Gévelot

Annual Report

Financial Year 2017

This is a free translation into English of the 2017 Financial 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.

Combined Annual and Extraordinary General Meeting of 20 June 2018

Contents

Public Limited Company (Société Anonyme) with a registered capital of 28 717 500 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 2017

Administration of Gévelot S.A.

Board of Directors

Chairman & 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

PricewaterhouseCoopers Audit (PwC)
represented by Yan RICAUD
RSM PARIS
represented by Régine STEFAN and Stéphane MARIE

Listing Sponsor

Stock Exchange Company Gilbert Dupont
represented by Jérôme GUYOT

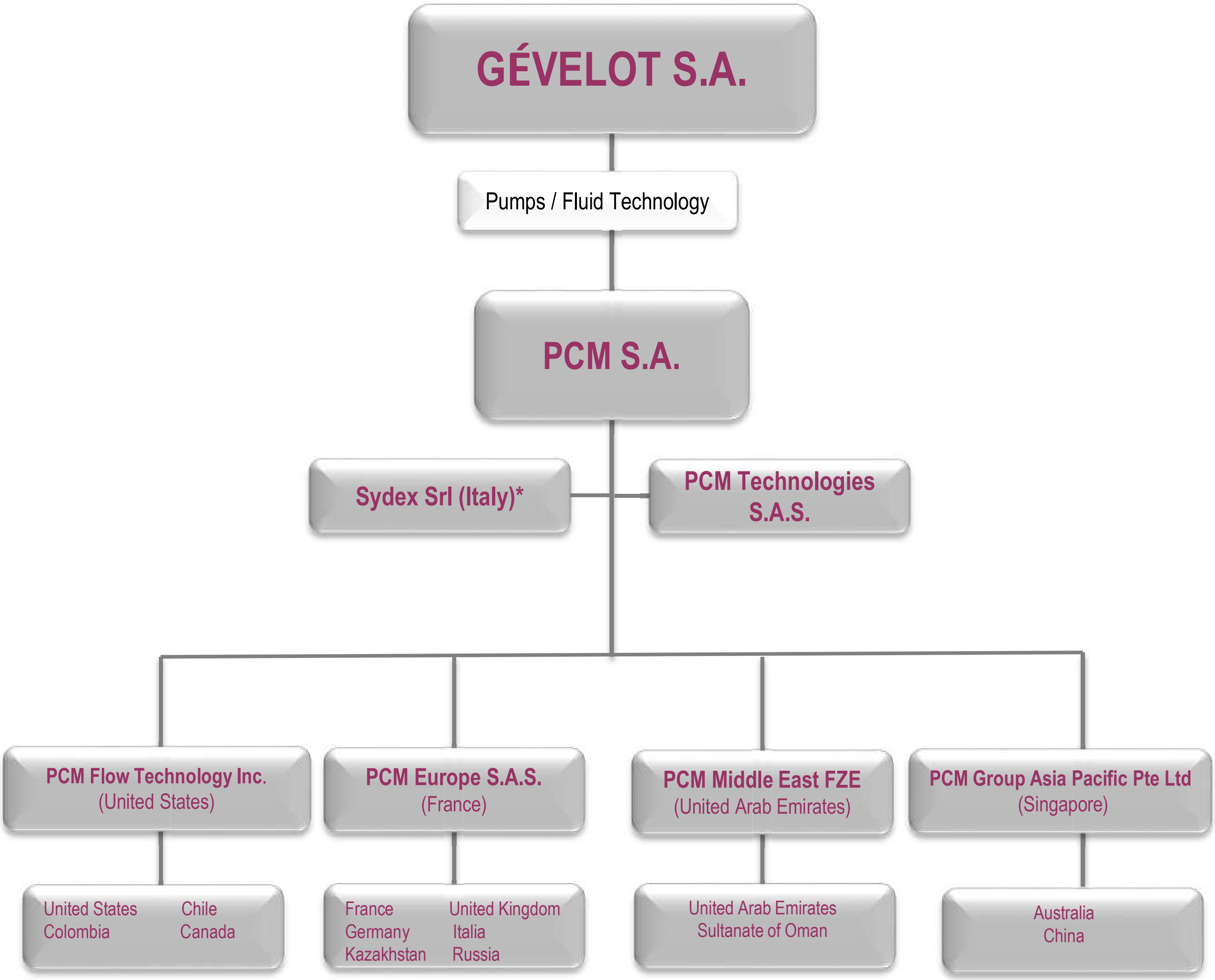
Managers of Subsidiaries

EXTRUSION Sector(*)	Patrick LHUILLERY
PUMPS Sector	Mario MARTIGNONI

(*) Sector divested on 28 November 2017

Group Companies

At 12 April 2018



* 55% acquired in the second half of 2016

Agenda

of the Combined Annual and Extraordinary General Meeting of 20 June 2018

For the consideration of the Ordinary Annual General Meeting

- Management Report from the Board of Directors on the progress of the Company during the financial year 2017,
- Auditors' Reports on the period's Individual and Consolidated Financial Statements,
- Approval of the Individual Financial Statements for the year ended on 31 December 2017,
- Approval of the Consolidated Financial Statements for the year ended on 31 December 2017,
- Approval of the Agreements mentioned in Article L.225-38 of the French Commercial Code,
- Allocation of income for the financial year 2017,
- Discharge of Directors,
- Directors,
- Powers,
- Other questions

For the consideration of the Extraordinary General Meeting

- Delegation of authority to the Board of Directors with a view to proceeding with a capital increase reserved for employees, members of the Group's Employee Share Ownership Plan,
- Examination of a resolution draft aiming to prorogue the age limit required to be appointed as Board Director (Article 13 of Statutes).

Overview of Gévelot Group

Annual key figures
(in thousands of euros)

Group	2017	2016 Restated(1)	Percentage change 2017/2016	2016 Published	2015 Published
