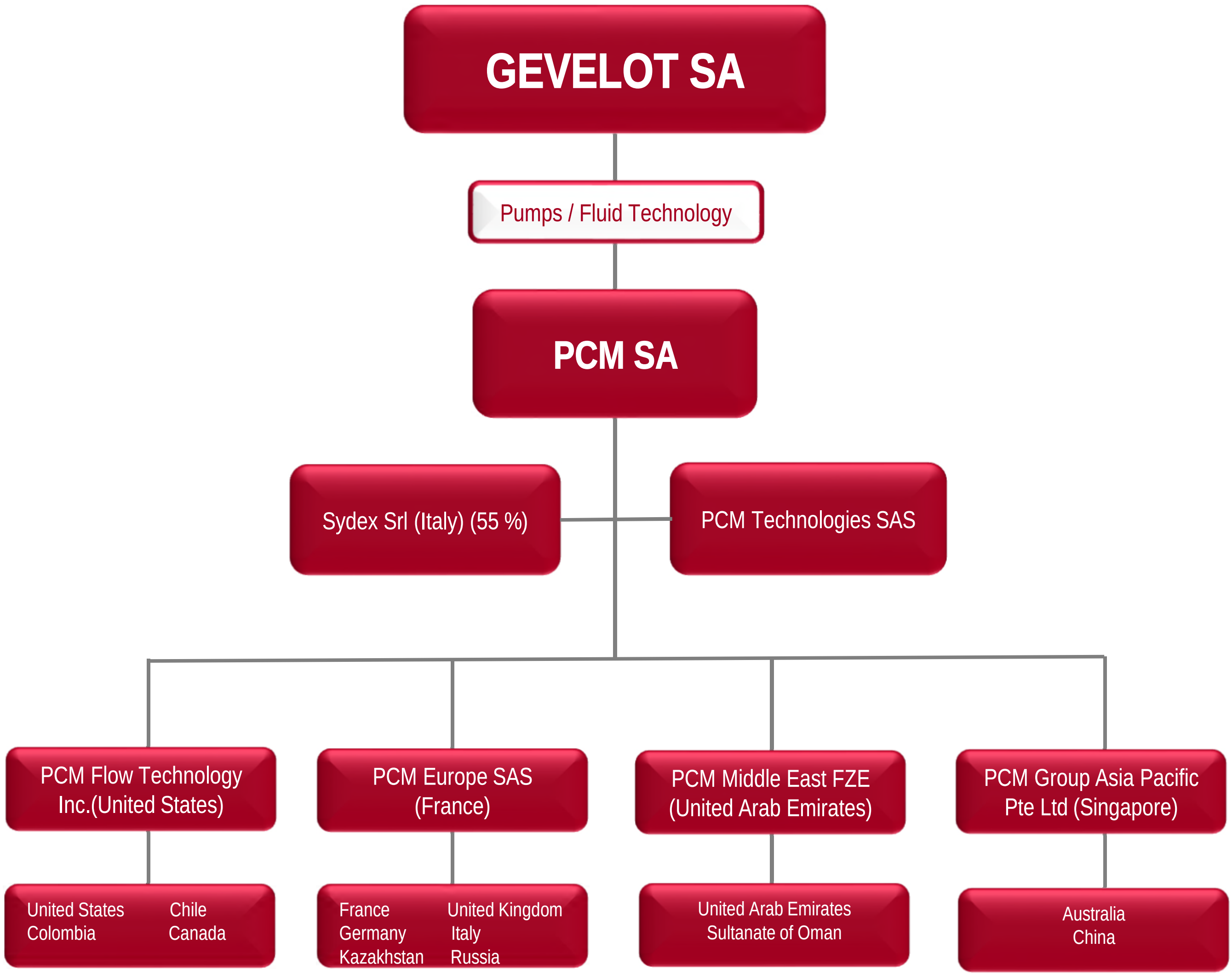
Permanent	Stock Exchange Company Gilbert DUPONT represented by Jérôme GUYOT

Managers of subsidiaries

PUMPS Sector

Chairman and Managing Director	Mario MARTIGNONI
Deputy Managing Director	Frédéric GARDE

Group Companies



Agenda

of the Ordinary General Meeting of 19 June 2019

- Management Report of the Board of Directors on the progress of the Company during the financial year 2018,
- Auditors' Reports on the period's Individual and Consolidated Financial Statements,
- Approval of the Individual Financial Statements for period ending 31 December 2018,
- Approval of the Consolidated Financial Statements for period ending 31 December 2018,
- Approval of the Conventions referred to in Article L.225-38 of the French Commercial Code,
- Appropriation of earnings for the financial year 2018,
- Discharge of Directors,
- Directors,
- Powers,
- Other questions

Overview of Gevelot Group

Annual key figures

(in thousands of euros)

	2018	2017	2018/2017 Percentage change	2016
Group				
Turnover excluding tax	**94 225**	**89 486**	[(1)] *5,3*	**91 239**
Turnover originating outside France	*72 670*	*67 246*	*8,1*	*69 194*
EBITDA	6 553	2 955	-	6 794
Current operating income	**7 373**	**3 505**	**-**	**5 818**
Non-current operating income and (expenses)[(2)]	(31)	21 100	-	9 416
Operating income	**7 342**	**24 605**	-	**15 234**
Financial income (loss)	593	(1 710)	-	1 321
Current pre-tax income	**7 935**	**22 895**	-	**16 555**
Net income from continuing activities	**6 180**	**14 485**	-	**15 148**
Net income from discontinued activities [(3)]	-	(12 539)	-	(582)
Net income from consolidated companies	**6 180**	**1 946**		**14 566**
Proportion of interest not conferring control	199	116		(55)
Income attributable to the parent company	**5 981**	**1 830**	-	**14 621**
Earnings per share from continuing activities (in euros)	7,62	17,51	-	18,53
Cash flow from operations	9 222	21 233	-	14 766
Equity	**192 127**	**196 981**	*(2,5)*	**199 304**
Indebtedness / Equity (in %)	*5,4*	*6,6*	*-*	*20,4*
Headcount	*623*	*631*	*(1,3)*	*586*

	2018	2017		2016
[(1)] *at constant exchange rate +7.2%*				
[(2)] *including revenue on contractual renegotiation / termination*	-	*22 056*		*9 487*
[(3)] *including capital loss on disposal of the Extrusion Sector*	-	*(16 676)*		-

Gévelot S.A.	2018	2017	2018/2017 Percentage change	2016
Turnover excluding tax	**565**	**2 155**	*(73,8)*	**2 285**
Operating result	(800)	312	-	425
Financial income	3 254	1 667	-	6 968
Current pre-tax income[(4)]	2 454	1 979	*24,0*	7 393
Unusual items [(5)]	701	(5 047)	-	(606)
Net income (loss)	**3 214**	**(2 981)**	-	**9 070**
Cash flow from operations	2 707	1 287	-	9 954
Net dividend per share (in euros)	1,80	1,80	-	1,80
Headcount	5	*5*		*5*

	2018	2017		2016
[(4)] *including special dividend*	**-**	-		*4 000*
[(5)] *Including sale of Extrusion Sector*	-	*(4 992)*		-

2018 ACCOUNTS

Management and corporate governance report

Ladies and gentlemen,

Pursuant to the Law and our articles of incorporation we have convened the General Meeting of shareholders to inform you of the activity of our Company and its Subsidiaries over the past financial year and submit the Company Accounts as well as the Consolidated Accounts ending 31 December 2018 for your approval and to provide you with information regarding our company's governance (Articles L.225-37-4 al.6; L. 225-68 al.6 and L. 226-10-1 of the French Commercial Code).

Pursuant to the provisions of article L.255-102-1 of the French Commercial Code and the effects of the transposition of the European Directive on extra-financial reporting, we will publish an extra-financial Performance Declaration for FY 2018 in a Report appended to this Management Report.
An independent third party organisation will conduct a verification.

Group's Activities and Results

The new scope now mainly consists of the Pumps Sector, owned through its subsidiary PCM SA. The other sector is the Holding's real estate activity.

Consolidated turnover for FY 2018 amounted to €94.2 M against €89.5 M in 2017, up 5.3%. After adjusting for currency fluctuations, the increase was 7.2%. The Oil & Gas activity throughout our markets grew, with the exception however of the American market. The Industry and Food markets were generally stable.

The consolidated turnover for the other activities amounted to €0.1 M, identical to 2017.

Detailed comments on the consolidated results

The Group's consolidated operating income in 2018 amounted to a profit of €7.4 M against €3.5 M in 2017. The contribution of the Pump Sector grew and was positive by €7.9 M (positive by €5.0 M in 2017). Progress of the activity and better cost control explain this improvement. It should be noted that depreciations of current assets on international markets had been observed in 2017.

The operating income for 2018 produced a profit of €7.3 M against a positive €24,6 M in 2017, a year which integrated the last effects of the negotiation of a major supply contract in Oil & Gas, completed by its termination effects.

The 2018 consolidated financial result produced a profit of €0.6 M against a loss of €1.7 M the previous year, due to the increase in income from cash management (€0.6 M) and neutral exchange effects in 2018 which were unfavourable in 2017 (€1.2 M).

In 2018, the net charge of consolidated taxes was €1.7 million against €8.4 million in 2017, a year which included the fiscal impact of the effects of the renegotiation and termination of the supply agreement in Oil & Gas.
In 2018, it included €1.8 M of payable taxes, minus €0.1 M of deferred tax products.

The net consolidated profit for FY 2018 of the consolidated companies was €6.2 M against €14.5 M for continuing activities in 2017.

In 2017, the net income of the discontinued activity (Extrusion sector sold off in November 2017) amounted to a loss of €12.6 M.

The proportion of income attributable to minority interests amounted to a profit of €0.2 M against €0.1 M in 2017.

To conclude, the consolidated net income (Group share) for 2018 made a profit of €6.0 M against €1.8 M in 2017.

The cash flow, which remains positive, amounted to €9.2 million against €21.2 million in 2017, a year which included the effects of the renegotiation and termination of a major supply contract in the field of Oil & Gas worth €14.5 million.

The contribution of the different Sectors to the consolidated results of the whole is explained in the Appendix to the Consolidated Financial Statements (Note 18).

Group Investments

2018 investments, essentially in the Pump Division, amounted to €3.2 M (including €0.2 M intangible) against €1.0 M (including €0.1 M intangible) in 2017.

Jobs

The Group's payroll on 31 December 2018, excluding temporary staff, totalled 623 people, including 263 outside France, against 631 people, including 267 outside France in late December 2017.

Consolidated balance sheet structure

The total consolidated balance sheet in late 2018 amounted to €280,9 M against €291.0 M in late 2017, i.e. a €10.1 M drop.

Non-current assets of €36.5 M were down €0.3 M. This decrease was mainly due to the net change in tangible assets (€- 0.2 M).

Current assets of €244.4 M were down €9.8 M. They include inventory decreases of €0.9 M , trade receivables for €8.8 M (€+3.8 M excluding the impact of Cashing, in January 2018, of the compensation for termination of the Oil & Gas supply contract), other receivables for €0.6 M in current financial assets and cash for €0.7 M (the reclassification of bank deposits over three months of cash to the current financial assets amounted to €17 6 M). A payable tax receivable was registered in late 2018 for €1.2 M.

Shareholders' equity at €192.1 M was down €4.9 M, corresponding to a negative impact of €10.2 M following the cancellation of own shares purchased during the year, €+6.2 M in 2018 consolidated results, €-1.4 M of dividends paid to third parties, €+ €0.4 million of currency translation and + €0.1 M miscellaneous.

The Provisions for contingencies and expenses at €3.1 M, were down €0.6 million due to the reversal of a provision for tax risks.

Debts of €85.7 M decreased by €4.5 M due to the following declines: financial debt (€2.5 M), trade payables (€1.9 M) and current tax liabilities (€0.1 M).

Consolidated financial structure

The consolidated net financial structure (current financial assets and cash and cash equivalents, net of borrowings from credit establishments and other financial liabilities) was still positive and amounted to €164.0 M, an improvement of €1.8 M compared to FY 2017 due to rising current financial assets for €17.2 M (including the reclassification of bank deposits over three months) and the €2.5 M decrease in financial debt, offset by the net cash decrease of €17.9 million.

In total, current assets amounted to €244.4 M extensively covering all third party debts of less than a year, amounting to €76.7 M.

To summarise, the "Debt / Equity" ratio stood at 5.4% against 6.6% at the end of 2017.

The “Debt / Turnover" ratio amounted to 11.1% against 14.5% at the end of 2017.

The total financial cost of the debt stood in late 2018 at €216 K (0.2% of sales turnover) against €184 K in late 2017 (0.2%).

Activity of the Parent Company

The turnover of Gévelot S.A., the parent company, was €565 K in 2018 against €2,155 K in 2017.

Rents of €235 K were down €1,166 K on the previous year. This decrease was mainly related to the termination in November 2017 of industrial commercial leases with Gévelot Extrusion due to its sale (- €1,165 K).

Other rent consists of rentals of office space at Levallois-Perret made available to a subsidiary and other third party companies remaining stable at €204 K.

The services invoiced at €330 K were down €424 K mainly because of the effects of the sale of the Extrusion sector (€- 326 K).

Other products and miscellaneous at €105 K were down €315 K in 2017 (incidence in 2017 of €327 K on the chargeback of local taxes on recently divested sites).

Overall, operating income amounted to €670 K against €2,575 K, a decrease of €1,905 K.

Operating expenses at €1,470 K against €2,263 K in 2017 were down €793 K.

Purchases and external expenses at €564 K were down €152 K (scope impact of €100 K).

Taxes and duties were down €325 K (primarily property taxes from divested sites, chargeback costs).

Payroll expenses fell by €152 K due to non-recurring items in 2017.

Depreciation expenses were down €173 K (perimeter impact of €167 K).

Other expenses at €79 K were up €9 K.

The operating loss for the financial year was €800 K against a profit of €312 K in 2017 including the negative impact linked to the change in scope for €1,224 K.

The financial income was still positive and amounted to €3,254 K against €1,667 K in 2017.
In 2018, it mainly consisted of a dividend of €3,005 K received from PCM SA (€1,502 K in 2017), net foreign exchange losses of €130 K (€124 K also negative in 2017) and €379 K in Financial Products (€289 K in 2017).

Current pre-tax income was positive at €2,454 K against €1,979 K in 2017.

The extraordinary income was positive, €701 K against a negative of €5,047 K in 2017, a year which included €5.0 M net negative effects from disposals of industrial real estate assets and of the divestment of the Extrusion sector.

In 2018, it mainly incorporated the reversal of a provision of €800 K related to the recent tax audit for the CIR 2013-2016 of Gévelot Extrusion, fiscally consolidated at the time. Furthermore, tax provisions for €153 K were recorded following a tax audit for the years 2015 to 2017.

After a €855 K corporate tax charge and the recognition of a tax saving of €914 K related to the tax consolidation regime, **the net profit of Gévelot SA in 2018 amounted to €3,214 K against a net loss of €2,981 K in 2017, the year of the sale of the Extrusion sector.**

Activity of the Parent Company’s Subsidiary

The main information on the subsidiary of Gévelot SA presented below is taken from the corporate accounts prepared in accordance with local rules.

Financial information (in thousands of euros)

Subsidiary	Turnover	Operating income	Financial income	Exceptional income
PCM SA	2,576	(581)	6,742	(182)

Subsidiary	Net income	Cash flow	Industrial Investments	Financial Investments
PCM SA	5,765	6,294	-	-

Staffing on 31 December 2018

Subsidiary (excluding temporary staff)	Total
PCM (France and abroad)	619

Group's research and development activities

For the entire Group, spending on research and development concerning the Pumps Sector amounted in 2018 to around 4% of turnover, including €1.2 M eligible for Research tax credits, and generated tax credits amounting to €0.4 million.

In terms of Research and Development, this sector reinforces the customer's position at the centre of innovation, focusing development efforts on high value-added technological components and finding fast commercial opportunities, including the setting up an "Agile" method which allowed the realisation of several demonstrators.

The research and development process has also been simplified, allowing the marketing of several product ranges to broaden the offer in all our markets.

Group outlook for 2019

Parent company

The turnover of Gévelot SA will again consist of rental products and services.

In terms of financial products, a dividend should be received from our subsidiary for the sum of around €2.2 M, down on that received in 2018.

The net result should be positive, excluding any extraordinary operations.

The study of other new real estate acquisition opportunities in the Greater Paris Area, to strengthen the Group's resources continues.

Pumps Sector

The activity of this sector should remain the same as in 2018, according to our initial estimates.

In this context, cost rationalisation efforts in its various markets need to be pursued.

Overall Group outlook

For the Group, in 2019, the activity and profitability should remain the same as in 2018, with better activity expected in the American market, excluding special items not determinable to date.

Risk Management

As part of the description of the main risks to which the Group is exposed, the following points can be retained.

General Risks

1. Market risks

The specific activity of Oil Pumps is sensitive to changes in oil prices.

A rise in oil prices has been observed in recent months as a result of the policy of OPEC quotas and the crisis in Venezuela. The geopolitical situation still remains very uncertain.

American production will reach heights never equalled by any other country. Already recently established as the leading producer, the United States will therefore increase their lead over Russia and Saudi Arabia, ranked second and third on the global oil market. OPEC should see its weight in the short-term decrease. The political and economic impact of this turning point for global trade is very important in the short and medium term. Oil investments are particularly focused on fracking.

Commercial performance in other fields of the Pumps sector (Food and Industry markets) is mainly linked to economic activity, in France and abroad.

2. Country Risks

The Group is exposed to Country risks for a proportion of its activity, mainly in the oil-related sector, due in particular to its presence in areas showing important geopolitical risks (Middle East, Africa, Latin America).

Financial risks

Through its activities, the Group is exposed to various types of financial risk. These risks are related to the Group's industrial and commercial activities, its financing needs as well as its investment policy, in particular internationally. Risks mainly consist of variations in the exchange and interest rates.

1. Financial risks associated with industrial and commercial activities

- **Operational currency risks**

The Gévelot Group is exposed in its industrial and commercial activities to financial risks that could result from the variation of the exchange rates of certain currencies due to the location of its main production site in the Euro zone and its sales zones located all over the world and involving billing in foreign currencies, mainly American or Canadian dollars.

The management of currency risk of the Pumps and Fluid Technology activity is based on a principle of the Group's production entities invoicing commercial entities in the local currency of the latter. This inter-company invoicing is covered by foreign exchange forwarding of their settlement in the case of significant sums.

The same principle applies to sales outside the Group for foreign currency billing of Customers. Futures hedging is set up as soon as a significant currency sales operation arises.

The Group does not perform firm exchange hedging on future sales; the operating margin is therefore subject in the future to variations depending on the evolution of exchange rates.

- **Exchange risks: Cash flow, cash flow equivalents**

The evolution of North American currency parity is closely monitored and investments are made with reputable banks.

- **Price variation risks**

The Group is sensitive to price variations in raw materials. A price increase has been observed and could significantly impact operational margins. To limit the impact, the Group has developed several international supply sources.

- **Credit risks**

The Group pays special attention to the security of payments for goods and services delivered to its customers.

European customers show no significant individual risks and are generally subject to recovery systems by specialised companies. The major export customers positioned in areas of major geopolitical risks are subject to specific monitoring.

2. Cash flow risks linked to financing activities

The Group mainly self-finances its industrial and commercial activities, particularly due to its solid financial structure strengthened in 2014, and very rarely calls on the banking sector for its international investments.

- **Risks of interest rate variation**

When deemed necessary, the Group sets up tools to cover interest rate variations for high-amount, long-term variable interest loans. For this, the Group's Cash Department analyses the portfolio and suggests the appropriate tools to Subsidiaries (interest rate swaps) to limit future risks within the limits of appropriate and controlled costs.