Turnover excluding tax	**89 486**	91 239	*(1,9)*	196 333	206 870
Turnover originating outside France	*67 246*	*69 194*	*(2,8)*	*134 112*	*142 071*
EBITDA	2 955	6 794	*(56,5)*	20 304	13 119
Current operating income	**3 505**	5 818	*(39,8)*	12 935	7 824
Other operating income and (expenses)(2)	21 100	9 416		1 269	(4 575)
Operating income	**24 605**	15 234		14 204	3 249
Financial income	**(1 710)**	1 321		796	(3 022)
Operating results before tax	**22 895**	16 555		15 000	227
Net income from continued operations	**14 485**	15 148		14 566	(3 590)
Net income of discontinued operations (3)	(12 539)	(582)		-	-
Net income of consolidated companies	1 946	14 566		14 566	(3 590)
Share of interest not conferring control	116	(55)		(55)	(1 160)
Net income attributable to the parent company	**1 830**	14 621		14 621	(2 430)
Net earnings per share from continued operations (in euros)	17,51	18,53		17,82	(2,73)
Cash flow from operations	21 233	14 766	*43,8*	28 151	11 026
Equity	**196 981**	199 304	*(1,2)*	199 304	186 011
Indebtedness / Equity (in %)	*6,6*	*20,4*		*20,4*	*22,0*
Headcount	*631*	*586*	*7,7*	*1 251*	*1 287*

(1) The Extrusion sector's income items are reclassified in accordance with IFRS 5

(2) including :					
- impairment of industrial assets - IAS 36 -	-	-		(8 142)	(4 136)
- revenue on contractual renegotiation / termination	22 056	9 487		9 487	-
(3) including loss on disposal of Extrusion Sector	(16 676)	-		-	-

Gévelot S.A.	2017	2016	Percentage change 2017/2016	2015
Turnover excluding tax	**2 155**	**2 285**	*(5,7)*	2 493
Operating result	312	425	*(26,6)*	467
Financial income	1 667	6 968		56 735
Current pre-tax income(4)	1 979	7 393		57 202
Unusual items (5)	(5 047)	(606)		(1 130)
Net income/(loss)	**(2 981)**	**9 070**		57 074
Cash flow from operations	1 287	9 954	*ns*	58 534
Net dividend per share (in euros)	1,80	1,80		1,80
Headcount	*5*	*5*		*5*

(4) including:			
- Special dividend	-	4 000	54 700
- Depreciation of investment securities	-	-	(661)
(5) including Extrusion Sector disposal	(4 992)	-	-

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 2017 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).