3. Financial risks related to investment transactions made abroad

- Country risks

The Group holds assets in countries where the political and economic stability is not assured; these assets, however, represent an insignificant percentage of the Group's assets.

- Exchange risks

The Group holds investments abroad and outside the Euro zone, whose net assets are exposed to the risk of currency rate adjustment. Net assets in the USA, China and the Near and Middle East do not have a specific coverage today.

4. Financial risks related to cash management

The Group's investment securities portfolio consists mainly of monetary investments. The Group has some marketable securities (5% of cash) based on indices and whose capital is not guaranteed but do have protective barriers. Yield rates are close to those of the market.

In addition, other structured products (21% cash), in Euros and US dollars, based on CO2 emission rights, guaranteed by a first class bank, were set up in autumn 2018 with maturity in late 2019.

Information about payment deadlines

(Invoices received and issued but not settled)

In compliance with article D441-4 of the French Commercial Code, modified by Decree No. 2017-350 dated 20 March 2017 - art. 1, below is the table of the breakdown of trade payables and customer debts that are due.

Invoices received not settled at the close date but are outstanding (French Commercial Code - Article D.441 I - 1°)						
	0 days	1 - 30 days	31 - 60 days	61 - 90 days	91 days and more	Total (1d & more)
(A) Late payment segments						
Number of invoices	3					2
Total amount of invoices (including taxes)	€3 K		€0 K		€25 K	€25 K
% of total amount of the year's purchases (including taxes)	0.39 %		0.03 %		3.76 %	3.79 %
% of the year's turnover (including taxes)						
(B) Invoices excluded from (A) relating to disputed or non-entered payables and debts						
Number of excluded invoices						
Total amount of excluded invoices						
(C) Reference payment deadlines used (contractual or legal deadline - article L. 441-6 or article L. 44-1 of the French Commercial Code)						
Contractual deadlines used to calculate late payments	Contractual deadlines compliant with the General Purchasing Terms and Conditions					

Invoices issued but not settled on the date of close but are outstanding (French Commercial Code - Article D.441 I - 2°)						
	0 days	1 - 30 days	31 - 60 days	61 - 90 days	91 days and more	Total (1d & more)
(A) Late payment segments						
Number of invoices	2					3
Total amount of invoices (including taxes)	€30 K		€17 K			€17 K
% of total amount of the year's purchases (including taxes)						
% of the year's turnover (including taxes)	3.71 %		2.04%			2.04%
(B) Invoices excluded from (A) relating to disputed or non-entered payables and debts						
Number of excluded invoices						
Total amount of excluded invoices						
(C) Reference payment deadlines used (contractual or legal deadline - article L. 441-6 or article L. 44-1 of the French Commercial Code)						
Contractual deadlines used to calculate late payments	Contractual deadlines compliant with the General Sales Terms and Conditions					

Allocation of income

The following results will be proposed at the next Shareholders' Annual General Meeting:

Profit for the fiscal year €3,214,422.18
Retained earnings from prior years €12,961,565.19
Total to be distributed €16,175,987.37
. Dividend: - €1,385,100.00.
. Retained earnings balance
after allocation: €14,790,887.37

The total dividend amounts to €1.80 per share for 769,500 shares, or €1,385,100.00 and will be available for distribution from 26 June 2019.

In compliance with article 243 bis of the French General Tax Code, it is specified that the whole proposed dividend is eligible for a 40% rebate benefiting natural persons domiciled for tax purposes in France, as provided for in article 158-3 -2° of the French General Tax Code.

This rebate is only applicable in the case of an irrevocable and comprehensive formally-taken option, according to the progressive income tax scale, when filing the beneficiary's annual tax return. In the absence of such an option, the dividend to be paid to these individuals fiscally resident in France falls within the scope of application of the single standard deduction (PFU) without application of the 40% deduction.

Before its payment, the dividend is subject to social contributions and, unless exemption is duly requested by the tax payer, to the compulsory non-definitive levy of 12.8% as set out in article 117 quater of the French General Tax Code, as an instalment of income tax.

It is recalled that the following dividends have been distributed over the past three years as these dividends were fully eligible for the 40% rebate mentioned in Article 158.3.2° of the French General Tax Code:

Financial Year	Net	Tax credit	Number of shares served	Number of shares overall
2015	1.80	for the record	820,500	893,207
2016	1.80	for the record	820,500	820,500
2017	1.80	for the record	769,500	820,500

Financial Markets

In 2018, the share price on Euronext Growth Paris evolved as follows:

Euros	
Price at the end of 2017	198.70
Lowest price	178.00
Highest price	216.00
Price at the end of 2018	179.00
Number of shares traded in 2018	104,088(1)
Number of shares traded in 2017	35,365

(*) including 51,000 under the share repurchase program

On 31 March 2019, the share price was €181 with a trading volume observed since the start of the year of 2,089 shares.

Shareholding

On 31 December 2018, the Gévelot company was controlled for more than two thirds of capital primarily through:

- the SOPOFAM, Company, more than a third,
- the ROSCLODAN Company, more than a twentieth,

Following the cancellation decided by the Board of Directors on 20 June 2018 of 51,000 treasury shares since late April 2018, the share capital of Gévelot SA now consists of 769,500 shares of 35 euros par value, or €26,932,500.

Information on treasury stock at late 2018

Number of treasury stock at the beginning of the FY	0
Number of shares purchased in 2018	51,000
Number of shares sold in 2018	0
Number of shares cancelled in 2018	51,000
Number of treasury stock at the close of 2018	0
Trading fees in 2018	€15,300
Average purchase price in 2018	€ 200
Par value of the share	€ 35

The Combined General Meeting of June 15, 2017 11th Resolution) had delegated to the Board of Directors to implement a new share repurchase programme with a view to cancellation (up to 10% of the shares comprising the share capital for a maximum amount of €13 million, validity: 15 December 2018).

By 15 December 2018, no new acquisitions had been made in this context which is now prescribed.

None of the Companies controlled by Gévelot hold shares in this Company.

The Capital of the Company is not subject to any detention by the Group's Staff, whatever the context and origin.

Events after the reporting period

Holding

The Group will continue its rental offer on its tertiary properties in Levallois-Perret.

Pumps Sector

Following the sale of the Extrusion sector in late November 2017, the Group is now refocused on its Pumps activity whose growth strategy, organic and external, will be continued, particularly internationally.

Corporate governance

MiddleNext

In terms of governance, Gévelot SA has followed the recommendations of the "Middlenext" Code of Corporate Governance since April 2014 (revised in September 2016).

General Management's operation

Since opting for the unitary mode by the Board of Directors in October 2002, the Chairman of the Board is also the CEO. An executive vice-president has been designated by the Board of Directors on the proposal of the Chairman & CEO.

Functioning of social organisations

The Board of Directors comprises seven members: three women and four men.
The Board of Directors met 4 times in 2018.

Directors and Corporate Officers

The renewal of Ms Armelle CAUMONT CAIMI's mandate as member of the board will be submitted to the General Meeting.

List of mandates and functions

In application of the provisions of Article L 225-102-1 of the French Commercial Code, we here list the functions performed by each of the corporate officers of the Gévelot company in the past fiscal year.

Mr Mario Martignoni, CEO and Director,
covers the following functions within the Group:
- Chairman & CEO and Director of PCM SA.
- Director and Chairman of the Board of PCM Group Italia Srl (Italy)
- Director of PCM Kazakhstan LLP (Kazakhstan)
- Director of PCM Muscat LLC (Oman)
- Director of PCM Middle East FZE (UAE)
- Director of PCM Flow Technology Inc. (United States)
- Director of PCM Group Asia Pacific (Singapore)
- Director of PCM Artificial Lift Solutions Inc. (Canada)
- Director of PCM Canada Inc. (Canada)
- Director of PCM Trading Shanghai Co., Ltd. (China)
- Director of PCM Suzhou Co. Ltd (China)
- Director of Sydex Srl (Italy)

Functions outside the Group:
- Chairman & CEO of Sopofam SA

Mr. Philippe Barbelane, Managing Director,
covers the following functions within the Group:
- Director of PCM SA

Functions outside the Group: none

Ms. Claudine Bienaimé, Director,
covers the following functions within the Group:
- Director of PCM SA

Functions outside the Group:
Member of the Supervisory Board of Publicis Groupe SA (1)
Member of the Audit Committee of Publicis Groupe SA (1)
Member of the Remuneration Committee of Publicis Groupe SA(1) and also:
- Chairman & CEO of Société Immobilière du Boisdormant SA
- Director and Managing Director of:
  - Rosclodan SA
  - Sopofam SA

Manager of SCI Presbourg Etoile

(1) Function ended 30 May 2018

Ms. Roselyne Martignoni, Director,
covers the following functions within the Group:
- Director of PCM SA

Functions outside the Group:
- Director of Sopofam SA
- Director of Rosclodan SA

Mr Charles Bienaimé, Director,
does not hold any other function within the Group
Functions outside the Group:
- Managing Director of S.E.G.F.M (Société d'Etudes et de Gestion Financière Meeschaert)
- CEO of Meeschaert Family Office (France)
- Director of Meeschaert Family Office (Belgium)
- Board Member of La Financière Meeschaert

and also:
- Chairman & CEO of Rosclodan SA

Mr Jacques Fay, Director,
covers the following functions within the Group:
- Director of PCM SA

Functions outside the Group: none

Mr Pascal Huberty, Director,
does not hold any other function within the Group
Functions outside the Group:
- Business Development Manager Division Groupe Coveris
- Employed company manager

Ms Armelle Caumont-Caimi, Director,
covers the following functions within the Group:
- Director of PCM SA

Functions outside the Group: none

Conventions agreed with corporate officers

(Art. L.225-37-4, 2° of the French Commercial Code).

These are conventions besides those bearing on current operations agreed at normal conditions.

No conventions have been signed, directly or through an intermediary, between any corporate officers or any shareholders owning a fraction of voting rights in excess of 10% of a company and another company whose first directly or indirectly owns more than half of the capital.

Valid delegations for capital increases

None

Other Delegations pending validity

None

Other legal and fiscal information

Non-deductible expenses

(articles 39-4 and 223 quater of the French General Tax Code)

For Gévelot SA, reinstatements of overheads in taxable income in FY 2018 amounted to €26,476 against €38,263 in 2017. No tax is applicable due to the fiscal deficit for the year.

This Report will be filed with the clerk's office at the Commercial Court in accordance with the Law.

The Board of Directors

Consolidated Financial Statements at 31 December 2018

Consolidated balance sheet at 31 December 2018

I.F.R.S. accounting basis **ASSETS** *(in thousands of euros)*		Net amount at 31.12.2018	Net amount at 31.12.2017
Goodwill	*Note 4*	1 788	1 795
Intangible assets	*Note 4*	1 098	1 261
Tangible capital assets	*Note 4*	33 010	32 993
Long-term financial assets	*Note 5*	420	449
Deferred tax assets	*Note 14*	149	181
Interests in associated companies		37	76
TOTAL FIXED ASSETS (I)		**36 502**	**36 755**
Inventories	*Note 6*	26 247	27 105
Trade accounts receivable	*Note 7*	38 727	47 544
Other receivables	*Note 8*	3 772	4 350
Matured tax claim	*Note 14*	1 195	-
Current financial assets	*Note 5*	85 322	68 105
Cash and cash equivalents	*Note 9*	89 179	107 112
TOTAL CURRENT ASSETS (II)		**244 442**	**254 216**
GRAND TOTAL (I + II)		**280 944**	**290 971**

I.F.R.S. accounting basis **LIABILITIES** *(in thousands of euros)*		Net amount at 31.12.2018	Net amount at 31.12.2017
Equity attributable to consolidating company		189 914	194 992
Equity attributable to interests not conferring control		2 213	1 989
TOTAL EQUITY (I)		**192 127**	**196 981**
Long-term provisions	*Note 11*	2 635	2 697
Long-term financial liabilities	*Note 13*	7 254	9 883
Deferred tax liability	*Note 14*	1 778	1 816
TOTAL LONG-TERM LIABILITIES (II)		**11 667**	**14 396**
Trade accounts payable		12 621	11 189
Accounts payable to asset suppliers		-	-
Current provisions	*Note 11*	458	1 031
Contract liabilities	*Note 15*	51 881	-
Other accounts payable	*Note 10*	8 888	64 063
Matured tax liability	*Note 14*	92	247
Current financial liabilities	*Note 13*	3 210	3 064
TOTAL CURRENT LIABILITIES (III)		**77 150**	**79 594**
TOTAL LIABILITIES (II+III)		**88 817**	**93 990**
GRAND TOTAL (I + II + III)		**280 944**	**290 971**

The Group has applied IFRS 15 and IFRS 9 for the first time on January 1, 2018. Due to the transition methods chosen, the comparative data are not restated.

Notes 1 to 26 form an integral part of the consolidated financial statements

Consolidated income statement at 31 December 2018

I.F.R.S. accounting basis **INCOME STATEMENT** (in thousands of euros)		Period 2018	Period 2017
Turnover	*Note 18*	**94 225**	**89 486**
Other income from operating activities		5 232	5 477
Income from operating activities	*Note 15*	**99 457**	**94 963**
Current operating expenses	*Note 16*	(92 084)	(91 458)
CURRENT OPERATING INCOME	*Note 18*	**7 373**	**3 505**
Other operating income	*Note 18*	131	22 134
Other operating expenses	*Note 18*	(162)	(1 034)
OPERATING INCOME	*Note 18*	**7 342**	**24 605**
Income from cash and cash equivalents		953	390
Cost of financial debt		(216)	(184)
Cost of net financial debt		**737**	**206**
Other financial income		7 026	3 827
Other financial expenses		(7 170)	(5 743)
RESULT OF OPERATIONS	*Note 17*	**593**	**(1 710)**
PRE-TAX INCOME OF CONSOLIDATED COMPANIES	*Note 18*	**7 935**	**22 895**
Income tax expense	*Note 14*	(1 716)	(8 404)
NET INCOME OF CONSOLIDATED COMPANIES		**6 219**	**14 491**
Share of income from equity-method companies		(39)	(6)
NET INCOME FROM CONTINUING OPERATIONS	*Note 18*	**6 180**	**14 485**
Net income from discontinued operations	*Note 27*	-	(12 539)
NET CONSOLIDATED INCOME		**6 180**	**1 946**
PROPORTION OF INTERESTS NOT CONFERRING CONTROL		**199**	**116**
SHARE GOING TO CONSOLIDATING ENTITY		**5 981**	**1 830**
EARNINGS PER SHARE FROM CONTINUING OPERATIONS		€7.62	17,51 €
EARNINGS PER SHARE FROM DISCONTINUED OPERATIONS		-	(15,28 €)

The Group has applied IFRS 15 and IFRS 9 for the first time as of 1 January 2018. Due to the transition methods chosen, the comparative data are not restated.

Earnings per share is calculated by dividing the net income distributable to shareholders by the weighted average number of ordinary shares in circulation during the period, excluding the ordinary shares bought by the Group or held as treasury shares. There are no potential dilutive shares.

784,730 is the number of shares on which earnings per share is calculated for period 2018 and 820,500 for period 2017 (see Note 3 - Share capital)

Notes 1 to 26 form an integral part of the consolidated financial statements.

Comprehensive income 2018

I.F.R.S. Accounting basis (in thousands of euros)			Period 2018	Period 2017
CONSOLIDATED NET INCOME			**6 180**	**1 946**
Other comprehensive income from continuing operations	Gross amount	Tax income/(expenses)		
A) Recyclable items				
. Translation adjustements	421	-	421	(2 842)
B) Non recyclable items				
. Actuarial gains / (losses)	179	(45)	134	56
Other comprehensive income (loss) net of tax			**555**	**(2 786)**
COMPREHENSIVE INCOME (LOSS)			**6 735**	**(840)**

Statement of changes in net worth and minority interests

(in thousands of euros)	Capital (see Note 3)	Treasury shares (see Note 3)	Revalutation adjustments	Translation adjustments	Consolidated reserves	Equity Group share	Share of interests not conferring control	Total equity
POSITION AT 31.12.2016	**31 262**	**(10 309)**	**645**	**3 151**	**172 684**	**197 433**	**1 871**	**199 304**
Treasury share transactions	(2 544)	10 309	-	-	(7 765)	**-**	-	**-**
Distributions (€1.80 per share of €35)	-	-	-	-	(1 480)	**(1 480)**	-	**(1 480)**
Change in scope of consolidation	-	-	-	-	-	**-**	(3)	**(3)**
2017 Comprehensive income	-	-	-	(2 847)	1 886	**(961)**	121	**(840)**
POSITION AT 31.12.2017	**28 718**	**-**	**645**	**304**	**165 325**	**194 992**	**1 989**	**196 981**
Treasury share transactions	(1 785)	-	-	-	(8 415)	**(10 200)**	-	**(10 200)**
Distributions (€1.80 per share of €35)	-	-	-	-	(1 389)	**(1 389)**	-	**(1 389)**
2018 Comprehensive income	-	-	-	396	6 115	**6 511**	224	**6 735**
POSITION AT 31.12.2018	**26 933**	**-**	**645**	**700**	**161 636**	**189 914**	**2 213**	**192 127**

Statement of consolidated cash flow 2018

CONSOLIDATED CASH FLOW

(in thousands of euros)		31.12.2018	31.12.2017
OPERATING ACTIVITIES			
Net earnings from consolidated companies		**6 219**	**14 491**
Elimination of expenses and income not affecting cash flow or related to activities:			
- Amortisation and provisions		2 960	4 561
- Discounting of financial assets and liabilities		(7)	436
- Change in deferred tax	*Note 14*	(66)	1 558
- Capital gains (losses) on disposal, net of tax		116	187
Cash flow from operations of consolidated companies [1]		**9 222**	**21 233**
Dividends received from equity-method companies		**-**	**-**
- Change in inventories		1 198	(2 544)
- Change in trade receivables		8 851	7 895
- Change in other operating receivables		(607)	(759)
- Change in trade payables		1 878	1 245
- Change in other operating payablles		(3 887)	(6 130)
Change in working capital requirement		**7 433**	**(293)**
NET CASH FLOWS FROM CONTINUING ACTIVITIES		**16 655**	**20 940**
INVESTING ACTIVITIES			
- Acquisitions of intangible and tangible capital assets	*Note 4*	(2 141)	(1 014)
- Increases in financial assets		(17 619)	(26 827)
Total		**(19 760)**	**(27 841)**
- Disposals of intangible and tangible capital assets net of tax		133	123
- Decreases in financial assets		435	277
Total		**568**	**400**
Change in working capital requirement and sundry		-	(204)
Disposal of the Extrusion activity		**-**	**22 998**
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(19 192)**	**(4 647)**
FINANCING ACTIVITIES			
- Dividends allocated to parent company shareholders		(1 389)	(1 480)
- Repurchase of treasury shares		(10 200)	-
Total		**(11 589)**	**(1 480)**
- Initiation of borrowings and financial debts	*Note 13*	81	310
- Repayment of borrowings and financial debts	*Note 13*	(3 638)	(8 328)
Change in borrowings and financial debts		**(3 557)**	**(8 018)**
Sundry		-	-
Transactions with minority shareholders		**-**	**(3)**
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(15 146)**	**(9 501)**
Reclassification impact of discontinued activities		-	1 265
NET CASH FLOWS		**(17 683)**	**8 057**
Cash position at opening		107 100	99 570
Cash position at closing	*Note 9*	89 178	107 100
Foreign exchange profits / (losses) from cash flows		239	527
		(17 683)	**8 057**

[1] Taxes disbursed (net of refunds) during the financial year are mentioned under Note 14.

Notes to the consolidated financial statements at 31 December 2018

Note 1: Accounting rules and methods – Selected financial data

As of 10 April 2019, the Board of Directors closed the accounts of Gévelot SA and approved the disclosure of its consolidated financial statements at 31 December 2018.