Group's Activities and Results

The contract confirming the sale of our Extrusion Sector signed between Gévelot SA and the Walor International SAS company on 11 October 201 was closed on 28 November 2017.

The general sale price amounts to €24 M, including the real estate, of the French sites of Gévelot Extrusion, owned by Gévelot SA. It comes with an assets and liabilities guarantee capped at €4 M, which will expire at the end of 2019.

The accounts of the Extrusion Sector in terms of results are reclassified into an item entitled Net income of discontinued activities. The accounts for FY 2016 have been restated identically.

The Group scope now consists of Gévelot SA (Holding) and the Pumps Sector, owned through its subsidiary PCM SA.

The consolidated turnover of financial year 2017 amounted to €89.5 million against €91.2 million in 2016, down 1.9 %.

On a like-for-like basis and currency rate, turnover was down 2.9%.

The turnover of the **Pumps Sector**, at € 89.4 million, was down 2 % on the previous year. On a like-for-like basis and currency rate, turnover was down 3.0 %.

Oil & Gas was down, Industry slightly progressed and the Food market fell slightly.

Detailed comments on the consolidated results

These elements are presented on the basis of the new scope.

The Group's consolidated operating income in 2017 amounted to a profit of €3.5 M against €5.8 M in 2016. The contribution of the Pumps Sector was down but remained positive by €5.0 M (positive by €7.4M in 2016). Provisions on international current assets partly explain this fall.

The operating profit for 2017 was €24.6 M against a profit of €15.2 M in 2016.

It included the compensation received in early 2018 on the termination in May 2017 of a supply contract in the field of Oil & Gas (€12.6 M) and the end of the spread of the second residual part of compensation linked to its renegotiation in late December 2016 (€9.5 M).

In 2016, the operating income was impacted by the first positive effect of this renegotiation of the Oil & Gas supply contract (€9.5 M).

The consolidated financial income 2017 made a loss of €1.7 M against a positive result of €1.3 M the previous year, owing to an unfavourable currency exchange in 2017 and favourable currency exchange in 2016.

In 2017, net consolidated taxes amounted to € 8.4 million against € 1.4 million in 2016.
It included €6.8 M of payable taxes, plus €1.6 M of deferred taxes.

The net consolidated income for 2017 of consolidated companies showed a profit of €14.5 M against €15.1 M in 2016.

The net income of discontinued activities (Extrusion Sector) made a deficit of €12.5 M against -€0.6 M in 2016.

The share of income taken by non-controlling interests amounted in 2017 to a positive figure of €0.1 M against a negative figure of €0.1 M in 2016.

To conclude, the consolidated net income (Group share) for 2017 made a profit of €1.8 M against €14.6 M in 2016.

Cashflow remained positive, rising to €21.2 M against €14.8 M in 2016.

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

For each Sector, the following amounts were invested in 2017:

- €10.5 M in late November 2017 against €6.3 M in 2016 in the recently sold Extrusion Sector,
- €1.0 M (of which €0.1 M intangible) against €4.6 M (of which €0.6 M intangible) in 2016 in the Pumps Sector.

Jobs

On the basis of the new scope, the Group's payroll on 31 December 2017, excluding temporary staff, amounted to 631 people, of which 267 outside France, against 586 people, of which 236 outside France, in late December 2016.

Consolidated balance sheet structure

The total consolidated balance sheet amounted to €291.0 M against €351.8 M in late 2016, i.e. a €60.8 M drop.

This information was presented for 2016 on the basis of information published last year (including the Extrusion Sector).

Non-current assets of €36.8 M were down €46.1 M. This fall was mainly due to scope variations worth €32.7 M. Furthermore, it consisted of charges to depreciation for €7.7 M, outgoing net assets for €5.5 M and negative exchange losses for €1.2 M. This drop was partially offset by investments over the period amounting to €1 M.