Notes 1 to 26 form an integral part of the consolidated financial statements. Unless otherwise specified, all amounts are stated in thousands of euros.

A. ACCOUNTING RULES AND METHODS

The Gévelot Group's consolidated financial statements were prepared in accordance with international principles and standards governing the measurement and presentation of financial information, namely IFRS [1] (International Financial Reporting Standards), as adopted by the European Union.

The consolidated financial statements are stated in thousands of euros, the Euro being the Group's operating and reporting currency.

The accounting methods set out below were consistently applied to all periods presented in the consolidated financial statements, unless otherwise specified.

New mandatory application texts

The IFRS 9 "Financial Instruments" standard, which replaces the IAS 39 "Financial instruments: recognition and measurement" standard, includes provisions regarding the classification and measurement of financial instruments, a new model of credit loss expected to calculate losses in the value of financial assets, new obligations in hedge accounting and the broadening of the scope of financial instruments legible for hedge accounting. Its application had no significant impact on the Group's accounts. The Group has elected to continue to apply the provisions of IAS 39 on hedging.

The IFRS 15 "Revenue from contracts with customers", which replaces IAS 11 "Construction Contracts" and IAS 18 "Revenue", lays down the principles of accounting of turnover on the basis of an analysis in five successive steps:

- Contract identification;
- Identification of different performance obligations, i.e. the list of separate goods or services that the customer undertakes to provide to the buyer;
- Determination of the overall price of the contract;
- Allocation of the overall price to each performance obligation;
- Accounting of turnover when a performance obligation is satisfied.

Analyses conducted on the application of the IFRS 15 standard have concluded on the absence of a significant impact on the Group's consolidated accounts and the absence of impact on share capital of the Group's consolidated accounts on 1st January 2018.

In terms of presentation of the balance sheet, the Group elected not to restate comparative information in accordance with the option available under the provisions of IFRS 15.

The nature and performance obligations accounting method are described in note no 1.3.1.

The other texts published by IASB and adopted by the European Union and becoming effective on 1 January 2018 have no significant impact on the Gévelot Group.

New texts applied in advance

The Group applied no amendment and no standard or interpretation in advance.

The IFRS 16 "Leases" standard, which replaces IAS 17 "Leases" and its related interpretations, introduces a unique model of lease accounting by the lessee, which requires the recognition of assets and liabilities for all leases, except those with a duration of less than 12 months or whose underlying assets are of low value, for which exemptions exist.
The Group continued analytical work in 2018 and has decided to deploy, around its scope, a tool allowing operational management of leases.
The application of the IFRS 16 standard from 1st January 2019 will broadly bear on real estate assets leased for operational purposes. A significant impact is expected on the "assets" and "liabilities" items.
The Group plans to apply the standard from 1st January 2019 through the simplified retrospective method. Therefore, it will record the total effect of adopting IFRS 16 by adjusting the opening balance of retained earnings on 1st January 2019, without restatement of comparative information.
The Group plans to apply the simplification measure to keep the earlier definition of a lease during the transition. Accordingly, it will apply IFRS 16 to all contracts signed before 1st January 2019 and identified as leases under IAS 17.

New texts not yet adopted by the European Union

The potential impact of main texts published by the IASB or IFRIC but having not yet been the subject of an adoption by the European Union to the closing date, is being analyzed. However, the Group does not expect that other potentially applicable texts to accounting years beginning on 1 January 2019 have a significant impact on the Group's accounts.

No application in advance is envisaged at this stage.

[1] IFRS as adopted by the European Union is available on the website of the European Commission (https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/amending-and-supplementary-acts/acts-adopted-basis-regulatory-procedure-scrutiny-rps_fr)

Presentation of the consolidated financial statements

The balance sheet is presented in current then non-current format. Are considered as current, all assets and liabilities directly relating to the operating cycle, the duration of which cannot exceed twelve months. Financial assets and liabilities are by definition classified as non-current items except for their short-term portions (under one year) which are classified as current.

The consolidated statement of income is presented as expenses and income.

1.1. Accounting Principles specific to Consolidation

1.1.1 Scope of consolidation

The Consolidated financial statements fully consolidate the accounts of Gévelot SA and the subsidiaries over which it has sole direct or indirect control. The date on which it took or relinquished control determines that on which the company is included or excluded from the scope of full consolidation.

Companies not exclusively controlled by Gévelot SA are recognised by the equity method if it has significant influence in them.

1.1.2 Conversion of accounts stated in foreign currencies

The financial statements of foreign subsidiaries are converted into euros in the following manner:

- balance sheet items are converted at the exchange rate applying on the date of closing,

- income statement items are converted at the average rate,

- cash flows are converted at the average rate.

The translation adjustments included in consolidated equity thus result from:

- the difference in opening equity between the prior period's closing rates and those of the current period,

- the difference between the average exchange rate and the closing rate, for the period's income or loss and for other changes in equity.

1.1.3 Transactions in foreign currencies

Transactions in foreign currencies are converted into euros using the rate of exchange applying on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted at the rate applying at closing, and the resulting differences are recognised in the income statement as exchange gains or losses. Non-monetary assets and liabilities denominated in foreign currencies are recognised at the historical rate applying on the date of the transaction.

NB : the applicable rates are stated in Note 2.

1.2 Accounting Principles specific to the Balance Sheet

1.2.1 Business combinations

Business combinations are recognised using the acquisition method in accordance with IFRS 3.

On the date of acquisition, goodwill is measured as being the aggregate of the cost of the business combination and the acquirer's proportionate interest in the net worth of the acquiree's identifiable assets, liabilities and any acquired liabilities.

Goodwill is not amortised. It is subjected to an impairment test annually or more frequently if events or changes in circumstances indicate that their value has decreased.

Any recognised depreciation is irreversible.

The impairment tests used by the Group are described under heading « Impairment of fixed assets » in Note 1.2.4.

1.2.2 Intangible assets

Intangible assets acquired separetely are recognised in the balance sheet at their historical cost and amortised over their useful life using the straight-line method.

Intangible assets acquired as part of business combinations are recognised in the balance sheet at their fair value on the date of acquisition.

Research expenses are expensed in the period in which they are incurred, as are non-capitalised development costs that do not meet IAS 38 capitalisation criteria.

So, development costs must be capitalised (IAS 38) if the company can demonstrate that:

- the project is clearly identified and the costs of the asset thus capitalised are clearly separable and can be reliably measured, and that intends and has the technical and financial capacity to see the project through to completion,
- it is probable that the future economic benefits that are attributable to asset will flow to the enterprise.

Intangible assets are amortised using the straight-line method over the estimated useful live for each category of assets.

Useful life:

Development costs: the life of the underlying projects, generally between 3 and 15 years.

Software: estimated useful live of between 2 and 15 years.

Others (patents, etc.): the estimated useful live, limited to 20 years.

The impairment testing methods adopted by the Group are described under heading « Impairment of fixed assets » in Note 1.2.4.

1.2.3 Tangible capital assets

Tangible capital assets, primarily comprising property, plant and equipment are carried at cost less accumulated depreciation and impairment, in accordance with IAS 16.

The Gévelot Group has opted for the periodic revaluation method for its Administrative or Commercial properties by reference to observable prices in an active market, buildings being amortised over their useful life and their net value being periodically revalued on arm's length terms by qualified experts. They are revalued every three years unless changes in their fair value require them to be revalued more often.

For its other tangible capital assets, in particular its industrial properties, the Group has decided to no longer use the periodic revaluation method, given the difficulty of estimating them without factoring in the activity. Their gross value is their acquisition cost less accumulated depreciation.

Cost price of fixed assets

The gross tax amount of acquisition costs directly attributable to fixed assets is incorporated into their acquisition cost.

According to the standard treatment described in IAS 23 prior to effective application of its revision, borrowing costs are charged to expenses in the period they are incurred.

Finance leasing

Group property acquired through finance leasing is treated in the consolidated balance sheet and income statement as if it was acquired by borrowing if the contract transfers virtually all of the risks and benefits inherent in ownership thereof to the Group. As a result, tangible capital asset items are measured at the amount originally financed by the lessor and recorded as « loans » in liabilities.

Leasing repayments are eliminated and replaced with:

- an amortisation expense corresponding to the assets concerned,
- a financial expense on the loan.

Properties under direct financing leases are amortised using the straight-line method over their estimated useful life in the same way as other similar assets, or over the duration of the contract of the latter if shorter and if the Company is not certain to become owner thereof on maturity.

Amortisation

Amortisation is calculated using the straight-line method for asset components having distinct useful lives which are generally as follows:

- Land: not amortised,
- Buildings (structural work, conversion work, facade rendering and cleaning, weatherproofing): 10 to 40 years,
- Plant and equipment: 3 to 40 years, barring exceptions,
- Computer hardware: 3 to 5 years.

The residual values and useful lives of assets recognised at their historical costs are reviewed on each closing. Losses or gains on asset disposals are measured by comparing the revenue from the disposal with the carrying amount of the sold asset. They are recognised in the income statement under «Other operating income and expenses ».

1.2.4 Impairment of fixed assets

Assets with an indefinite useful life and goodwill are not amortised and are subject to a depreciation test at least once every year and whenever there is an indication of a loss of value. Other redeemable assets are tested for depreciation when due to particular events or circumstances, the recoverable value might be less than the book value.

A non-exhaustive list of external or internal indicators used in this estimate is provided below:

- External indices:
    - greater than usual decline in market value,
    - major changes in the technical, economic and legal environment having a negative impact on the company,
    - an increase in interest rates,
- Internal indices:
    - obsolescence or physical degradation not provided for under depreciation,
    - below-forecast economic performances,
    - material changes in the manner in which this asset is used.

The depreciation included in the accounts corresponds to the surplus between the book value and the recoverable value. The depreciation test is performed where required at the level of individual assets or at the level of CGUs (Cash Generating Units) when assets cannot be valued individually. For the purposes of depreciation tests, goodwill that cannot be tested individually are grouped together within the group of CGUs that is expected to benefit from the synergies of business combinations.

The recoverable value of an asset (a CGU or a group of CGUs) is the higher of its costs to sell (or net selling price) and its value in use.

The net selling price is the amount obtainable from the sale of an asset in a bargained transaction between knowledgeable, willing parties, less derecognition costs.

Value in used is the discounted present value of estimated future cash flows expected to arise from the continuing use of an asset on the basis of plans or budgets established over a maximum period of 3 years. Beyond which flows are extrapolated indefinitely by applying a constant or diminishing growth rate.

The Group has defined its cash generating units as follows:

- each Company is deemed an independent CGU,
- a specific discount rate has been determined for each business segment (see Note 4).

This discount rate equals the rate of return on risk-free investments adjusted by a «share » market risk premium and risks specific to the business segment.

1.2.5 Financial assets

Financial assets consist mainly of loans, receivables and investments as part of cash management (see below).

They are initially recognised at the cost of their fair value of the price paid plus acquisition costs. Then they are measured at amortised cost using the effective interest method.

Impairment is recognised to cover expected credit losses and actual risks of non-recovery of receivables. The amount of impairment is determined statistically for credit risk and separately on an individual basis for the non-recovery risk.

The Group assesses whether contractual cash flows are solely repayments of principal and interest payments on the principal amount outstanding ("SPPI" criterion).

For the purposes of this evaluation, the term "principal" means the fair value of the assets at their initial recognition. "Interest" means consideration for the time value of money, the credit risk associated with the principal amount outstanding for a given period of time and the other risks and expenses that relate to a basic loan, as well as a margin.

In determining whether the contractual cash flows are solely payments of principal and interest payments on the principal amount outstanding, the Group considers the contractual terms of the financial instrument. In particular it needs to assess whether the financial asset has a contractual term liable to change the timing or the amount of the contractual cash flows so that it no longer satisfies this condition. During this assessment, the Group takes into account the following:

- contingencies that could change the amount or schedule of cash flows,
- conditions likely to adjust the contractual coupon rate, including the characteristics of the variable rate,
- the early payment and extension clauses and
- conditions limiting the Group's possibility of using the cash flows of specific assets.

An early repayment clause may be consistent with the "SPPI" criterion if its amount represents the outstanding principal and interest thereon.

The Group defines its management intention and economic model it attends to apply to the financial assets owned. The information taken into account is as follows:

- the methods and objectives defined for the portfolio and their implementation. The aim is to know if the Management's strategy is focused on obtaining products of contractual interest, maintaining the specific interest rate profile, matching the ownership period of financial assets with that of the liabilities financing them or of expected cash flow or to create cash flow by selling those assets,

- the way performance of the portfolio is assessed and communicated to the Group's Management,

- risks that have an impact on the performance of the economic model (and of financial assets whose ownership is part of that economic model) and the way those risks are managed and

- the frequency, value and distribution over time of sales of financial assets in previous periods, the reasons behind those sales and expectations with respect to future sales.

The Group has not opted for the fair value method.

Trade and other accounts receivable

Receivables are initially recognised at their fair value (generally equal to the amount invoiced) then measured at their write-down cost using the effective interest rate method, after deduction of impairment provisions.

Trade accounts receivable are written off when they are settled, or when almost all risks and benefits are transferred to a third party in the event of a sale.

Cash management

Cash and cash equivalents include cash and short-term investments (under three months) without realisable impairment risk and for which the risk of change in value is negligible. The investment options used are those offered by the leading financial institutions and comprise either bank term deposits or investment fund monetary securities without any special identified risks.

Investments maturing in more than three months are not recognised as cash and are reclassified as « Current financial assets ». These investments consist of fixed-term bank deposits or structured products that offer capital guarantees or protection barriers.

1.2.6 Inventories and work in progress

Under IAS 2 «Inventories », the cost of inventories must include all purchase costs, conversion costs and other costs incurred in bringing the inventories to their present location and condition; commercial rebates, discounts and other similar items are deducted to measure the cost of acquisition.

Inventories are measured using the average weighted price or cost method.

Inventories are required to be stated at the lower of cost and net realisable value.

The net realisable value is equal to the estimated selling price less the costs remaining to be incurred for the completion of the products and the realization of the sale.

Inventories do not include the borrowing cost.

Raw materials, goods and other supplies are measured using one of the following methods, depending on the site: last known purchase price, weighted average unit price.

Manufactured products (in-process and finished products) are valued at their production cost including:

- the cost of consumables,
- direct production costs,
- indirect production costs if they can reasonably be linked to the production of the goods.

If the net realisable value falls below the carrying amount, a provision for the difference is funded.

1.2.7 Equity

The Group strives to maintain an adequate level of return on its capital while continuing to make safe management decisions. The consolidating company has not resorted to delegation with regard to equity instruments. The Group is not subject to any particular external restrictions with regard to the capital of its entities.

All treasury shares held by the Group are recognised at acquisition cost and subtracted from equity. Income from any sale of treasury shares is subtracted immediately from the increase in equity, so that any capital gains or losses will not affect net income on the year.

1.2.8 Provisions

Defined and similar benefit plans

There are various retirement benefit plans for certain employees in the Group based on national legislations and practices.

Retirement benefit plans, the related severance benefits and other fringe benefits are analysed as defined benefit plans (plans whereby the Group undertakes to guarantee a particular amount or level of defined benefit). They are recognised in the balance sheet on the basis of actuarial estimates of the benefits on the date of closing using the Projected Unit Credit Method, less the fair value of the Plan's related assets. Contributions paid into the Plans, which are analysed as Defined Benefit Plans, that is, when the Group's only obligation is to pay the contributions, are charged to the period's expenses.

In France, the Group has taken out benefit plans for its employees. The provision stated in the consolidated financial statements is measured in accordance with IAS 19 and includes the related welfare expenses.

The Group books a provision equal to liabilities, net of the fair value of financial assets of the regime.

The actuarial gains or losses are the effects of differences between the assumptions used and what has actually occured or changes in the assumptions used to calculate the benefits and the assets covering them:

- staff turnover,
- pay rises,
- discount rate,
- mortality rate,
- rate of return of assets.

Other social benefits

A provision is funded for bonuses awarded on the occasion of national work medal awards or under company agreements. It is measured according to the probability of employees reaching the qualifying seniority for each grade and is discounted to present value.

Other provisions

A provision is recognised when the Group has a current obligation (legal or constructive) as a result of past events and a reliable estimate of the expected cost can be made, and extinguishment of which should consist in an outlay of resources representing economic benefits for the Group without at least an equivalent amount in return. Provisions correspond to risks and specifically identified expenses.

Other long-term provisions are discounted to present value if their effect is significant.

Any liabilities correspond to potential obligations resulting from past events the existence of which will only be confirmed by the occurrence of future uncertain events beyond the entity's control or current obligations for which an outlay of resources is unlikely. These liabilities are not recognised in the balance sheet, except for those corresponding to business combinations. They are disclosed in information on off-balance sheet liabilities.

1.2.9 Financial liabilities

Financial liabilities are recognised at amortised cost. Interest expense and foreign exchange gains and losses are recognised in profit and loss. Any profit or loss related to derecognition is recorded in profit or loss.

Shares premiums and costs and call premiums are stated as deductions to loans and are taken into account in determining the effective interest rate.

The fair value of current financial liabilities is close to their balance sheet value given the stability of interest rates. The difference is not significant. The fair value is determined using level 1 (fair value based on quoted prices in an active market).

1.2.10 Deferred tax

In accordance with IAS 12 «Income taxes », deferred taxes are recognised for all taxable temporary differences between the carrying amounts of the assets and liabilities and their taxable values by applying the current rates of tax and tax rules in force on that date or those that will apply when the temporary difference is absorbed.

Future tax relief resulting from the carryover of tax deficits is only recognised when realisation thereof is probable.

Deferred tax assets and liabilities, whatever their maturity, were offset if they concern the same taxable entity and if the latter intends either to settle the net amount or realise the asset and settle the liability simultaneously.

In accordance with IAS 12, deferred tax assets and liabilities are not discounted.

1.3 Accounting Principles specific to the Income Statement

1.3.1 Revenue from Contracts with Customers

In accordance with IFRS 15 « Revenue from Contracts with Customers » sales of goods less any discounts granted are recognised as turnover on the date the seller has transferred the control of goods to the buyer. Generally this takes place on delivery of goods.

Most of the Group's sales are accounted at a point in time. For some specific pumps for which the Group has a right to partial payment, the revenue is recognised over time. Furthermore, the Group provides services for very short periods and recognises the corresponding revenue over time.
There are no significant variable elements in the contracts.

1.3.2. Current Operating Result and Operating Result

Standard IAS 1 requires a minimum number of items to be included in the income statement:

- Operating Result,
- Finance costs,
- Share of the profit or loss of equity-method companies,
- Profit or loss of discontinued operations or in the process of being transferred,
- Tax expense,
- Profit or loss (broken down into Group share and minority interests share).

Therefore « Operating Result » can be defined as the difference between all income and expenses not resulting from financial activities, equity-method companies, discontinued operations or disposals and tax.

Operating income includes the Contribution Economique Territoriale (CET). CET has two components : the Contribution Foncière des Entreprises (CFE) and the Cotisation sur la Valeur Ajoutée des Entreprises (CVAE). CFE is based on the rental value of goods subject to property tax. CVAE is equal to 1.5% of added value. CET is capped at 3% of added value. If the added value of the Group's French activities is far higher than the taxable income on these same activities, the Group considers CET as an operating expense rather than an income tax, hence its recognition under operating income.

Competitiveness and Employment Tax Credits and Research Tax Credits

The amounts acquired through the Competitiveness and Employment Tax Credits of the French companies of the Group reduce the amount of personnel expenditure.

Research Tax Credits of the French companies of the Group are recorded as operating income in the item « Operating subsidies".

The Gévelot Group has opted to present a Current Operating Result, which is defined as the difference between Operating Result as defined above and « Other operating income and expenses » which include unusual and infrequent events. The latter are very limited in scope but cannot be presented as exceptional or extraordinary items. They primarily include the profit or loss from asset disposals, losses in value on non-current assets, restructuring costs and the cost of litigation settlements.

The Current Operating Result is a notional balance provided for a better understanding of the company's performance.

1.3.3 Financial income and expenses

1.3.3.1 Cost of net financial debt

The net cost of financial debt comprises all the results produced by items making up net financial debt during the period (bank borrowings and investments, gains or losses from transactions in short-term investments).

1.3.3.2 Other financial income and expenses

The other financial income and expenses mainly include the results of currency hedging transactions.

1.4 Segment reporting

In accordance with IFRS 8, the segment reporting is presented by business segments defined by internal organizational systems and the Group's management structure.

A single business segment has been defined for the Gévelot Group:

- Pumps / Fluid Technologies,

Gévelot S.A. items, that cannot be assigned directly to the operating sector such as defined above are included under « other activities ».

B. SIGNIFICANT EVENTS

The Group bought back 51,000 of its own shares in April 2018 for €10.2 M.

The Board of Directors of 20 June 2018 decided to reduce the capital through cancellation of 51,000 treasury shares (6.2%). As a result, the new capital of the Group amounts to €26,933 K, i.e 769,500 shares each with a par value of €35.

C. SIGNIFICANT ESTIMATES AND JUDGMENTS

The preparation of consolidated accounts in compliance with IFRS standards requires taking into account assumptions and estimates that affect the amounts of assets and liabilities shown in the balance sheet, the contingent liabilities mentioned in the appendix, and the expenses and income shown in the income statement. These estimates and assumptions are made by the Management based on its past experience and various other factors deemed to be reasonable. However the current economic and financial environment makes it difficult to get an understanding of business prospects. It is possible that actual amounts will subsequently differ from estimates and assumptions made initially. These assumptions and estimates concern mainly:

a) Values used for impairment tests

Assumptions and estimates that are made to determine the recoverable value of goodwill, intangible and tangible fixed assets, relate in particular to market prospects required for the evaluation of cash flows and the applied discount rates. Any change in these assumptions could have a significant effect on the recoverable amount of those assets. The main assumptions used by the Group are described in Note 4.3.

b) Valuation of pension obligations

The Group participates in defined-contribution or defined benefit pension plans. The liabilities related to the latter are calculated on the basis of actuarial calculations based on assumptions such as the discount rate, future salary increases, the staff turnover rate, the rate of mortality and the rate of return on assets. The valuation procedure is described in Note 1.2.8 and the assumptions used in Note 12. The Group considers that the actuarial assumptions used are appropriate and justified in current conditions. However, these liabilities might evolve in the event of change in assumptions.

c) Fair value measurement

Land and buildings for administrative or commercial use are revalued periodically by independent experts. Between each expertise, the Group checks the absence of indications of loss of value.

D. CHANGES TO FINANCIAL STATEMENTS PREVIOUSLY PUBLISHED

NONE

E. POST-BALANCE SHEET EVENTS

NONE

Note 2 : Information on consolidation scope

Gévelot S.A., a public limited company with a capital of 26 932 500 euros, is the parent company of the Gévelot Group. It is listed on Euronext Growth and registered in France under the number 562088542 RCS Nanterre.

2.1. Consolidation scope at 31 December 2018

The following companies are fully consolidated:

COMPANIES	HEAD OFFICE		SIREN N° SIRET N°	% controlled at 31.12.2018	at 31.12.2017	% interest at 31.12.2018
HOLDING						
Gévelot S.A.	6, boulevard Bineau 92300 Levallois-Perret (France)		562088542 56208854200369			
PUMPS / FLUID TECHNOLOGY						
PCM S.A.	6, boulevard Bineau 92300 Levallois-Perret (France)		572180198 57218019800184	99,99	99,99	99,94
PCM Technologies S.A.S.	6, boulevard Bineau 92300 Levallois-Perret (France)		802419960 80241996000017	99,99	99,99	99,94
PCM Europe S.A.S.	6, boulevard Bineau 92300 Levallois-Perret (France)		803433972 80343397200018	99,99	99,99	99,94
PCM Manufacturing France S.A.S.	6, boulevard Bineau 92300 Levallois-Perret (France)		803933399 80393339900013	99,99	99,99	99,94
PCM Deutschland GmbH	Wiesbadener Landstrasse 18 65203 Wiesbaden (Germany)			99,99	99,99	99,94
PCM Group UK Ltd.	Pilot Road - Phoenix Parkway Corby, Northamptonshire NN17 5YF (United Kingdom)			99,99	99,99	99,94
PCM Group Italia Srl	Via Rutilia 10/8 sc. B 20141 Milano (Italy)			99,99	99,99	99,94
Sydex Srl	Via Lord Baden Powell 24 36045 Lonigo (Italy)			54,99	54,99	54,97
Sydex Singapore Ltd	35 Tannery Rd #04-06 Tannery Blk Ruby Ind Complex Singapore (347740) (Singapore)	} 90% owned } by Sydex Srl }				
Sydex USA LLC	9302 Deer Run Road Waxhaw, NC 28173 (United States)	} 62% owned } by Sydex Srl				
Sydex Flow Ltda	Praceta Vale da Romeira, nº 12 2840 - 449 Seixal (Portugal)	} 60% owned } by Sydex Srl				
Torqueflow - Sydex Ltd	Unit 2CB Deer Park Farm Industrial Estate Knowle Lane Eastleigh, Hampshire SO50 7PZ (United Kingdom)	} 40% owned } by Sydex Srl }				
PCM Kazakhstan LLP	Office 46, Business Center "Grand Nur Plaza", 29A microregion 130000 Aktau (Kazakhstan)			99,99	99,99	99,94
PCM Rus LLC	Voronezhskaya ulitsa 96, business center " Na Ligovskom", Office 171-179 192007 Saint Petersburg (Russia)			99,99	99,99	99,94
PCM Flow Technology Inc.	2711 Centerville Road, Suite 400, Lynn CanneLongo Wilmington, Delaware 19808 (United States)			99,99	99,99	99,94
PCM USA Inc.	11940 Brittmoore Park Drive Houston Texas 77041 (United States)	} }				
PCM Canada Inc.	101,5618 54th Avenue Bonnyville Alberta (Canada)	} wholly owned } by				
PCM Colombia SAS	Calle 104, No. 14A-45, Oficina 302 Bogota (Colombia)	} PCM Flow Technology Inc. }				
PCM Chile SpA	San Pio X # 2445, Oficina 705 Providencia, Santiago (Chile)	} }				
PCM Artificial Lift Solutions Inc.	Box 12278 Lloydminster, AB T9V 3C5 (Canada)	} 75% owned by } PCM Flow Technology Inc.				
PCM Group Asia Pacific Pte. Ltd.	47, Kallang Pudding Road, #08-10 Singapore 349318 (Singapore)			99,99	99,99	99,94
PCM Trading (Shanghaï) Co. Ltd.	Room 10A01, Shanghai Mart No. 2299 West Yan'an Road, Changning District 200336 Shanghaï (China)			99,99	99,99	99,94
PCM (Suzhou) Co. Ltd.	Plant 12&13, Zhonglu Ecological Park Ping Wang Town, Jiangsu Province 215221 Wujiang City (China)			99,99	99,99	99,94
PCM Group Australia Pty Ltd	113/45 Gilby Road, Mount Waverley Victoria, Vic 3149 (Australia)			99,99	99,99	99,94
PCM Middle East FZE	Dubai Airport Free Zone, Office 741, 5 East Wing P.O. Box 293527, Dubai (United Arab Emirates)			99,99	99,99	99,94
PCM Muscat LLC	Al Zubair Building, Building 8, Office 801 P.O. Box 167, PC 103, Muscat (Sultanate of Oman)			99,99	99,99	99,94

2.2. Comments on the scope of consolidation and controlling interests

- There were no other changes in the scope of consolidation in 2018.

- To our knowledge, there are no significant restrictions on subsidiaries transferring funds to the parent company, Gévelot S.A., in the form of cash dividends or repayments of loans or advances.

2.3. Exchange rates used for financial statements prepared in foreign currencies

The companies' balance sheet items were translated at the closing exchange rate on 31 December 2018 and their expense and income account items were translated using the following rates:

	Closing rate		Average rate	
Currency	2018	2017	2018	2017
1 US dollar	€0.8734	€0.8338	€0.8464	€0.8855
1 pound sterling	€1.1179	€1.1271	€1.1302	€1.1414
1 Chinese yuan	€0.1270	€0.1281	€0.1281	€0.1311
1 Canadian dollar	€0.6408	€0.6649	€0.6535	€0.6829
1 Australian dollar	€0.6165	€0.6516	€0.6330	€0.6789
1 Omani rial	€2.2650	€2.1612	€2.2056	€2.2789
1 United Arab Emirates dirham	€0.2374	€0.2265	€0.2312	€0.2389
1 Russian ruble	€0.0125	€0.0144	€0.0135	€0.0152
1 Kazakhstani tenge	€0.0023	€0.0025	€0.0025	€0.0027

Note 3: Share capital

(in euros)	At 31/12/2017			FY 2018	At 31/12/2018		
	Ordinary	Treasury	Total	Cancelled	Ordinary	Treasury	Total
Ordinary shares							
Number	820 500	-	820 500	(51 000)	769 500	-	769 500
Par value	35	-	35	35	35	-	35
Total	**28 717 500**	**-**	**28 717 500**	**(1 785 000)**	**26 932 500**	**-**	**26 932 500**

Composition of share capital:

As of 31 December 2018, authorized Share Capital totalled 26,933 thousand euros, comprising 769,500 ordinary shares with a par value of 35 euros, issued and fully paid-up.

As part of the adoption on 15 June 2017 of the eleventh Resolution of the Combined General Meeting, the Board of Directors received delegation for the implementation of a share buyback programme for cancellation.

The Group bought back 51,000 of its own shares for a total amount of €10 200 K during the 2018 financial year.

The Board of Directors meeting of 20 June 2018 decided to reduce the capital through cancellation of all treasury shares, i.e 51,000 shares, valued at €10 200 K. The weighted average number of ordinary shares outstanding during the 2018 financial year thus stands at 784,730.

The Group does not have any stock option plans (purchase and / or subscription) under which options on Company shares are awarded to certain employees and senior managers.

Note 4: Goodwill, intangible and tangible capital assets

4.1. Goodwill, intangible and tangible capital assets

	31.12.2018					
	Goodwill	Development costs	Software and other	In progress	Advances and down payments	Intangible assets
Gross value						
At the beginning of the period	5 426	2 468	4 895	-	-	7 363
Acquisitions and increases	-	-	162	-	-	162
Disposals	-	-	(58)	-	-	(58)
Transfers	-	(1)	37	-	-	36
Translation adjustments	165	-	7	-	-	7
At the end of the period	5 591	2 467	5 043	-	-	7 510
Amortisation and depreciation						
At the beginning of the period	(3 631)	(2 250)	(3 852)	-	-	(6 102)
Expenses	-	(57)	(270)	-	-	(327)
Net depreciation	-	-	-	-	-	-
Disposals	-	-	58	-	-	58
Transfers	-	-	(34)	-	-	(34)
Translation adjustments	(172)	-	(7)	-	-	(7)
At the end of the period	(3 803)	(2 307)	(4 105)	-	-	(6 412)
Net value at the beginning of the period	1 795	218	1 043	-	-	1 261
Net value at the end of the period	1 788	160	938	-	-	1 098

	31.12.2017					
	Goodwill	Development costs	Software and other	In progress	Advances and down payments	Intangible assets
Gross value						
At the beginning of the period	5 959	10 361	8 533	666	-	19 560
Acquisitions and increases - Continuing activities	-	-	100	-	-	100
Acquisitions and increases - Discontinued activities	-	1 089	22	490	-	1 601
Disposals - Continuing activities	-	-	(182)	-	-	(182)
Disposals - Discontinued activities	-	(474)	(4)	-	-	(478)
Changes in scope	-	(8 508)	(3 544)	(1 127)	-	(13 179)
Transfers	-	-	-	(29)	-	(29)
Translation adjustments	(533)	-	(30)	-	-	(30)
At the end of the period	5 426	2 468	4 895	-	-	7 363
Amortisation and depreciation						
At the beginning of the period	(4 132)	(8 354)	(6 696)	-	-	(15 050)
Expenses - Continuing activities	-	(102)	(356)	-	-	(458)
Expenses - Discontinued activities	-	(864)	(120)	-	-	(984)
Net depreciation	-	-	-	-	-	-
Disposals - Continuing activities	-	-	39	-	-	39
Disposals - Discontinued activities	-	474	4	-	-	478
Changes in scope	-	6 596	3 250	-	-	9 846
Translation adjustments	501	-	27	-	-	27
At the end of the period	(3 631)	(2 250)	(3 852)	-	-	(6 102)
Net value at the beginning of the period	1 827	2 007	1 837	666	-	4 510
Net value at the end of the period	1 795	218	1 043	-	-	1 261

4.1. (continued) Goodwill, intangible and tangible capital assets

	31.12.2018						
	Administrative land and buildings	Industrial land and buildings	Plant and machinery	Other	In progress	Advances and down payments	Tangible capital assets
Gross value							
At the beginning of the period	**6 795**	**14 217**	**34 241**	**4 934**	**151**	**-**	**60 338**
Acquisitions and increases	1	1 203	927	298	640	-	**3 069**
Disposals	(1)	(248)	(1 185)	(306)	-	-	**(1 740)**
Transfers	-	17	89	(12)	(130)	-	**(36)**
Translation adjustments	(8)	194	220	(2)	-		**404**
At the end of the period	**6 787**	**15 383**	**34 292**	**4 912**	**661**	**-**	**62 035**
Amortisation and depreciation							
At the beginning of the period	**(402)**	**(2 580)**	**(20 978)**	**(3 385)**	**-**	**-**	**(27 345)**
Expenses	(47)	(450)	(2 289)	(303)	-	-	**(3 089)**
Net depreciation	-	-	-	-	-	-	**-**
Disposals	1	125	1 133	232	-	-	**1 491**
Transfers	-	-	-	34	-	-	**34**
Translation adjustments	-	(27)	(88)	(1)	-	-	**(116)**
At the end of the period	**(448)**	**(2 932)**	**(22 222)**	**(3 423)**	**-**	**-**	**(29 025)**
Net value at the beginning of the period	6 393	11 637	13 263	1 549	151	-	**32 993**
Net value at the end of the period	**6 339**	**12 451**	**12 070**	**1 489**	**661**	**-**	**33 010**

	31.12.2017						
	Administrative land and buildings	Industrial land and buildings	Plant and machinery	Other	In progress	Advances and down payments	Tangible capital assets
Gross value							
At the beginning of the period	**6 829**	**37 009**	**220 240**	**12 206**	**2 637**	**152**	**279 073**
Acquisitions and increases - Continuing activities	-	175	453	153	133	-	**914**
Acquisitions and increases - Discontinued activities	-	18	3 225	238	4 406	992	**8 879**
Disposals - Continuing activities	-	-	(46)	(66)	(214)	-	**(326)**
Disposals - Discontinued activities	-	(11 507)	(386)	(160)	-	-	**(12 053)**
Changes in scope	-	(10 928)	(191 131)	(7 435)	(3 754)	(1 145)	**(214 393)**
Transfers	-	5	3 031	50	(3 057)	-	**29**
Translation adjustments	(34)	(555)	(1 145)	(52)	-	1	**(1 785)**
At the end of the period	**6 795**	**14 217**	**34 241**	**4 934**	**151**	**-**	**60 338**
Amortisation and depreciation							
At the beginning of the period	**(354)**	**(10 403)**	**(185 924)**	**(9 465)**	**-**	**-**	**(206 146)**
Expenses - Continuing activities	(48)	(635)	(2 221)	(360)	-	-	**(3 264)**
Expenses - Discontinued activities	-	(137)	(3 861)	(303)	-	-	**(4 301)**
Net depreciation	-	(3 953)	-	-	-	-	**(3 953)**
Disposals - Continuing activities	-	-	46	65	-	-	**111**
Disposals - Discontinued activities	-	6 403	383	160	-	-	**6 946**
Changes in scope	-	6 085	170 070	6 488	-	-	**182 643**
Transfers	-	-	-	-	-	-	**-**
Translation adjustments	-	60	529	30	-	-	**619**
At the end of the period	**(402)**	**(2 580)**	**(20 978)**	**(3 385)**	**-**	**-**	**(27 345)**
Net value at the beginning of the period	6 475	26 606	34 316	2 741	2 637	152	**72 927**
Net value at the end of the period	**6 393**	**11 637**	**13 263**	**1 549**	**151**	**-**	**32 993**

4.2. Property on direct financing leases

Property on direct financing leases has been restated in the corresponding asset accounts as if they had been acquired freehold.
The corresponding debt is recognised as a balance sheet liability.
In the income statement, contractual lease payments have been eliminated and replaced with depreciation expenses and finance charges.

	31.12.2018				31.12.2017			
	Administrative land and buildings	Plant and machinery	In progress	Total	Administrative land and buildings	Plant and machinery	Other	Total
Gross value								
At the beginning of the period	**1 210**	**2 448**	-	**3 658**	**1 210**	**17 981**	**1 084**	**20 275**
Acquisitions and increases - Continuing activities	1 000	90	403	**1 493**	-	-	-	-
Acquisitions and increases - Discontinued activities	-	-	-	-	-	2 944	74	**3 018**
Disposals and decreases - Continuing activities	-	-	-	-	-	-	-	-
Disposals and decreases - Discontinued activities	-	-	-	-	-	-	(131)	**(131)**
Changes in scope	-	-	-	-	-	(18 477)	(1 027)	**(19 504)**
At the end of the period	**2 210**	**2 538**	**403**	**5 151**	**1 210**	**2 448**	-	**3 658**
Amortisation and depreciation								
At the beginning of the period	**(10)**	**(957)**	-	**(967)**	-	**(13 521)**	**(797)**	**(14 318)**
Expenses and increases - Continuing activities	(22)	(474)	-	**(496)**	(10)	(476)	-	**(486)**
Expenses and increases - Discontinued activities	-	-	-	-	-	(1 045)	(133)	**(1 178)**
Disposals and decreases - Continuing activities	-	-	-	-	-	-	-	-
Disposals and decreases - Discontinued activities	-	-	-	-	-	-	131	**131**
Changes in scope	-	-	-	-	-	14 085	799	**14 884**
At the end of the period	**(32)**	**(1 431)**	-	**(1 463)**	**(10)**	**(957)**	-	**(967)**
Net value at the beginning of the period	1 200	1 491	-	**2 691**	1 210	4 460	287	**5 957**
Net value at the end of the period	**2 178**	**1 107**	**403**	**3 688**	**1 200**	**1 491**	-	**2 691**

4.3. Valuation method

Depreciation

In accordance with the principle stated in Note 1.2.4 on 31 December 2018, the Group carried out a comparison of the net carrying amount of the assets and their value in use for the CGU incorporating goodwill (PCM Group UK Ltd., Sydex Srl).

Value in use is defined as the sum of future discounted cash flows estimated on the basis of three-year activity and investment plans. The growth rates used to extrapolate forecasted cash flows beyond three years are 1% (1% for the tests carried out at the end of 2017).

The discount rate applied is 7.4% for the Pumps sector (11% for the tests carried out at the end of 2017) and correspond to the average cost of the capital after tax, taking each segment's specific market rates and risk premiums into account.

These approaches are based on the Group best estimates in an uncertain economic environment.
The new tests at 31 December did not lead to any depreciation.