Current assets of €254.2 M were down €14.7 M. This was mainly due to scope variations (- €40.6 M). It included a €13.0 M fall in stock (including the Extrusion Sector -€14.0 M), customer debts for €26.8 M (including the Extrusion Sector -€16.6 M), other debtors for €1.7 M (including the Extrusion Sector -€2.3 M), offset by the increase in current financial assets and cashflow for €26.8 M (including a reclassification of bank deposits at more than three months of €26.4 M, and after impact of the Extrusion Sector -€7.7 M).

Equity at €197.0 M was down €2.3 M, corresponding to + €1.9 M of 2017 consolidated income, -€1.5 M of dividends distributed to third parties, -€2.8 M of exchange losses + €0.1 M of miscellaneous.

Provisions for risks and expenses at €3.7 M, are down by €7. 7 M. Excluding the effects of the sale of the Extrusion Sector, they rose by €1.1 M.

Debts at €90.3 M were down €50.8 M due to the following drops: financial debts (€27.7 M) (including the Extrusion Sector -€19.6 M), operating debts (€23.8 M) (including the Extrusion Sector -€16.6 M) and debts on fixed assets (€1.1 M) (including the Extrusion Sector -€0.9 M), offset by the increase in deferred tax liabilities (+€1.8 M) (including the Extrusion Sector +€1.7M).

Consolidated financial structure

The net consolidated financial structure at the end of 2017 amounted to €162.3 M against €107.7 M in 2016 up €54.6 M. This increase mainly included financial flows linked to the sale of the Extrusion Sector i.e. +€22.8 M together with a guarantee agreement of €4 M that may be implemented before the end of 2019. In addition, it was increased by the effects of the variation of the scope on net financial debt of +€11.8 M. It should be noted there was a positive impact of €19.0 M in the Pumps Sector linked to the renegotiation of this Oil & Gas supply contract in late 2016 and received in early 2017.

In all, current Assets amounted to €254.2 M against debts to Third Parties of under one year, for €78.6 M.

To summarise, the "Debt / Equity" ratio stood at 6.6 % against 20.4 % at the end of 2016. The withdrawal of the Extrusion Sector from the consolidation scope at the end of 2017 largely explains the change in this financial ratio.

On the basis of the new scope, the “Debt/Turnover” ratio amounted to 14.5% against 23.1% in 2016.

Activity of the Parent Company

The turnover of Gévelot S.A., the parent company, was €2,155 K in 2017 against €2,285 K in 2016.

Rents, at €1,401 K, were down 5.9 % (-€ 88.0 K) on the previous year. This fall was mainly due to the termination, in November 2017, of commercial leases with Gévelot Extrusion, due to the sell-off.

Services invoiced, at € 754 K, were down €42 K (impact of 11 months' billing to the Extrusion Sector against 12 months in 2016).
Operating income amounted to €2,575 against €2,723 K, down €148 K.
Operating expenses at €2,263 K against €2,298 K in 2016 were down €35 K.

The operating profit for the financial year amounted to €312 K against €425 K in 2016.

The financial income was still positive and amounted to €1,667 K against € 6,968 K in 2016.
It mainly consisted in 2017 of a dividend of €1,502 K received from PCM SA (identical to that of 2016), net exchange losses of €124 K (positive sum of €581 K in 2016) and Financial products of €289 K.

In 2016, an exceptional dividend of €4,500 K was received from the German subsidiary of the Extrusion Sector.

Current pre-tax income was positive at €1,979 K against €7,393 K in 2016.
An exceptional loss of €5,047 K was made against a loss of €606 K in 2016.
In 2017, it included €5.0 M of net negative effects linked to the sale of industrial property assets and shares in the Extrusion Sector to the Walor International SAS company.

After payment of €997 K in corporation tax and €1,084 K saved due to the tax integration scheme, **the net corporate loss of Gévelot SA in 2017 amounted to € 2,981 K against a net profit of €9,070 K in 2016.**

Activity of the Parent Company's subsidiaries

The main information regarding the subsidiaries of Gévelot SA presented below is taken from the company accounts drawn up according to local rules.