The sensitivity of the value in use calculations to changes in the various assumptions is set out in the table below:

			Impact on the difference in value		
	CGU carrying amount	Difference in value between the Test and Accounts	Discount rate	Indefinite growth rate	Change in cash flow
Variation			+0,5 %	-0,5 %	-10 %
Pumps sector					
PCM Group UK Ltd.	1,9 M€	+4,0 M€	-0,4 M€	-0,4 M€	-0,6 M€
Sydex Srl	4,3 M€	+6,2 M€	-0,8 M€	-0,6 M€	-1,0 M€

Cash-generating units of the Pumps Sector, other than cash-generating units of the PCM Group UK Ltd. and Sydex Srl, in the absence of an impairment index on the Pumps Sector, have not resulted in the completion of impairment tests.

Note 5: Financial assets

	2018	2017
Long-term		
Loans	168	189
Other	252	260
Total long-term financial assets	**420**	**449**
Current	**21**	**405**
Loans	4	-
Bank term deposit over three months	85 297	67 700
Total current financial assets	**85 322**	**68 105**
Total financial assets	**85 742**	**68 554**

Financial assets are recognised at amortised cost.

Bank term deposits over three months mainly consist of investments maturing in more than three months and not recognised as cash.

These investments consist of bank term deposits or structured products that provide capital guarantees or protection barriers.

They have been subject to the business model applied by the Group and comply with the "SPPI" criteria (see note 1.2.5). "

Note 6: Inventories

	2018	2017
Gross amount	26 911	27 712
Depreciation	(664)	(607)
Total	**26 247**	**27 105**

Note 7: Trade notes and accounts receivable

	2018	2017
Gross amount	40 722	49 513
Depreciation	(1 995)	(1 969)
Total	**38 727**	**47 544**

The decrease in the customer item is mainly due to the payment in early 2018 of the compensation for the termination of the supply contract in the field of Oil & Gas.

In terms of depreciation, the IFRS 9 model "expected credit loss" replaces the IAS 39 model "incurred loss". The Group has applied the new model to all financial instruments. However, the level of depreciation remains low for the Group due to a very upstream analysis of the customer risk and calls for partial or total advance payments, as appropriate, in order to mitigate as much as possible any payment default.

The Group pays special attention to the security of payments for goods and services delivered to its customers.

European Customers show no significant risks and are generally subject to collection systems by specialised companies. The major export customers positioned in areas of major geopolitical risks are subject to specific monitoring.

Note 8: Other accounts receivable

	2018	2017
Advances and down payments on orders	119	408
Central and local government excluding corporate income tax	1 511	1 442
Personnel	204	181
Debit supplier balances	23	48
Other debtors	1 247	1 357
Prepaid expenses	668	914
Total	**3 772**	**4 350**

Note 9: Cash and cash equivalents

	2018	2017
Cash	80 095	93 518
Bank term deposits	9 084	13 594
Open-end and monetary investment funds in euros	-	-
Cash and cash equivalents	**89 179**	**107 112**

Cash and cash equivalents mature in the short term.
Bank term deposit rates range from 0.10% to 0.40%.
€1.6 M of cash belonging to the Group's chinese entities is intented to finance their development.

In the consolidated cash flow statement, cash flows and bank overdrafts include:

		2018	2017
Cash and cash equivalents		89 179	107 112
Bank overdrafts	Note 13	(1)	(12)
Cash position at closing		**89 178**	**107 100**

Note 10: Other accounts payable

	2018	2017
Advances and down payments received on orders	-	52 967
Tax debts excluding corporate income tax, personnel and welfare agencies	7 741	8 391
Other creditors	1 147	926
Deferred income	-	1 779
Total	**8 888**	**64 063**

Due to the application of IFRS 15, advances and down payments received on orders and deferred income have been reclassified as contract liabilities as of 2018.

Note 11: Provisions

	01.01.2018	Provisions	Reversals provision used	Reversals provision not used	Translation and changes in scope	31.12.2018 Total	31.12.2018 Under one year	31.12.2018 Over one year
Contingency provisions								
. Provisions pour litigation settlements	-	-	-	-	-	-	-	-
. Other contingency provisions	302	287	(41)	(102)	-	446	287	159
Total	**302**	**287**	**(41)**	**(102)**	**-**	**446**	**287**	**159**
Loss provisions								
. Other loss provisions	1 089 (*)	172	(905)	-	-	356 (*)	171	185
. Retirement provisions (Note 12)	2 185	138	-	(179)	-	2 144	-	2 144
. Work medal provisions	152	-	(5)	-	-	147	-	147
Total	**3 426**	**310**	**(910)**	**(179)**	**-**	**2 647**	**171**	**2 476**
Total provisions	**3 728**	**597**	**(951)**	**(281)**	**-**	**3 093**	**458**	**2 635**

(*) Other loss provisions include:	01.01.2018	31.12.2018
- provisions for operating expenses	828	181
- provisions for personnel expenses	261	175
- provisions for commercial expenses	-	-
	1 089	356

The decrease in other loss provisions is primarily due to the recovery of K€ 800 tax audit provision on Gévelot Extrusion for which Gévelot SA has agreed to assume the charge as part of the sale in 2017.

Note 12 : Employee Benefits

The Group grants post-employment benefits to its personnel employed in France. These expenses are recognised:

- as current operating income for the cost of services rendered, paid services and past services;
- as operating income for regime reductions / liquidations;
- as other financial income and expenses for the net financial charge;
- as other comprehensive income for the effects of revaluation.

Retirement benefits

	France	2018	2017
Provision in the balance sheet			
Discounted value of obligations covered	2 466	2 466	2 664
Fair value of the plan's assets	(322)	(322)	(479)
Provision recognised in the balance sheet	**2 144**	**2 144**	**2 185**
Discounted value of obligations covered			
At the beginning of the period	2 664	2 664	10 428
Cost of services rendered	192	192	427
Financial cost	37	37	129
Benefits paid	(251)	(251)	(504)
Reduction / liquidation of plan	-	-	-
Change of plan	-	-	-
Actuarial gain / loss of period	(176)	(176)	(84)
Changes in scope	-	-	(7 732)
Discounted value of obligations covered	**2 466**	**2 466**	**2 664**
Fair value of the plan's assets			
At the beginning of the period	479	479	1 981
Interests income	5	5	31
Contributions	-	-	90
Benefits paid	(165)	(165)	(504)
Actuarial gain / loss of period	3	3	3
Changes in scope	-	-	(1 122)
Fair value of the plan's assets	**322**	**322**	**479**
Change in provisions			
At the beginning of the period	2 185	2 185	9 199
Period's expense / (income)	138	138	542
Disbursements	-	-	(62)
Actuarial gain / loss of period	(179)	(179)	(87)
Changes in scope	-	-	(7 407)
Change in provisions	**2 144**	**2 144**	**2 185**
Total expense recognised in income statement			
Cost of services rendered	192	192	427
Financial cost	32	32	115
Benefits paid	(86)	(86)	(62)
Reduction / liquidation of plan	-	-	-
Expense / (income) recognised in income statement	**138**	**138**	**480**

Main actuarial assumptions

	2018	2017
- Discount rate	1,60%	1,30%
- Rate of pay rises	2,00%	2,00%
- Retirement age	63 (non managerial), 65 (man)	63 (non managerial), 65 (man)

The turnover table is at 0% after 56.

Defined benefit plans are evaluated by independent actuaries.

Work medals paid out by Group companies to their personnel are covered by a provision calculated by an independent actuary (see note 11).

Note 13: Financial liabilities

13.1. Financial liabilities

	2018	2017
Long-term		
Bank loans	7 054	9 692
Other borrowing and financial debt	200	191
Total long-term financial liabilities	**7 254**	**9 883**
Short-term		
Bank loans	3 209	2 995
Other borrowing and financial debt	-	8
Derivatives	-	49
Bank overdrafts	1	12
Total current financial liabilities	**3 210**	**3 064**
Total financial liabilities	**10 464**	**12 947**

13.2. Changes in financial liabilities

	01.01.2018	New loans [1]	New loans [2]	Repayments	Translation adjustments	31.12.2018
Loans and debt with lending institutions (including finance leases)	12 736	80	1 090	(3 638)	(5)	10 263
Other borrowing and financial debt	199	1	-	-	-	200
Financial liabilities (excluding overdrafts)	**12 935**	**81**	**1 090**	**(3 638)**	**(5)**	**10 463**
Bank overdrafts	12	1	-	(12)	-	1
Total	**12 947**	**82**	**1 090**	**(3 650)**	**(5)**	**10 464**

[1] with an impact on cash
[2] without impact on cash

13.3. Financial liabilities by date of maturity

	Total		Maximum 1 year		1 to 5 years		Over 5 years	
	2018	2017	2018	2017	2018	2017	2018	2017
Loans and debt with lending institutions (including finance leases)	10 263	12 736	3 209	3 044	6 110	8 918	944	774
Other borrowing and financial debt	200	199	-	8	140	140	60	51
Bank overdrafts	1	12	1	12	-	-	-	-
Total	**10 464**	**12 947**	**3 210**	**3 064**	**6 250**	**9 058**	**1 004**	**825**

13.4. (continued) Financial liabilities relating to finance leases

	Total		Maximum 1 year		1 to 5 years		Over 5 years	
	2018	2017	2018	2017	2018	2017	2018	2017
Lessor debts and credits	2 798	2 635	624	565	1 299	1 423	875	647
Total	**2 798**	**2 635**	**624**	**565**	**1 299**	**1 423**	**875**	**647**

13.5. Breakdown of financial liabilities by main currencies

	Total		Euros		US Dollars		Other currencies	
	2018	2017	2018	2017	2018	2017	2018	2017
Loans and debt with lending institutions (including finance leases)	10 263	12 736	9 170	11 152	1 093	1 584	-	-
Other borrowing and financial debt	200	199	200	199	-	-	-	-
Bank overdrafts	1	12	1	12	-	-	-	-
Total	**10 464**	**12 947**	**9 371**	**11 363**	**1 093**	**1 584**	**-**	**-**

13.6. Breakdown of financial liabilities by type of rate

	2018	2017
Non-covered variable rates (*)	3 220	4 333
Fixed rates	4 445	5 967
Interest	-	-
Overdrafts	1	12
Finance leases (fixed rates)	2 798	2 635
Total	**10 464**	**12 947**

(*) *loans at non-covered variable rates mature between 2019 and 2021.*

Weighted average interest rate is Euribor 3M +1.10% for loans at non-covered variable rates.
Interest rates varie between 0% and 2.25% for loans at fixed rates.

Note 14: Taxes

14.1. Payable taxes

	01.01.2018	Payments	Down payments	Research tax credit	Competitiveness & employment tax credit	Period expense	31.12.2018
Asset	-	-	(1 625)	(363)	(444)	1 237	(1 195)
Liability	247	(247)	(453)	-	-	545	92
Total						**1 782**	

14.2. Deffered taxes

	01.01.2018	Income statement	Other operating results	Movements	Other (incl. Translation adjustment)	31.12.2018
Deferred tax assets	(1 909)	299	43	-	(16)	(1 583)
Deferred tax liabilities	3 544	(365)	2	-	31	3 212
Total	**1 635**	**(66)**	**45**	**-**	**15**	**1 629**

Deferred tax assets mainly result from provisions for pensions and other employee benefits (€0.5 M), tax timing differences (€0.8 M) and eliminations of margins on inventories (€0.2 M).

Deferred tax liabilities arise mainly from differentials of valuation and amortization of fixed assets (€1.1 M) and regulated provisions (€2.0 M).

In accordance with Note1.2.11, deferred tax assets and liabilities are offset when they concern the same taxable entity and appear in the balance sheet as an asset or liability on the basis of their net balance. Thus, €1,629 K at the end of 2018 are broken down between €1,778 K in liabilities and €149 K in assets.

14.3. Income tax expenses

The breakdown of tax in the income statement is as follows:

	2018	2017
Payable taxes	1 782	6 846
Deferred taxes	(66)	1 558
Total	**1 716**	**8 404**

*** Deferred tax expenses / income breaks down as follows**		
- Income / expenses from net provisions for / reversals of intangible and tangible capital asset amortisation	28	(132)
- Expenses on reversed regulated provisions and other taxes	(43)	(1 120)
- Other income and expenses	90	11
- Carried over deficits	17	27
- Deferred income	-	2 884
- Other timing differences	(158)	(112)
Total deferred tax expense / (income)	**(66)**	**1 558**

Reconciliation of the theoretical and the recognised income tax expense:

		2018
Current operating income of consolidated companies		**7 935**
Theoretical tax expense / income	(2 048)	
Net impact of non-deductible or non-taxable expenses and income	(216)	
Impact of non-recognised losses	(176)	
Impact of interest rate differentials	724	
Effective tax expense / income on current operations		(1 716)
Net income of consolidated companies		**6 219**

The net impact of non-deductible or non-taxable expenses and income essentially includes permanent timing differences.

Rate of corporate income tax

Rate of corporate income tax	2018 to 2020	FY 2021	2022 and subsequent financial year
France	28,00%	26,50%	25,00%

Rate of corporate income tax	FY 2018	2019 and subsequent financial year		FY 2018	2019 and subsequent financial year
Germany	31,23%	31,23%	Oman	15,00%	15,00%
America	21,00%	21,00%	Kazakhstan	20,00%	20,00%
England	19,00%	19,00%	Russia	20,00%	20,00%
Italy	27,90%	27,90%	Singapore	17,00%	17,00%
China	25,00%	25,00%	Australia	30,00%	30,00%

Note 15: Income from operating activities

Due to the transition method chosen for the application of IFRS 15, the comparative data have not been restated in accordance with the provisions of the Standard.

15.1. Income from operating activities

	2018	2017
Sales of goods	94 225	89 486
Other income	4 433	4 433
Revenue from contracts with customers	**98 658**	**93 919**
Other income from operating activities		
Operating grants	383	567
Other income	416	477
Total income from operating activities	**99 457**	**94 963**

"Operating grants" mainly consist in research tax credits.

The table below shows the breakdown of revenue from contracts with customers according to the time of recognition

	2018
Revenue transferred at a point in time	74 366
Revenue transferred over time	24 292
Revenue from contracts with customers	**98 658**

The breakdown of sales by business segment and geographic area is presented in Note 18.

15.2. Contract balances

IFRS 15 has not led to major changes for the Group, except in terms of presentation with the identification of contracts assets and liabilities.
The table below provides information regarding trade receivables and, assets and liabilities arising from contracts with customers.

	31/12/2018	01/01/2018
Trade accounts receivable	38 727	47 544
Contract liabilities	(51 881)	(54 746)

The Group has not identified significant contract assets as the contracts are short-term and invoicing is regular during the manufacturing phase.

Contract liabilities correspond to advance payments received from customers, as well as deferred revenue.

As allowed by IFRS 15, no disclosure is provided regarding the remaining performance obligations at December 31, 2018 for contracts with an expected initial term of one year or less.

Note 16: Current operating expenses

			2018	2017
Production stored			(718)	321
Capitalised production			(12)	(49)
Purchases of goods			10 324	7 853
Changes in goods inventory			1 650	(14)
Purchases of raw materials and other supplies			21 056	20 306
Changes in inventories of raw materials and other supplies			(331)	(913)
Other purchases and external charges			20 931	24 723
Payroll expenses			33 784	33 293
Taxes and comparable payments			1 371	1 578
Depreciation and estimated expenses:				
. On capital assets	- depreciation expenses	Note 4	3 416	3 722
. On current assets	- estimated expenses		632	30
. Contingency	- estimated expenses		(373)	(148)
Other expenses			354	756
Total current operating expenses			**92 084**	**91 458**

Note 17: Financial income / loss

	2018	2017
Interest generated by cash and cash equivalents	395	288
Net earnings from sales of short-term investments	558	102
Income from cash and cash equivalents	**953**	**390**
Interest charges on financing transactions	216	184
Gross cost of financial indebtedness	**216**	**184**
Net cost of financial indebtedness	**737**	**206**
Income from non-consolidated investments	-	-
Discounted financial income	7	10
Exchange gains	6 855	3 760
Other financial income	164	57
Total other financial income	**7 026**	**3 827**
Discounted financial expenses	-	446
Exchange losses	6 913	4 954
Other financial expenses	257	343
Total other financial expenses	**7 170**	**5 743**
Income (loss) from other financial income and expenses	**(144)**	**(1 916)**
Financial income (loss)	**593**	**(1 710)**

Note 18: Segment information

18.1. Breakdown of fixed assets by business segment

	At 31.12.2018			At 31.12.2017		
	Pumps	Other business	Total	Pumps	Other business	Total
Goodwill (1)	**5 591**	**-**	**5 591**	**5 426**	**-**	**5 426**
Intangibles subtotal	**7 490**	**20**	**7 510**	**7 337**	**26**	**7 363**
Land and buildings	17 528	4 642	**22 170**	16 122	4 890	**21 012**
Industrial plant and other	39 078	126	**39 204**	38 985	190	**39 175**
Construction work in progress	661	-	**661**	151	-	**151**
Advances and down payments	-	-	**-**	-	-	**-**
Tangibles subtotal	**57 267**	**4 768**	**62 035**	**55 258**	**5 080**	**60 338**
Gross values	**70 348**	**4 788**	**75 136**	**68 021**	**5 106**	**73 127**
Accumulated amortisation / depreciation	38 799	441	**39 240**	36 494	584	**37 078**
Net values	**31 549**	**4 347**	**35 896**	**31 527**	**4 522**	**36 049**
Period's expenses	3 366	50	**3 416**	3 476	246	**3 722**
Total balance sheet by business segment	197 849	89 613		197 860	99 431	

(1) concerns PCM Group UK Ltd., PCM Artificial Lift Solutions Inc. and Sydex Srl

Gévelot S.A.'s lands and buildings put at the disposal of the Subsidiaries, have been allocated to the Pumps Sector for €1.1 million.

Total capital expenditure on intangibles and tangibles in 2018 amounted to:

Pumps / Fluid Technology:	K€ 3,224
Other business:	K€ 7
	K€ 3,231

Total capital expenditure on intangibles and tangibles in 2017 amounted to:

Pumps / Fluid Technology:	K€ 1,010
Other business:	K€ 4
	K€ 1,014

18.2. Changes in financial liabilities by business segment

	01.01.2018	Repayments	New loans	Translations and reclassification	31.12.2018
Loans and debt with lending institutions (incl. Finance leases)					
Pumps / Fluid Technology	11 675	(3 562)	1 170	(5)	9 278
Other business	1 061	(76)	-	-	985
Subtotal	**12 736**	**(3 638)**	**1 170**	**(5)**	**10 263**
Other loans and financial debts	**199**	**-**	**1**	**-**	**200**
Bank overdrafts					
Pumps / Fluid Technology	12	(12)	-	-	-
Other business	-	-	1	-	1
Subtotal	**12**	**(12)**	**1**	**-**	**1**
Total	**12 947**	**(3 650)**	**1 172**	**(5)**	**10 464**

18.3. Consolidated turnover by business segment

	2018			2017		
	Outside Group	Intra Group	Total	Outside Group	Intra Group	Total
Pumps / Fluid Technology	94 064	28	94 092	89 352	22	89 374
Other business	161	404	565	134	2 021	2 155
Eliminations and reconciliations	-	(432)	(432)	-	(2 043)	(2 043)
Total	**94 225**	**-**	**94 225**	**89 486**	**-**	**89 486**

18.4. Results by business segment

Results of operations

	2018			2017		
	Outside Group	Intra Group	Total	Outside Group	Intra Group	Total
Pumps / Fluid Technology	8 333	(412)	7 921	5 534	(528)	5 006
Other business	(960)	412	(548)	(2 029)	528	(1 501)
Total	**7 373**	**-**	**7 373**	**3 505**	**-**	**3 505**

Transition from results of operations to revenue	Pumps	Other business	Total 2018	Total 2017
Results of operations	**7 921**	**(548)**	**7 373**	**3 505**
Income on contractual renegotiation	-	-	-	22 056
Other operating income	2	129	131	78
Litigation	(15)		(15)	(826)
Other operating expenses	(15)	(132)	(147)	(208)
Revenue	**7 893**	**(551)**	**7 342**	**24 605**

Revenue

	2018			2017		
	Outside Group	Intra-Group	Total	Outside Group	Intra-Group	Total
Pumps / Fluid Technology	8 305	(412)	7 893	27 360	(528)	26 832
Other business	(963)	412	(551)	(2 755)	528	(2 227)
Total	**7 342**	**-**	**7 342**	**24 605**	**-**	**24 605**

Earnings before tax of consolidated companies

	2018			2017		
	Outside Group	Intra-Group	Total	Outside Group	Intra-Group	Total
Pumps / Fluid Technology	8 683	(412)	8 271	25 523	(529)	24 994
Other business	(748)	412	(336)	(2 628)	529	(2 099)
Total	**7 935**	**-**	**7 935**	**22 895**	**-**	**22 895**

Net income from continuing operations

	2018			2017		
	Outside Group	Intra-Group	Total	Outside Group	Intra-Group	Total
Pumps / Fluid Technology	6 143	(297)	5 846	16 217	(347)	15 870
Other business	37	297	334	(1 732)	347	(1 385)
Total	**6 180**	**-**	**6 180**	**14 485**	**-**	**14 485**

18.5. Breakdown of fixed assets by geographical segment

	At 31.12.2018				At 31.12.2017			
	France	America	Other countries	Total	France	America	Other countries	Total
Goodwill (1)	**-**	**3 803**	**1 788**	**5 591**	**-**	**3 631**	**1 795**	**5 426**
Intangibles subtotal	**7 154**	**177**	**179**	**7 510**	**7 009**	**169**	**185**	**7 363**
Land and buildings	15 110	4 272	2 788	**22 170**	15 147	4 070	1 795	**21 012**
Industrial plant and other	28 400	7 758	3 046	**39 204**	28 756	7 578	2 841	**39 175**
Construction work in progress	661	-	-	**661**	151	-	-	**151**
Advances and down payments	-	-	-	**-**	-	-	-	**-**
Tangibles subtotal	**44 171**	**12 030**	**5 834**	**62 035**	**44 054**	**11 648**	**4 636**	**60 338**
Gross values	**51 325**	**16 010**	**7 801**	**75 136**	**51 063**	**15 448**	**6 616**	**73 127**
Accumulated amortisation / depreciation	28 151	8 745	2 344	**39 240**	26 989	7 949	2 140	**37 078**
Net values	**23 174**	**7 265**	**5 457**	**35 896**	**24 074**	**7 499**	**4 476**	**36 049**
Period's expenses	2 331	694	391	**3 416**	2 675	655	392	**3 722**

(1) concerns PCM Group UK Ltd., PCM Artificial Lift Solutions Inc. and Sydex Srl

18.6. Consolidated turnover by geographical segment

		2018			2017	
France		21 555	*22,9%*		22 240	*24,9%*
. Other European Union Countries	16 183			15 715		
. Other European Countries	1 403			2 903		
. America	19 906			23 662		
. Africa	15 003			7 124		
. Asia	15 046			15 902		
. Other areas	5 129			1 940		
Foreign countries		72 670	*77,1%*		67 246	*75,1%*
Total		**94 225**	***100,0%***		**89 486**	***100,0%***

Note 19: Research and development

For the Group as a whole, research and development expenses eligible for Research Tax Credits amounted to € 1,244 million.

Note 20 : Financial instruments

		31.12.2018		Breakdown by category of instruments [1]		
		Value in balance sheet	Fair value	Receivables and payables at amortized cost	Fair value through profit/loss	Fair value through other comprehensive income
- Long-term financial assets	Note 5	420	420	420	-	-
- Trade accounts receivable	Note 7	38 727	38 727	38 727	-	-
- Other receivables	Note 8	3 772	3 772	3 772	-	-
- Current financial assets	Note 5	85 322	85 322	85 322	-	-
- Cash and cash equivalents	Note 9	89 179	89 179	9 084	80 095	-
Assets		**217 420**	**217 420**	**137 325**	**80 095**	**-**
- Long-term financial liabilities	Note 13	7 254	7 254	7 254	-	-
- Trade accounts payable		12 621	12 621	12 621	-	-
- Contract liabilities	Note 15	51 881	51 881	51 881	-	-
- Other payables	Note 10	8 888	8 888	8 888	-	-
- Current financial liabilities	Note 13	3 210	3 210	3 210	-	-
Liabilities		**83 854**	**83 854**	**83 854**	**-**	**-**

(1) Financial instruments have been reclassified in accordance with IFRS 9 during the accounting year.

		31.12.2017		Breakdown by category of instruments (1)				
		Value in balance sheet	Fair value	Debts at amortized cost	Fair value through profit/loss	Assets held for sale	Loans, receivables and other	Derivative instruments
- Long-term financial assets	Note 5	449	449	-	-	-	449	-
- Trade accounts receivable	Note 7	47 544	47 544	-	-	-	47 544	-
- Other receivables	Note 8	4 350	4 350	-	-	-	4 350	-
- Current financial assets	Note 5	68 105	68 105	-	67 700	-	405	-
- Cash and cash equivalents	Note 9	107 112	107 112	-	107 112	-	-	-
Assets		**227 560**	**227 560**	**-**	**174 812**	**-**	**52 748**	**-**
- Long-term financial liabilities	Note 13	9 883	9 883	9 883	-	-	-	-
- Trade accounts payable		11 189	11 189	-	-	-	11 189	-
- Payable to fixed asset suppliers		-	-	-	-	-	-	-
- Other payables	Note 10	64 063	64 063	-	-	-	64 063	-
- Current financial liabilities	Note 13	3 064	3 064	3 015	-	-	-	49
Liabilities		**88 199**	**88 199**	**12 898**	**-**	**-**	**75 252**	**49**

(2) No reclassification between categories of financial instruments has been performed during the accounting year.

Financial assets are measured at amortised cost as the two following conditions are met :
- their ownership is part of a business model whose objective is to hold assets in order to collect contractual cash flows; and
- their contractual terms give rise, on specified dates, to cash flows that are solely repayments of principal and interest on the principal amount outstanding.

Financial liabilities are measured at amortised cost using the effective interest rate method. Interest expenses and foreign exchange gains and losses are recognised as income. Any profit or loss related to derecognition is recorded as income.

Financial assets and liabilities are offset and presented net in the balance sheet, if and only if, the Group has currently the legally enforceable right to offset the amounts and intends either to settle them for a net amount or to realize the assets and adjust the liability simultaneously.

Trade receivables, financial assets and other receivables, as well as trade payables and other payables, classified as" loans, receivables and other payables "in accordance with IAS 39 are now classified at amortised cost.

"Current financial assets and cash and cash equivalents previously classified at fair value through profit or loss are now classified as measured at amortised cost, except for funds in current bank accounts that remain classified at fair value through profit or loss,

Managing financial risk

Apart from its variable-rate loans, the Group has no significant market risks on its financial debt and receivables or its short-term investments. The Group's short-term investments portfolio primarily includes monetary investments. The Group owns some short-term investments based on indices whose capital is not guaranteed but have protection barriers. However, these investments represent less than 5% of the Group's cash position. The return on them is comparable to market rates.

The Group is exposed to some foreign exchange risk on its exports. When they are significant, they are generally covered by foreign exchange hedges transactions (purchases/sales) in currency futures.

In the context of liquidity risk management and in order to finance development projects, the Group pursues a proactive refinancing and prudent cash management policy. At December 31, 2018, the net financial structure was positive and amounted to K€ 164,037.

Note 21: Rental and lease agreements

	Total future payments	Discounted value	Gross underlying value	Currency	Average residual duration	< 1 year	> 1 yr < 5 yr	> 5 yr	Rate of interest	Discount rate
Type of contract										
Rental - For operations	1 035	1 024		Euro	2 years	721	314	-		1,50%
Rental - Non-operating	645	634		Euro	2 years	336	301	8		1,50%
Finance leases	3 022	2 926	5 151	Euro	7 years	667	1 394	961	2,20%	1,50%

Rental agreements are straightforward agreements for periods of 3 to 10 years.
"For operations" primarily includes the renting of storage space and handling equipment.
"Non-operating" primarily includes computing hardware, office equipment and company vehicles.
Most of the finance leases are on production equipment (plant).
An expense of approximately €0.9 million was recognised in 2018 for straightforward rental agreements.

Note 22: Managers' remuneration

	2018	2017
Short-term benefits (excluding social security charges)	825	663
Social security charges	290	194
Total	**1 115**	**857**

Managers include members of the Board of Directors and Gévelot S.A.'s Senior Management.
Remuneration includes gross salary, premiums, fringe benefits and directors' fees.
Corporate officers have no specific retirement plan.

Note 23: Average headcount

	2018	2017
Managerial and executive	217	273
Supervisory, clerical and blue-collar	404	1 039
Total	**621**	**1 312**
Temporary workers	28	138

Note 24: Off-balance sheet commitments

Contractual obligations

	2018	2017
Pledges, bonds and guarantees	5 489	6 264
Total	**5 489**	**6 264**

Commitments received

	2018	2017
Pledges, bonds and guarantees	-	-
Total	**-**	**-**

Note 25: Affiliated companies

Transactions with affiliates who are natural persons (directors, corporate officers and their relatives) are insignificant.

Note 26: Fees of Auditors

	PRICEWATERHOUSECOOPERS				RSM PARIS			
(in euros)	2018		2017		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%
Audit								
Auditing, certification, review of individual and consolidated financial statements	92 345	87%	88 325	100%	36 000	100%	37 500	100%
Issuer	*43 000*	*41%*	*44 500*	*50%*	*36 000*	*100%*	*37 500*	*100%*
Fully consolidated subsidiaries	*49 345*	*46%*	*43 825*	*50%*	*-*	*0%*	*-*	*0%*
Services other than certification of accounts	13 200	13%	-	-	-	-	-	-
Issuer	*13 200*	*13%*	*-*	*-*	*-*	*-*	*-*	*-*
Fully consolidated subsidiaries	*-*	*0%*	*-*	*-*	*-*	*-*	*-*	*-*
Total	**105 545**	**100%**	**88 325**	**100%**	**36 000**	**100%**	**37 500**	**100%**

Rapport des commissaires aux comptes sur les comptes consolidés

(Exercice clos le 31 décembre 2018)

A l'assembée générale de la société **GEVELOT SA**
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92300 LEVALLOIS PERRET

Opinion

En exécution de la mission qui nous a été confiée par votre assemblée générale, nous avons effectué l'audit des comptes consolidés de la société GEVELOT SA relatifs à l'exercice clos le 31 décembre 2018, tels qu'ils sont joints au présent rapport.

Nous certifions que les comptes consolidés sont, au regard du référentiel IFRS tel qu'adopté dans l'Union européenne, réguliers et sincères et donnent une image fidèle du résultat des opérations de l'exercice écoulé ainsi que de la situation financière et du patrimoine, à la fin de l'exercice, de l'ensemble constitué par les personnes et entités comprises dans la consolidation.

Fondement de l'opinion

Référentiel d'audit

Nous avons effectué notre audit selon les normes d'exercice professionnel applicables en France. Nous estimons que les éléments que nous avons collectés sont suffisants et appropriés pour fonder notre opinion.

Les responsabilités qui nous incombent en vertu de ces normes sont indiquées dans la partie « Responsabilités des commissaires aux comptes relatives à l'audit des comptes consolidés » du présent rapport.

Indépendance

Nous avons réalisé notre mission d'audit dans le respect des règles d'indépendance qui nous sont applicables, sur la période du 1er janvier 2018 à la date d'émission de notre rapport, et notamment nous n'avons pas fourni de services interdits par le code de déontologie de la profession de commissaire aux comptes.

Justification des appréciations

En application des dispositions des articles L.823-9 et R.823-7 du code de commerce relatives à la justification de nos appréciations, nous vous informons que les appréciations les plus importantes auxquelles nous avons procédé, selon notre jugement professionnel, ont porté sur le caractère approprié des principes comptables appliqués, sur le caractère raisonnable des estimations significatives retenues et sur la présentation d'ensemble des comptes.

Les appréciations ainsi portées s'inscrivent dans le contexte de l'audit des comptes consolidés pris dans leur ensemble et de la formation de notre opinion exprimée ci-avant. Nous n'exprimons pas d'opinion sur des éléments de ces comptes consolidés pris isolément.

Vérifications spécifiques

Nous avons également procédé, conformément aux normes d'exercice professionnel applicables en France, aux vérifications spécifiques prévues par les textes légaux et réglementaires des informations relatives au groupe, données dans le rapport de gestion du conseil d'administration.

Nous n'avons pas d'observation à formuler sur leur sincérité et leur concordance avec les comptes consolidés.

Nous attestons que la déclaration consolidée de performance extra-financière prévue par l'article L.225-102-1 du code de commerce figure dans les informations relatives au groupe dans le rapport de gestion, étant précisé que, conformément aux dispositions de l'article L.823-10 de ce code, les informations contenues dans cette déclaration n'ont pas fait l'objet de notre part de vérifications de sincérité ou de concordance avec les comptes consolidés et doivent faire l'objet d'un rapport par un organisme tiers indépendant.

Responsabilités de la direction et des personnes constituant le gouvernement d’entreprise relatives aux comptes consolidés

Il appartient à la direction d’établir des comptes consolidés présentant une image fidèle conformément au référentiel IFRS tel qu’adopté dans l’Union européenne, ainsi que de mettre en place le contrôle interne qu'elle estime nécessaire à l'établissement de comptes consolidés ne comportant pas d'anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs.

Lors de l’établissement des comptes consolidés, il incombe à la direction d’évaluer la capacité de la société à poursuivre son exploitation, de présenter dans ces comptes, le cas échéant, les informations nécessaires relatives à la continuité d’exploitation et d’appliquer la convention comptable de continuité d’exploitation, sauf s’il est prévu de liquider la société ou de cesser son activité.

Les comptes consolidés ont été arrêtés par le conseil d'administration.

Responsabilités des commissaires aux comptes relatives à l’audit des comptes consolidés

Il nous appartient d’établir un rapport sur les comptes consolidés. Notre objectif est d’obtenir l’assurance raisonnable que les comptes consolidés pris dans leur ensemble ne comportent pas d’anomalies significatives. L’assurance raisonnable correspond à un niveau élevé d’assurance, sans toutefois garantir qu’un audit réalisé conformément aux normes d’exercice professionnel permet de systématiquement détecter toute anomalie significative. Les anomalies peuvent provenir de fraudes ou résulter d’erreurs et sont considérées comme significatives lorsque l’on peut raisonnablement s’attendre à ce qu’elles puissent, prises individuellement ou en cumulé, influencer les décisions économiques que les utilisateurs des comptes prennent en se fondant sur ceux-ci.

Comme précisé par l’article L.823-10-1 du code de commerce, notre mission de certification des comptes ne consiste pas à garantir la viabilité ou la qualité de la gestion de votre société.

Dans le cadre d’un audit réalisé conformément aux normes d’exercice professionnel applicables en France, le commissaire aux comptes exerce son jugement professionnel tout au long de cet audit.
En outre :

- il identifie et évalue les risques que les comptes consolidés comportent des anomalies significatives, que celles-ci proviennent de fraudes ou résultent d’erreurs, définit et met en œuvre des procédures d’audit face à ces risques, et recueille des éléments qu’il estime suffisants et appropriés pour fonder son opinion. Le risque de non-détection d’une anomalie significative provenant d’une fraude est plus élevé que celui d’une anomalie significative résultant d’une erreur, car la fraude peut impliquer la collusion, la falsification, les omissions volontaires, les fausses déclarations ou le contournement du contrôle interne ;

- il prend connaissance du contrôle interne pertinent pour l’audit afin de définir des procédures d’audit appropriées en la circonstance, et non dans le but d’exprimer une opinion sur l’efficacité du contrôle interne ;

- il apprécie le caractère approprié des méthodes comptables retenues et le caractère raisonnable des estimations comptables faites par la direction, ainsi que les informations les concernant fournies dans les comptes consolidés ;

- il apprécie le caractère approprié de l’application par la direction de la convention comptable de continuité d’exploitation et, selon les éléments collectés, l’existence ou non d’une incertitude significative liée à des événements ou à des circonstances susceptibles de mettre en cause la capacité de la société à poursuivre son exploitation. Cette appréciation s’appuie sur les éléments collectés jusqu’à la date de son rapport, étant toutefois rappelé que des circonstances ou événements ultérieurs pourraient mettre en cause la continuité d’exploitation. S’il conclut à l’existence d’une incertitude significative, il attire l’attention des lecteurs de son rapport sur les informations fournies dans les comptes consolidés au sujet de cette incertitude ou, si ces informations ne sont pas fournies ou ne sont pas pertinentes, il formule une certification avec réserve ou un refus de certifier ;

- il apprécie la présentation d’ensemble des comptes consolidés et évalue si les comptes consolidés reflètent les opérations et événements sous-jacents de manière à en donner une image fidèle ;

- concernant l’information financière des personnes ou entités comprises dans le périmètre de consolidation, il collecte des éléments qu’il estime suffisants et appropriés pour exprimer une opinion sur les comptes consolidés. Il est responsable de la direction, de la supervision et de la réalisation de l’audit des comptes consolidés ainsi que de l’opinion exprimée sur ces comptes.

Fait à Neuilly-sur-Seine et Paris, le 26 avril 2019

Les Commissaires aux Comptes

PricewaterhouseCoopers Audit **Yan RICAUD**	**RSM Paris** **Régine STEPHAN**

Individual Financial Statements at 31 December 2018

Balance sheet at 31 December 2018

ASSETS (in thousands of euros)	Gross amount at 31.12.2018	Amortisation or Depreciation	Net amount at 31.12.2018	Net amount at 31.12.2017
CAPITAL ASSETS (I)				
Intangibles assets (A)				
Concessions, patents, licences, trademarks, processes, rights and comparable items	20	20	-	1
Total A	**20**	**20**	**-**	**1**
Tangible capital assets (B)				
Land	1 333	-	1 333	1 456
Buildings	3 148	1 473	1 675	1 718
Other	126	89	37	61
Construction work in progress	-	-	-	-
Advances and down payments	-	-	-	-
Total B	**4 607**	**1 562**	**3 045**	**3 235**
Long-term investments (C) (1)				
Equity investments	6 515	-	6 515	6 515
Receivables from equity investments	-	-	-	-
Loans	189	-	189	594
Other (3)	9	-	9	9
Total C	**6 713**	**-**	**6 713**	**7 118**
Total Capital assets (I) (A + B + C)	**11 340**	**1 582**	**9 758**	**10 354**
CURRENT ASSETS(II)				
Advances and down payments paid on orders	-	-	-	-
Receivables (2)				
Trade accounts receivable	149	-	149	160
Other	1 965	-	1 965	1 205
Short-term investments	63 580	-	63 580	59 569
Cash	14 320	-	14 320	28 592
ACCRUALS				
Prepaid expenses (2)	12	-	12	10
Total current assets (II)	**80 026**	**-**	**80 026**	**89 536**
Unrealized foreign exchange losses (III)	**-**	**-**	**-**	**-**
Grand total (I + II + III)	**91 366**	**1 582**	**89 784**	**99 890**

(1) < 1 year	21	405
(2) > 1 year	118	455
(3) including treasury shares	-	-

LIABILITIES (in thousands of euros)	Before allocation Net amount at 31.12.2018	 Net amount at 31.12.2017	After allocation Net amount at 31.12.2018 (a)	 Net amount at 31.12.2017 (b)
EQUITY (I)				
Capital	26 933	28 718	26 933	28 718
Paid-in-capital	-	-	-	-
Revaluation adjustments	-	-	-	-
Reserves :				
. Legal reserve	2 693	2 872	2 693	2 872
. Other	41 311	49 547	41 311	49 547
Retained earnings	12 962	17 328	14 791	12 870
Net income (loss) of period	3 214	(2 981)	-	-
Subtotal: net position	**87 113**	**95 484**	**85 728**	**94 007**
Investment grant	-	-	-	-
Regulated provisions	1 135	1 063	1 135	1 063
Total Equity (I)	**88 248**	**96 547**	**86 863**	**95 070**
PROVISIONS (II)				
Contingency provisions	-	-	-	-
Loss provisions	153	800	153	800
Total Provisions (II)	**153**	**800**	**153**	**800**
LIABILITIES (III) (1)				
Loans and debt with lending institutions (2)	1	-	1	-
Other borrowing and financial debt	78	77	78	77
Advances and down payments received on current orders	-	-	-	-
Trade accounts payable	86	122	86	122
Tax and welfare liabilities	104	983	104	983
Liabilities on fixed assets and related accounts	-	-	-	-
Other liabilities	1 070	1 333	2 455	2 810
Prepaid income	34	28	34	28
Total Liabilities (III)	**1 373**	**2 543**	**2 758**	**4 020**
Unrealized foreign exchange gains (IV)	**-**	**-**	**-**	**-**
Grand total (I + II + III +IV)	**89 774**	**99 890**	**89 774**	**99 890**
(1) including over 1 year	78	69	78	69
including under 1 year	1 295	2 474	2 680	3 951
(2) including cash credits and bank credit balances	1	-	1	-

a) After appropriation submitted to the Annual General Meeting of 19 June 2019.

b) After appropriation decided by the Combined Annual and Extraordinary General Meeting of 20 June 2018.