Financial information (in thousands of euros)

Subsidiaries	Turnover	Operating income	Financial income	Exceptional income
Gévelot Extrusion SA (*)	60,378	294	(176)	247
Dold K. (Germany) (*)	35,788	1,812	(157)	-
PCM SA	1,599	(204)	4,776	12,378

Subsidiaries	Net income	CAF	Industrial Investments	Financial Investments
Gévelot Extrusion SA (*)	740	3,179	5,278	-
Dold K. (Germany) (*)	1,188	3,764	414	-
PCM SA	13,018	13,592	-	14,669

(*) at the end of November 2017

Staffing on 31 December 2017

Subsidiaries (excluding temporary staff)	Total
Gévelot SA (Holding)	5
PCM (France and abroad)	626

Group's research and development activities

For the whole Group, Research and Development expenses in the Pumps Sector amounted to €1.9 M in 2017 and generated Research Tax Credits of €0.5 M.

In terms of Research and Development, this sector has built up its development policy in tune with market needs, in compliance with the 5-year strategic plan.

Structural development of Research and Development tools and processes have allowed a significant efficiency gain in the validation of projects' various stages of progress.

2017 was characterised by the inclusion of new products in the catalogue to extend the range on the Industry and Oil & Gas markets.

Group outlook for 2018

For the Group, 2018 will be a year of transition.

The sale of the Extrusion Sector with the end of its positive contribution to results and, in the Pump Sector, the termination in late 2017 of the major Oil & Gas supply contract, could have negative effects on the Group's activities and profitability.

Parent company

Gévelot SA's turnover will once more consist of rental products and services, but this turnover will be decreased due to the sale of the Extrusion Sector.

In terms of financial products, a dividend should be received from our subsidiary for a sum of around €3.0 M, an improvement on the dividend received in 2017.

Net income should see a return to profit, excluding any extraordinary operations.

Pumps Sector

The activity of this Sector should be generally stable according to our initial estimates.

However, the termination of the supply contract by a major Oil & Gas customer could have a negative effect, in particular in the second half of 2018.

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

Overall Group outlook

The Gévelot Group is implementing measures needed to achieve a positive result in 2018, excluding extraordinary factors not identified 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 stability in oil prices has been observed in recent months in a still very uncertain geopolitical context.

Investments in hydrocarbons have not resumed since the peak in 2014 even though American fracking continues to support supply. Several countries have started to diversify their sources of energy.

Investments will be needed in particular in extraction to continue to satisfy demand after 2020. Otherwise, the market could contract. Price volatility could therefore return.

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. Hedging instruments are set up as soon as a currency sales transaction 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.

The activity of the Pumps sector incurs relatively higher risk. European Customers of PCM Europe SAS show no significant individual 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.

2. Cash flow risks linked to financing activities

The Group calls on the banking sector to finance operations when required by its industrial and commercial activities

- **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.

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 to 60 days	61 - 90 days	91 days and more	Total (1d & more)
(A) Late payment segments						
Number of invoices						5
Total amount of invoices (including taxes)		€3 K	€19 K		€25 K	€47 K
% of total amount of the year's purchases (including taxes)		0.15 %	0.97 %.		1.25 %.	2.38 %.
% 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 to 60 days	61 - 90 days	91 days and more	Total (1d & more)
(A) Late payment segments						
Number of invoices	3					
Total amount of invoices (including taxes)	€36 K					
% of total amount of the year's purchases (including taxes)						
% of the year's turnover (including taxes)	1.15 %					
(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:

FY deficit.. - €2,981,501.75

Previous retained earnings..€17,328,166.94

Total to be distributed...€14,346,665.19

. Dividend:...- €1,476,900.00

. Retained earnings balance
after allocation: €12,869,765.19

The general dividend therefore amounts to €1.80 per share for 820,500 shares i.e. €1,476,900 and will be distributed as of 27 June 2018.

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. If this option is not taken, the dividend to be distributed to these natural persons domiciled for tax purposes in France falls into the field application of the new single flat-rate levy (PFU) established by the Finance Act for 2018 without application of this 40% rebate.

Before its payment, the dividend is subject to social contributions of 17.2% 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
2014	1.80	for the record	893,207	909,666
2015	1.80	for the record	820,500	893,207
2016	1.80	for the record	820,500	820,500

Financial Markets

In 2017, the share price on Euronext Growth Paris evolved as follows:

	Euros
Price at the end of 2016	145.00
Lowest price	140.06
Highest price	218.80
Price at the end of 2017	198.70
Number of shares traded in 2017	35,365
Number of shares traded in 2016 *	29,105

** including the redemption of 10 shares for cancellation*

On 29 March 2018, the share price was €199 with a trading volume observed since the start of the year of 20,720 shares.