2018 income statement

INCOME STATEMENT (in thousands of euros)	2018	2017
OPERATING REVENUE (I)		
Rendering of services	565	2 155
Net turnover	**565**	**2 155**
Excess provisions charged and expense transfers	6	-
Other income	99	420
Total operating revenue (I) (1)	**670**	**2 575**
OPERATING EXPENSES (II)		
Other purchases and external charges	564	716
Taxes	112	437
Wages and salaries	464	556
Social security charges	189	249
Amortisation expenses on fixed assets	62	235
Depreciation expenses on fixed assets	-	-
Other charges	79	70
Total operating expenses (II) (2)	**1 470**	**2 263**
1 - OPERATING INCOME (LOSS) (I - II)	**(800)**	**312**
FINANCIAL INCOME (III)		
From equity investments (3)	3 005	1 502
Other interests and comparable income (3)	384	291
Excess provisions charged and expense transfers	-	-
Foreign exchange gains	4	84
Net gains from sales of short-term investments	-	-
Total financial income (III)	**3 393**	**1 877**
FINANCIAL EXPENSES (IV)		
Amortisation and depreciation expenses	-	-
Interest expense (4)	5	2
Foreign exchange losses	134	208
Total finance costs (IV)	**139**	**210**
2 - RESULT OF OPERATIONS (III - IV)	**3 254**	**1 667**
3 - OPERATING INCOME (LOSS) (I - II) + (III - IV)	**2 454**	**1 979**
UNUSUAL GAINS (V)		
Unusual gains in operations	193	313
Unusual gains from sales of assets and other capital transactions	129	23 877
Excess provisions charged and expense transfers	818	24 732
Total unusual gains (V)	**1 140**	**48 922**
UNUSUAL EXPENSES (VI)		
Unusual expenses in operations	60	1 655
Unusual expenses from sales of assets and other capital transactions	132	51 255
Unusual amortisation and provisions expenses	247	1 059
Total unusual expenses (VI)	**439**	**53 969**
4 - UNUSUAL ITEMS (V - VI)	**701**	**(5 047)**
Income tax (VII)	**(59)**	**(87)**
Total income (I + III + V)	**5 203**	**53 374**
Total expenses (II + IV + VI + VII)	**1 989**	**56 355**
5 - NET INCOME (LOSS)	**3 214**	**(2 981)**

(1) Including operating revenue relating to prior periods	(3)	(3)
(2) Including operating expenses relating to prior periods	(10)	(11)
(3) Including income concerning affiliated companies	3 005	1 507
(4) Including interest concerning affiliated companies	-	-

Cash flow statement 2018

CASH FLOWS (in thousands of euros)	2018	2017
OPERATING ACTIVITIES		
Net income (loss)	**3 214**	**(2 981)**
Elimination of expenses and income not affecting cash or relating to operations:		
- Amortisation and depreciation	66	(10 353)
- Provisions	(575)	(13 085)
- Capital gains, net of taxes	2	27 706
Cash flows from operations	**2 707**	**1 287**
- Change in inventories	-	-
- Change in clients	11	20
- Change in suppliers	(36)	20
- Other variations	(1 888)	4 638
Change in working capital requirement	**(1 913)**	**4 678**
NET CASH FLOWS FROM OPERATING ACTIVITIES	**794**	**5 965**
INVESTING ACTIVITIES		
- Acquisitions of intangible and tangible capital assets	(7)	(4)
- Acquisitions of and increases in long-term investments	-	(383)
Subtotal	**(7)**	**(387)**
- Disposals of intangible and tangible capital assets	130	4 849
- Sales of and reductions in financial assets	405	18 728
Subtotal	**535**	**23 577**
Net investments of period	**528**	**23 190**
Change in working capital requirement	-	(3)
NET CASH FLOWS FROM INVESTING ACTIVITIES	**528**	**23 187**
FINANCING ACTIVITIES		
- Capital increases (reductions)	(10 200)	-
- Dividends allocated to the company's shareholders	(1 385)	(1 477)
- Other distributions	-	-
Total	**(11 585)**	**(1 477)**
- Changes in loans and financial liabilities	1	(302)
- Change in working capital requirement	-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	**(11 584)**	**(1 779)**
NET CHANGE IN CASH POSITION	**(10 262)**	**27 373**
Cash position on opening	88 161	60 788
Cash position on closing	77 899	88 161
	(10 262)	**27 373**

Notes to the Individual Financial Statements at 31 December 2018

These notes supplement and comment on the balance sheet prior to appropriation for period ending 31 December 2018, totalling 89,773,785.24 euros and the period's income statement, presented in report form, which totals 5,203,190.49 euros and shows a profit of 3,214,422.18 euros.

Notes 1 to 19 hereafter form an integral part of the annual financial statements (unless otherwise specified, all amounts are stated in thousands of euros).
The financial year is 12 months long and runs from 1 January 2018 to 31 December 2018.
These annual financial statements were drawn up by the Board of Directors on 10 April 2019.

Note 1: Accounting principles and rules for establishing the annual financial statements

The financial statements were drawn up in accordance with the general principles of establishment and presentation of accounts defined by the French code of commerce and the ANC regulation n° 2016-07 of 04 November 2016 approved by Decree on 26 December 2016.

a) Main methods used

Intangible capital assets

Intangible capital assets comprise software which is amortised using the straight-line method over 3 to 15 years.

Tangible capital assets

Tangible capital assets are measured at their acquisition cost (purchase price plus costs excluding borrowing costs), except for assets acquired prior to 31 December 1976, which have been revalued in accordance with the law.

Since 1 January 2005, the company applied the regulations on assets with regard to the amortisation, depreciation (CRC regulation 2002-10) definition, measurement and recognition thereof (CRC regulation 2004-06).

Gévelot S.A., by way of exception to the general retrospective principle, has thus adopted the approach known as « reallocation of net carrying amounts », in accordance with the first-time adoption provisions of the new rules.

Impairment amortisation is calculated by the straight-line method according to the expected estimated useful life: it is based on the acquisition amount less the estimated residual value at the end of estimated useful life.
Estimated useful lives:

- office space: straight-line, 40 years,
- other tangible capital assets: straight-line, 5 to 20 years.

Any components of the above and the methods applied are specified below:

- Buildings
  - Structural work: straight-line, 40 and 50 years,
  - Fit-outs and conversions: straight-line 20 to 30 years,
  - Façade rendering: straight-line, 10 years,
  - Weatherproofing: straight-line, 20 years.

Impairment of assets

If there is any indication that an asset or group of assets has lost value, an impairment test is performed. An asset or group of assets is impaired if its net carrying amount exceeds its current value.

The current value of asset or group of assets is the higher of the value of its net selling price and that of the future economic benefits expected to be derived from use thereof.

Equity investments

Equity investments are recognised at acquisition cost or their contribution value, barring statutory revaluation.

The carrying amount is compared with the share of equity held in the company concerned.

If this share is lower than the carrying amount, an additional analysis is carried out to estimate the value in use of equity investments according to its rate of return and future prospects. If the value in use thus measured is lower than the carrying amount of the equity investments in question, the difference between these two values is written down.

Other asset components

On closing, the net carrying amount of asset components other than intangible and tangible capital assets is compared with their current value on the same date.

If this value is lower than the carrying amount, the difference is written down.

Short-term investments

These are measured at acquisition cost. If their liquidation or probable selling value on closing is lower, the difference is written down.

The market value of short-term investments at 31 December 2018, comprising bank term deposits, negotiable medium-term notes and structured products, totals € 64 million.

Investment grants

Investment grants are recorded at the date of the grant on the liability side of the balance sheet, in the item «Investment grants » which is part of equity. They are recorded as unusual result at the same rate as the allowances to amortisations on fixed assets, which they have contributed to finance.

Partial grants are reversed by an amount equal to the taxable amortisation expense allocated to the asset grant portion of the grant.

Regulated provisions

The regulated provisions stated in the balance sheet are capital cost allowances on intangible and tangible capital assets. They are offset in the income statement as unusual expenses and gains.

Derogatory amortisations are mainly the result of a difference in duration.

Provisions

Provisions cover specifically identified contingencies and losses identified in accordance with the general chart of accounts.

b) Tax intégration

Since 1 January 1995, Gévelot S.A. has opted for a group taxation system whereby it is liable for tax on the group's income. Under tax integration agreements entered into with consolidated companies, each Company recognizes the income tax expense as if there were no tax integration in place.
The Group comprises the Parent Company, Gévelot S.A., « head of group » and French Subsidiaries: PCM SA, PCM Europe SAS, PCM Manufacturing France SAS and PCM Technologies SAS.

Its income net of tax of K€ 59 includes:

- tax following tax audit (see Note 1.d) - 855 K€
- tax income relating to entities included in the Group's tax integration system + 924 K€

c) Pensions

When employees retire, they are paid conventional or contractual retirement benefits. Most of the corresponding obligations are covered by insurance. The residual portion that is not covered is not recognised and is therefore stated as an off-balance sheet commitment.

d) Significant events

In April 2018, Gevelot SA bought back 51,000 of its own shares for €10.2 M.

The Board of Directors of 20 June 2018 decided to reduce the capital through cancellation of 51,000 treasury shares (6.2 %). The new share capital thus stands at €26,932,500, comprising 769,500 shares each with a par value of €35.

Gévelot SA had agreed, as part of the sale in 2017 of the Extrusion Sector, to bear the consequences of the tax audit that was underway at Walor Extrusion. This audit ended with a partial review of research tax credits for the years 2013 to 2016 for €855 K. This amount was entered as income tax and the provision, observed in 2017 for €800 K, was reversed in full and is featured in the exceptional items.

Gévelot SA was audited for the years 2015 to 2017. This tax audit ended with an initial tax adjustment of € 27 K in October 2018. The corresponding amount was paid in November 2018. A second notification for tax adjustment for €153 K was received in early April 2019. It was provisioned at the end of 2018 and is included in the extraordinary income.

Note 2: Capital assets and amortisation

Headings and items	Capital assets					Amortisation and depreciation			
	Gross value at the start of FY 2018	Increases	Transfers	Reductions	Gross value at the end of FY 2018	Accumulated at the start of 2018	Increases	Reductions	Accumulated at the end of 2018
Intangible capital assets									
Concessions, patents, licenses,	-	-	-	-	-	-	-	-	-
trademarks, processes,	-	-	-	-	-	-	-	-	-
rights and similar	26	-	-	(6)	20	25	1	(6)	20
Total	**26**	**-**	**-**	**(6)**	**20**	**25**	**1**	**(6)**	**20**
Tangible capital assets									
Land	1 456	-	-	(123)	1 333	-	-	-	-
Buildings	3 148	1	-	(1)	3 148	1 430	44	(1)	1 473
Other tangible assets	190	6	-	(70)	126	129	21	(61)	89
Construction work in progress	-	-	-	-	-	-	-	-	-
Advances and down payments on tangible assets	-	-	-	-	-	-	-	-	-
Total	**4 794**	**7**	**-**	**(194)**	**4 607**	**1 559**	**65**	**(62)**	**1 562**
Long-term investments									
Equity investments	6 515	-	-	-	6 515	-	-	-	-
Receivables attached to equity investments	-	-	-	-	-	-	-	-	-
Loans	594	-	-	(405)	189	-	-	-	-
Other long-term investments	9	10 200	(10 200)	-	9	-	-	-	-
Total	**7 118**	**10 200**	**(10 200)**	**(405)**	**6 713**	**-**	**-**	**-**	**-**

Land and buildings correspond mainly to buildings intended for the use of offices occupied by Gévelot S.A. or provided to its subsidiaries or third parties.
Gévelot S.A. bought back 51,000 of its own shares for a total amount of K€ 10,200 in 2018.
As part of the authorization granted by the Combined General Meeting of June 15, 2017, the Board of Directors held on June 20, 2018 canceled these 51,000 treasury shares.

Note 3: Provisions

Headings and items	Amount at the start of 2018	Increases	Reductions: Amount used during FY 2018	Reductions: Amount not used during FY 2018	Amount at the end of 2018
Regulated provisions					
Capital cost allowances	1 063	90	(18)	-	1 135
Total	**1 063**	**90**	**(18)**	**-**	**1 135**
Contingency provisions					
Provisions for litigation	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**
Loss provisions					
Provision for taxes (see Note 1.d)	800	153 *)	(800)	-	153
Total	**800**	**153**	**(800)**	**-**	**153**

(*) The provision of K€ 153 corresponds to the notice of adjustment received at the beginning of April 2019 following the tax audit for the years 2015 to 2017.

Note 4: Maturity of receivables and liabilities

Headings and items	Gross amount at 31.12.2018	Maturing in 1 year max	Maturing in over 1 year
Receivables			
Receivables on capital assets			
Receivables from equity investments	-	-	-
Loans (1)	189	21	168
Other	9	-	9
Receivables from current assets			
Trade accounts receivable (2)	149	149	-
Other	1 955	1 837	118
Subscribed called-up capital not paid up	-	-	-
Prepaid expenses	12	12	-
Total	**2 314**	**2 019**	**295**
Liabilities			
Loans and debt with lending institutions (3) (4)	1	1	-
Other borrowing and financial debt (3) (5)	78	-	78
Trade accounts payable (6)	86	86	-
Tax and welfare liabilities	104	104	-
Liabilities to fixed-asset suppliers(6)	-	-	-
Other liabilities (7)	1 070	1 070	-
Prepaid income	34	34	-
Total	**1 373**	**1 295**	**78**

(1) Loans granted in period	-
Loans recovered in period	405
(2) Including commercial paper	-
(3) Loans and financial liabilities taken out in period	2
Loans repaid and transferred in period	-
(4) including:	
- no more than two years initially	-
- over two years initially	-
(5) Liabilities maturing in over 5 years	78
(6) including commercial paper	-
(7) including to partners	-

Note 5 : Items concerning affiliated companies

Items	Net amount at 31.12.2018
Advances and down payments on fixed assets	-
Equity investments	6 515
Receivables from equity investments	-
Loans	-
Advances and down payments paid on orders (circulating assets)	-
Trade receivables	42
Other receivables	215
Subscribed called-up capital not paid up	-
Loans and debt with lending institutions	-
Other borrowing and financial debt	19
Advances and down payments received on current orders	-
Trade payables	15
Tax and welfare liabilities	-
Liabilities to fixed-asset suppliers	-
Other liabilities	1 070
Rendering of services	404
Other operating income	36
Other purchases and external charges	28
Other operating expenses	70
Income from equity investments	3 005
Other financial income	-
Finance costs	-

Affiliates: These are companies that are fully consolidated, controlled entities under joint control and notable influence and company managers and the companies they control as well as close family members.

Note 6: Revaluation

Items	Changes in revaluation reserve at 31.12.2018				
	Amount at the start of 2018	Reductions due to disposals	Other changes	Amount at the end of 2018	For the record, differences incorporated into capital
Land	-	-	-	-	-
Equity investments	-	-	-	-	2 222
Revaluation reserve (1976)	-	-	-	-	(2 222)
Special revaluation reserve (1959)	-	-	-	-	(431)
Free revaluation adjustment	-	-	-	-	-
Other adjustments: Revaluation adjustments on capped assets	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	

Note 7: Accrued income

Amount of accrued income included in the following balance sheet items	Amount at 31.12.2018
Receivables from equity investments	-
Trade receivables	67
Other receivables	25
Short-term investments	77
Total	**169**

Note 8: Accrued liabilities

Amount of accrued liabilities included in the following balance sheet items	Amount at 31.12.2018
Trade payables	56
Tax and welfare liabilities	39
Total	**95**

Note 9: Prepaid expenses and income

	Amount at 31.12.2018	
	Expenses	Income
Expenses / Operating revenue	12	34
Expenses / Financial income	-	-
Expenses / Unusual gains	-	-
Total	**12**	**34**

Note 10: Composition of the share capital

	Number	Par value
Shares making up the share capital at the start of financial year 2018	820 500	35,00
Shares issued during the period	-	-
Shares repaid during the period	-	-
Shares cancelled during the period (see Note 2)	(51 000)	35,00
Change in par value through incorporation of reserves	-	-
Shares making up the share capital at the end of financial year 2018	769 500	35,00

Making a share capital of 26 932 500 euros

Note 11: Statement of changes in net worth

Equity in the closing balance sheet for period 2017 prior to income		99 528
Appropriation of income 2017 at net worth by the Combined Annual Meeting of 20 June 2018		(4 366)
. Income 2017	(2 981)	
. Dividends paid	(1 385)	
Equity on opening of period 2018		95 162
Changes in period:		(10 128)
. Changes in premiums, reserves, retained earnings	-	
. Changes in regulated provisions and investment grants	72	
. Cancellation of treasury shares	(10 200)	-
Equity in the closing balance sheet for period 2018 prior to income		85 034

Note 12: Breakdown of net turnover

a) Breakdown by business segment

	Amount 2018	Amount 2017
Rents	235	1 401
Services	330	754
Total	**565**	**2 155**

b) Breakdown by geographical segment

	Amount 2018	Amount 2017
France	565	2 146
Germany	-	9
Total	**565**	**2 155**

Note 13: Unusual items

The main items included under this heading are:

Headings	Amount 2018	Amount 2017
Intercompany provision for probable refund of tax savings to fully consolidated companies	-	11 183
Exceptional depreciation	(4)	-
Capital cost allowances	(72)	2 502
Capital losses on disposal of Gévelot Extrusion and Dold K. GmbH shares, net of fees	-	(29 663)
Provisions for equity interests	-	10 588
Capital gains (losses) on disposal of tangible assets	(3)	983
Provisions for taxes (see Note 1.d)	647	(800)
Other items, net	133	160
Total	**701**	**(5 047)**

Note 14: Income tax

Breakdown of income tax between operating income and unusual gains/losses is the following:

Headings	Pre-tax income at 31.12.2018	Amount of income tax for 2018	Net income (loss) at 31.12.2018
Operating income	2 454	(100)	2 554
Unusual gains/losses	701	9	692
Effect of carried forward loss	-	91	(91)
tax following tax audit	-	855	(855)
Effect on consolidation for tax purposes	-	(914)	914
Total	**3 155**	**(59)**	**3 214**

The tax rate retained is 28% for 2018 to 2020, 26,5% for 2021 and 25% from 2022.
Gévelot SA generated a tax loss result of €325 K in 2018.
The effect on the period's taxes of dispensatory tax assessments due to capital cost allowances is €20 K (income).