Shareholding

On 31 December 2017, 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,
- the CAPRIONA Company, more than a twentieth of share capital.

Following the cancellation of the 72,707 treasury shares from the end of 2015 to the beginning of 2016, decided by the Board of Directors on 13 April 2017, the capital of Gévelot SA now consists of 820,500 shares with a nominal value of 35 euros, i.e. €28,717,500.

Information on treasury stock at the end of 2017

Number of treasury stock at the beginning of the FY	72,707
Number of shares purchased in 2017	0
Number of shares sold in 2017	0
Number of shares cancelled 2017	72,707
Number of treasury stock at the close of 2017	0

The Combined Annual General Meeting of 15 June 2017 (11th Resolution) had delegated the Board to implement a new share redemption programme with a view to cancellation (a maximum of 10% of shares composing the share capital for a total amount of €13M).

On 31 March 2018 no acquisition had been made within this framework.

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.

Plan to amend the Share Capital

On 31 December 2017, as employees held less than 3% of the Company's share capital, the General Meeting must vote on a proposal to increase capital reserved for them (L. 225-129-6 al. 2 of the French Commercial Code).

As a similar resolution had been proposed and rejected at the Combined General Meeting of Shareholders in 2015, in compliance with the 3-year periodic obligation, a new resolution will be proposed at the next Combined General Meeting of Shareholders.

Capital increase reserved for employees

This extraordinary resolution aims at a decision to be taken, in compliance with paragraph 2 of Article L. 225-129-6 of the French Commercial Code, regarding a capital increase reserved for members of the Group's corporate savings scheme, to be created if necessary

The Board is available to Shareholders to provide any additional information.

Social and environmental consequences of the activity

As none of the Group's companies in 2017 exceeded the thresholds in terms of employees and turnover (application thresholds defined by the "Grenelle II" Act dated 12 July 2010 and its Application Decree dated 24 April 2012), there is no obligation for the Gévelot Group for FY 2017 to publish a Report on Social, Environmental Consequences (or RSE) of the Group's activities and on its social commitments in favour of sustainable development.

On the other hand, the Gévelot Group will be bound, for FY 2018, in application of the Order of July 2017, defining a new perimeter of companies affected by the obligation to produce an extra-financial performance declaration.

Events after the Reporting Period

Holding

The rental offer will continue on our tertiary property in Levallois-Perret for the surface released at the end of 2018.

The share redemption programme voted in June 2017, not used to date, will be reactivated in April 2018. For this purpose, an intermediation contract will be signed with our new Listing Sponsor to set it up.

Pumps Sector

International development and the search for new diversifications, according to strategic opportunities, remain at the heart of reflections.

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 5 times in 2017.

Directors and Corporate Officers

An extraordinary resolution will be tabled to extend the age limit for Board Members from 78 to 85 years.

If this Resolution is approved, Article 13 of the articles of incorporation will be amended accordingly.

Furthermore, the renewal of the mandate as Director of Mrs Claudine BIENAIMÉ and Messrs Charles BIENAIMÉ and Pascal HUBERTY will be put to the vote.

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, Director,
covers the following functions within the Group:

- Chairman & CEO and Director of PCM SA.
- Director of Gévelot Extrusion (*)
- 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 Amik Oilfield E. & R. Ltd. (Canada)
- Director of PCM Trading Shanghai Co., Ltd. (China)

(*) *Positions ending on 28 November 2017*

- 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 Gévelot Extrusion (*)
- Director of PCM SA

Functions outside the Group: none

Mrs. Claudine BIENAIMÉ, Director,
covers the following functions within the Group:
- Director of Gévelot Extrusion (*)
- Director of PCM SA

Functions outside the Group:
- Member of the Supervisory Board of Publicis Groupe SA
- Member of the Audit Committee of Publicis Groupe SA
- Member of the Remuneration Committee of Publicis Groupe SA

and also:
- Chairman & CEO of Société Immobilière du Boisdormant SA
- Director and Managing Director of:
  - Rosclodan SA
  - Sopofam SA
- Manager of SCI Pressbourg Etoile