Increase and decrease in the future tax debt

The future tax debt will be €286 K highter due to the reversal of capital cost allowances for €1,135 K.

Note 15: Off-balance sheet commitments

	Amount at 31.12.2018
Contractual obligations:	
Guarantee (a)	4 000
Leasing commitments	1 198
Retirement commitments	-
Total	**5 198**
Commitments received:	-
Other	-
Total	**-**

a) concerns the asset and liability guarantees in the assignment agreement with Walor International SAS

Leasing commitments:	Real estate property	Total at 31.12.2018
Headings		
Original values before tax	**1 400**	**1 400**
Amortisations		
Prior fiscal years-to-date	-	-
Allowances of the fiscal year	-	-
Total	**-**	**-**
Fees paid before tax		
Prior fiscal years-to-date	583	583
Fiscal year	117	117
Total	**700**	**700**
Fees remaining due before tax		
At one year max	117	117
At more than one year and 5 years max	469	469
At more than 5 years	472	472
Total	**1 058**	**1 058**
Residual values before tax		
At one year max	-	-
At more than one year and 5 years max	-	-
At more than 5 years	140	140
Total	**140**	**140**
Net charge for the fiscal year	117	117

Retirement commitments (I.F.C.)

Retirement commitments are calculated for each category of staff: clerical, executive, according to length of service and average salary, social security charges included, using the method called "projected benefit obligation", in accordance with CNC Recommendation 2013-02 dated 7 November 2013.

There is no commitment on 31 December 2018 as IFC corporate liabilities (K€ 54) were fully covered by the value of funds on 31 December 2018 (K€ 61) held by Axa France Vie as part of a contract to outsource a portion of these commitments.

Note 16: Managers' remuneration

The total remuneration of the management bodies is not provided as this would lead indirectly to giving individual compensation.

Note 17: Average headcount 2018

	Salaried staff	Staff put at the disposal of the company
Managerial / executive staff	4	-
Supervisory, technical and clerical staff	1	-
Total	**5**	**-**

Note 18: Consolidating company

Gévelot S.A. is the consolidating company of the Gévelot Group.

Note 19: Subsidiaries and minority interests at 31 December 2018

Companies	Capital	Equity other than capital prior to income	Percentage of capital held[1]	Carrying amount of equity interests		Loans and advances granted by the company and not yet repaid	Guarantees and pledges given by the company	Turnover excluding tax of the last complete period	Profit or loss of the last complete period	Dividends received by the company during the period
				Gross	Net					
A - SUBSIDIARIES (at least 50 % of the capital held by the Company)										
PCM S.A. 6, boulevard Bineau 92300 Levallois-Perret	10 155	89 440	99,95%	6 515	6 515	-	-	2 576	5 765	3 005
B - MINORITY INTERESTS (10 to 50 % of the capital held by the Company)	-	-	-	-	-	-	-	-	-	-

[1] Including consumption loans

Income and net worth

Net income (loss) of period and statement of changes in net worth

Net income (loss) of period

Total in thousands of euros and in euros per share		2018	2017
Number of shares at 31 December		769 500	820 500
Accrual-based income	K€	3 214	(2 981)
	€	4,18	(3,63)
Changes in net worth excluding restructuring transactions	K€	72	(2 502)
	€	0,09	(3,05)
Proposed dividend	K€	1 385	1 477
	€	1,80	1,80

Statement of changes in net worth

(in thousands of euros)

Equity in the closing balance sheet of 2017 prior to income		**99 528**
Appropriation of 2017 income at net worth proposed by the Combined General Meeting of 20 June 2018		(4 366)
. 2017 income	(2 981)	
. Dividends paid	(1 385)	
Equity at the beginning of 2018		**95 162**
Period change:		(10 128)
. Changes in premiums, reserves, retained earnings	-	
. Changes in regulated provisions and investment grants	72	
. Cancellation of treasury shares	(10 200)	
Equity in the closing balance sheet of 2018 prior to income		**85 034**
Appropriation of 2018 income at net worth proposed by the Annual General Meeting of 19 June 2019		1 829
. 2018 income	3 214	
. Proposed dividends	(1 385)	
Equity after proposed appropriation		**86 863**

Financial income

The Company's financial income over the last five periods

(in euros)

Item	2018	2017	2016	2015	2014
I - CAPITAL AT END OF PERIOD	(***)	(**)		(*)	
a) Share capital	**26 932 500,00**	**28 717 500,00**	31 262 245,00	31 262 245,00	31 838 310,00
b) Number of existing ordinary shares	**769 500**	**820 500**	893 207	893 207	909 666
c) Number of existing preferential dividend shares (without voting rights)	**-**	**-**	-	-	-
d) Maximum number of future shares to be created					
d.1 through bond conversion	**-**	**-**	-	-	-
d.2 by exercising subscription rights	**-**	**-**	-	-	-
II - PERIOD TRANSACTIONS AND INCOME (LOSS)					
a) Turnover excluding tax	**564 739,50**	**2 155 208,49**	2 284 881,26	2 492 616,82	3 337 180,42
b) Earnings before tax, employee profit-sharing, amortisation and provisions	**2 636 776,24**	**(26 506 414,95)**	7 672 545,77	57 503 116,06	4 129 385,78
c) Income tax	**(58 587,00)**	**(86 668,00)**	(2 283 981,00)	(1 001 998,00)	(1 820 881,00)
d) Employee profit-sharing in period	**-**	**-**	-	-	-
e) Earnings after tax, employee profit-sharing, amortisation and provisions	**3 214 422,18**	**(2 981 501,75)**	9 070 458,66	57 074 060,85	375 269,16
f) Distributed earnings	**1 385 100,00**	**1 385 100,00**	1 476 900,00	1 476 900,00	1 607 772,60
III - EARNINGS PER SHARE					
a) Earnings after tax, employee profit-sharing, but before amortisation and provisions	**3,50**	**(32,20)**	11,15	65,50	6,54
b) Earnings after tax, employee profit-sharing, amortisation and provisions	**4,18**	**(3,63)**	10,15	63,90	0,41
c) Dividend allocated to each share	**1,80**	**1,80**	1,80	1,80	1,80
IV - PERSONNEL					
a) Average headcount of personnel employed during the period	**5**	**5**	5	6	7
b) Total payroll	**463 755,95**	**555 744,14**	501 253,84	552 746,60	671 467,28
c) Amounts paid out for the period's employee benefits (social security, community services, etc)	**189 181,97**	**249 393,27**	235 691,75	251 904,35	318 070,31

(*) In accordance with the decision of the Board of Directors of 15 October 2015, and under the autorisation given by the Combined General Meeting of 19 June 2014, a capital reduction of €576,065 through cancellation of the 16,459 treasury shares held by Gévelot S.A..

At the end of 2015, the share capital thus stands at €31,262,245 comprising 893,207 shares each with a par value of €35.

(**) In accordance with the decision of the Board of Directors of 13 April 2017, and under the autorisation given by the Combined General Meeting of 15 October 2015, a capital reduction of €2,544,745 through cancellation of the 72,707 treasury shares held by Gévelot S.A..

At the end of 2017, the share capital thus stands at €28,717,500 comprising 820,500 shares each with a par value of €35.

(***) In accordance with the decision of the Board of Directors of 20 June 2018, and under the autorisation given by the Combined General Meeting of 15 June 2017, a capital reduction of €1,785,000 through cancellation of the 51,000 treasury shares held by Gévelot S.A..

At the end of 2018, the share capital thus stands at €26,932,500 comprising 769,500 shares each with a par value of €35.

Rapport des commissaires aux comptes sur les comptes annuels

(Exercice clos le 31 décembre 2018)

A l'assemblée générale de la société **GEVELOT SA**
6, boulevard Bineau
92300 LEVALLOIS PERRET

Opinion

En exécution de la mission qui nous a été confiée par votre assemblée générale, nous avons effectué l'audit des comptes annuels de la société GEVELOT SA relatifs à l'exercice clos le 31 décembre 2018, tels qu'ils sont joints au présent rapport.

Nous certifions que les comptes annuels sont, au regard des règles et principes comptables français, réguliers et sincères et donnent une image fidèle du résultat des opérations de l'exercice écoulé ainsi que de la situation financière et du patrimoine de la société à la fin de cet exercice.

Fondement de l'opinion

Référentiel d'audit

Nous avons effectué notre audit selon les normes d'exercice professionnel applicables en France. Nous estimons que les éléments que nous avons collectés sont suffisants et appropriés pour fonder notre opinion.

Les responsabilités qui nous incombent en vertu de ces normes sont indiquées dans la partie « Responsabilités des commissaires aux comptes relatives à l'audit des comptes annuels » du présent rapport.

Indépendance

Nous avons réalisé notre mission d'audit dans le respect des règles d'indépendance qui nous sont applicables, sur la période du 1er janvier 2018 à la date d'émission de notre rapport, et notamment nous n'avons pas fourni de services interdits par le code de déontologie de la profession de commissaire aux comptes.

Justification des appréciations

En application des dispositions des articles L.823-9 et R.823-7 du code de commerce relatives à la justification de nos appréciations, nous vous informons que les appréciations les plus importantes auxquelles nous avons procédé, selon notre jugement professionnel, ont porté sur le caractère approprié des principes comptables appliqués et sur le caractère raisonnable des estimations significatives retenues notamment pour ce qui concerne l'évaluation des titres de participation à la date de clôture.

Les appréciations ainsi portées s'inscrivent dans le contexte de l'audit des comptes annuels pris dans leur ensemble et de la formation de notre opinion exprimée ci-avant. Nous n'exprimons pas d'opinion sur des éléments de ces comptes annuels pris isolément.

Vérifications spécifiques

Nous avons également procédé, conformément aux normes d'exercice professionnel applicables en France, aux vérifications spécifiques prévues par les textes légaux et réglementaires.

Informations données dans le rapport de gestion et dans les autres documents sur la situation financière et les comptes annuels adressés aux actionnaires

Nous n'avons pas d'observation à formuler sur la sincérité et la concordance avec les comptes annuels des informations données dans le rapport de gestion du conseil d'administration et dans les autres documents sur la situation financière et les comptes annuels adressés aux actionnaires.

Nous attestons de la sincérité et de la concordance avec les comptes annuels des informations relatives aux délais de paiement mentionnées à l'article D.441-4 du code de commerce.

Informations relatives au gouvernement d'entreprise

Nous attestons de l'existence, dans la section du rapport de gestion du conseil d'administration consacrée au gouvernement d'entreprise, des informations requises par l'article L.225-37-4 du code de commerce.

Autres informations

En application de la loi, nous nous sommes assurés que les diverses informations à l'identité des détenteurs du capital ou des droits de vote vous ont été communiquées dans le rapport de gestion.

Responsabilités de la direction et des personnes constituant le gouvernement d'entreprise relatives aux comptes annuels

Il appartient à la direction d'établir des comptes annuels présentant une image fidèle conformément aux règles et principes comptables français ainsi que de mettre en place le contrôle interne qu'elle estime nécessaire à l'établissement de comptes annuels ne comportant pas d'anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs.

Lors de l'établissement des comptes annuels, il incombe à la direction d'évaluer la capacité de la société à poursuivre son exploitation, de présenter dans ces comptes, le cas échéant, les informations nécessaires relatives à la continuité d'exploitation et d'appliquer la convention comptable de continuité d'exploitation, sauf s'il est prévu de liquider la société ou de cesser son activité.

Les comptes annuels ont été arrêtés par le conseil d'administration.

Responsabilités des commissaires aux comptes relatives à l'audit des comptes annuels

Il nous appartient d'établir un rapport sur les comptes annuels. Notre objectif est d'obtenir l'assurance raisonnable que les comptes annuels pris dans leur ensemble ne comportent pas d'anomalies significatives. L'assurance raisonnable correspond à un niveau élevé d'assurance, sans toutefois garantir qu'un audit réalisé conformément aux normes d'exercice professionnel permet de systématiquement détecter toute anomalie significative. Les anomalies peuvent provenir de fraudes ou résulter d'erreurs et sont considérées comme significatives lorsque l'on peut raisonnablement s'attendre à ce qu'elles puissent, prises individuellement ou en cumulé, influencer les décisions économiques que les utilisateurs des comptes prennent en se fondant sur ceux-ci.

Comme précisé par l'article L.823-10-1 du code de commerce, notre mission de certification des comptes ne consiste pas à garantir la viabilité ou la qualité de la gestion de votre société.

Dans le cadre d'un audit réalisé conformément aux normes d'exercice professionnel applicables en France, le commissaire aux comptes exerce son jugement professionnel tout au long de cet audit. En outre :

- il identifie et évalue les risques que les comptes annuels comportent des anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs, définit et met en œuvre des procédures d'audit face à ces risques, et recueille des éléments qu'il estime suffisants et appropriés pour fonder son opinion. Le risque de non-détection d'une anomalie significative provenant d'une fraude est plus élevé que celui d'une anomalie significative résultant d'une erreur, car la fraude peut impliquer la collusion, la falsification, les omissions volontaires, les fausses déclarations ou le contournement du contrôle interne ;

- il prend connaissance du contrôle interne pertinent pour l'audit afin de définir des procédures d'audit appropriées en la circonstance, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne ;

- il apprécie le caractère approprié des méthodes comptables retenues et le caractère raisonnable des estimations comptables faites par la direction, ainsi que les informations les concernant fournies dans les comptes annuels ;

- il apprécie le caractère approprié de l'application par la direction de la convention comptable de continuité d'exploitation et, selon les éléments collectés, l'existence ou non d'une incertitude significative liée à des événements ou à des circonstances susceptibles de mettre en cause la capacité de la société à poursuivre son exploitation. Cette appréciation s'appuie sur les éléments collectés jusqu'à la date de son rapport, étant toutefois rappelé que des circonstances ou événements ultérieurs pourraient mettre en cause la continuité d'exploitation. S'il conclut à l'existence d'une incertitude significative, il attire l'attention des lecteurs de son rapport sur les informations fournies dans les comptes annuels au sujet de cette incertitude ou, si ces informations ne sont pas fournies ou ne sont pas pertinentes, il formule une certification avec réserve ou un refus de certifier ;

- il apprécie la présentation d'ensemble des comptes annuels et évalue si les comptes annuels reflètent les opérations et événements sous-jacents de manière à en donner une image fidèle.

Fait à Neuilly-sur-Seine et Paris, le 26 avril 2019

Les commissaires aux comptes

PricewaterhouseCoopers Audit **Yan RICAUD**	**RSM Paris** **Régine STEPHAN**

Rapport Spécial des Commissaires aux Comptes sur les Conventions Réglementées

Exercice clos le 31 décembre 2018

Gévelot SA
6, boulevard Bineau
92300 Levallois-Perret

A l'assemblée générale de la société GEVELOT SA,

En notre qualité de commissaires aux comptes de votre société, nous vous présentons notre rapport sur les conventions réglementées.

Il nous appartient de vous communiquer, sur la base des informations qui nous ont été données, les caractéristiques, les modalités essentielles ainsi que les motifs justifiant de l'intérêt pour la société des conventions dont nous avons été avisés ou que nous aurions découvertes à l'occasion de notre mission, sans avoir à nous prononcer sur leur utilité et leur bien-fondé ni à rechercher l'existence d'autres conventions. Il vous appartient, selon les termes de l'article R. 225-31 du code de commerce, d'apprécier l'intérêt qui s'attachait à la conclusion de ces conventions en vue de leur approbation.

Par ailleurs, il nous appartient, le cas échéant, de vous communiquer les informations prévues à l'article R.225-31 du code de commerce relatives à l'exécution, au cours de l'exercice écoulé, des conventions déjà approuvées par l'assemblée générale.

Nous avons mis en œuvre les diligences que nous avons estimé nécessaires au regard de la doctrine professionnelle de la Compagnie nationale des commissaires aux comptes relative à cette mission.

CONVENTIONS SOUMISES A L'APPROBATION DE L'ASSEMBLEE GENERALE

Nous vous informons qu'il ne nous a été donné avis d'aucune convention autorisée au cours de l'exercice écoulé à soumettre à l'approbation de l'assemblée générale en application des dispositions de l'article L. 225-38 du code de commerce.

CONVENTIONS DEJA APPROUVEES PAR L'ASSEMBLEE GENERALE

Nous vous informons qu'il ne nous a été donné avis d'aucune convention déjà approuvée par l'assemblée générale dont l'exécution se serait poursuivie au cours de l'exercice écoulé.

Neuilly-sur-Seine et Paris, le 26 avril 2019

LES COMMISSAIRES AUX COMPTES

PricewaterhouseCoopers Audit
Yan RICAUD

RSM Paris
Régine STEPHAN

Resolutions

submitted to the Annual General Meeting of 19 June 2019

First Resolution

The General Meeting, having listened to the operating and financial review of the Board of Directors and to the Auditors' report, approves the said reports in their entirety, as well as the 2018 annual individual financial statements, which show a net income of €3,214,422.18.

Second Resolution

The General Meeting, having listened to the operating and financial review of the Board of Directors and to the Auditors' report, approves the annual consolidated financial statements as presented, which show a Group share of net consolidated income of €6.0 million for financial year 2018.

Third Resolution

The General Meeting takes due note of the Auditors' special report on the regulated Agreements and Commitments referred to in Article L.225-38 of the French Commercial Code and approves the said transactions.

Fourth Resolution

The General Meeting decides to allocate
the period's profit of ....€ 3 214 422.18

plus previous retained earnings.........................€ 12 961 565.19

constituting the distributable profit of ....€ 16 175 987.37

as follows :

. Dividend ....€ 1 385 100.00

- € 1 385 100.00

Retained earnings balance
after allocation ....€ 14 790 887.37

The global dividend is €1.80 per share for 769,500 shares so €1,385,100 and will be distributed as from 26 June 2019.

In accordance with Article 243 bis of the French General Tax Code, it is stipulated that the totality of the proposed dividend is eligible for the 40% tax allowance benefiting to individuals domiciled in France according to Article 158-3, 2° of the General Tax Code. This allowance applies only in the case of an express, irrevocable and global option for taxation according to the progressive income tax schedule when filing the annual income statement of the beneficiary. In the absence of such an option, the dividend to be distributed to these individuals domiciled in France falls within the scope of the single flat-rate levy (PFU) introduced by the Finance Act for 2018 (Loi de Finances) without the application of this 40% tax allowance.

Prior to payment, the dividend is subject to social security contributions and to the 12.8% mandatory non-statutory levy written in Article 117 quater of the French General Tax Code, paid as an advance payment of income tax, except where the taxpayer has duly waived the exemption.

In application of Article 243 bis of the General Tax Code, it is reminded that the payment of the following dividends has been carried out in the last three accounting years, these dividends being fully eligible for the 40% tax allowance mentioned in Article 158.3.2° of the General Tax Code:

Period	Net	Number of shares served	Number of shares total
2015	1,80	820 500	893 207
2016	1,80	820 500	820 500
2017	1,80	769 500	820 500

Fifth Resolution

The General Meeting discharges the Directors from their corporate duties for financial year 2018.

Sixth Resolution

Mrs Armelle CAUMONT CAIMI's directorship being expired, the General Meeting renews her mandate for a period of three years until the 2022 General Meeting that will be called to approve the accounts of financial year 2021.

Seventh Resolution

To proceed with any publication and filing required by law, and generally to carry out any statutory formalities, all powers are vested in the holder of original or duplicated copies or excerpts of these resolutions.

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www.gevelot-sa.fr

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