Mrs. Roselyne MARTIGNONI, Director,
covers the following functions within the Group:
- Director of Gévelot Extrusion (*)
- Director of PCM SA

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

Mr Charles BIENAIMÉ, Director,
covers the following functions within the Group:
Director of Gévelot Extrusion (*)
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 Gévelot Extrusion (*)
- 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

Mrs Armelle CAUMONT-CAIMI, Director,
covers the following functions within the Group:
- Director of PCM SA

Functions outside the Group: none

(*) *Positions ending on 28 November 2017*

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 holding a fraction of voting rights in excess of 10% of a company and another company of which the first directly or indirectly owns more than half of the capital.

Valid delegations for capital increases

None

Valid delegation

Within the framework of the adoption on 15 June 2017 of the eleventh Resolution of that day's Combined General Meeting for Shareholders, the Board was granted a delegation to implement a share redemption programme with a view to cancellation (authorised redemption of a maximum of 10% of shares composing the share capital for a total maximum amount of €13 million) (Validity: 15 December 2018).

On 31 March 2018, no shares had been redeemed.

Similarly, the twelfth resolution adopted at the Combined General Meeting of Shareholders on 15 June 2017 granted the Board a delegation to cancel any shares that may have been redeemed (Validity: 15 June 2019).

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 2017 amounted to €38,263 against €44,133 in 2016.

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 2017

Consolidated balance sheet at 31 December 2017

I.F.R.S. accounting basis **ASSETS** *(in thousands of euros)*		Net amount at 31.12.2017	Net amount at 31.12.2016
Goodwill	*Note 4*	1 795	1 827
Intangible assets	*Note 4*	1 261	4 510
Tangible capital assets	*Note 4*	32 993	72 927
Long-term financial assets	*Note 5*	449	1 492
Deferred tax assets	*Note 14*	181	2 004
Interests in associated companies		76	118
TOTAL NON-CURRENT ASSETS (I)		**36 755**	**82 878**
Inventories	*Note 6*	27 105	40 145
Trade accounts receivables	*Note 7*	47 544	74 317
Other receivables	*Note 8*	4 350	6 001
Matured tax claim	*Note 14*	-	46
Current financial assets	*Note 5*	68 105	41 387
Cash and cash equivalents	*Note 9*	107 112	106 992
TOTAL CURRENT ASSETS (II)		**254 216**	**268 888**
TOTAL ASSETS (I + II)		**290 971**	**351 766**

I.F.R.S. accounting basis **LIABILITIES** *(in thousands of euros)*		Net amount at 31.12.2017	Net amount at 31.12.2016
Equity attributable to consolidating company		194 992	197 433
Equity attributable to interests not conferring control		1 989	1 871
TOTAL EQUITY (I)		**196 981**	**199 304**
Long-term provisions	*Note 11*	2 697	10 028
Long-term financial liabilities	*Note 13*	9 883	21 946
Deferred tax liability	*Note 14*	1 816	-
TOTAL LONG-TERM LIABILITIES (II)		**14 396**	**31 974**
Trade accounts payables		11 189	21 437
Accounts payable to asset suppliers		-	1 108
Current provisions	*Note 11*	1 031	1 407
Other accounts payable	*Note 10*	64 063	76 824
Matured tax liability	*Note 14*	247	976
Current financial liabilities	*Note 13*	3 064	18 736
TOTAL CURRENT LIABILITIES (III)		**79 594**	**120 488**
TOTAL LIABILITIES (II+III)		**93 990**	**152 462**
GRAND TOTAL (I + II + III)		**290 971**	**351 766**

Notes 1 to 27 form an integral part of the consolidated financial statements.

Consolidated income statement at 31 December 2017

I.F.R.S. accounting basis **INCOME STATEMENT** (in thousands of euros)		Period 2017	Period 2016
Turnover	*Note 18*	**89 486**	**91 239**
Other income from operating activities	*Note 15*	5 477	5 659
Income from operating activities	*Note 15*	**94 963**	**96 898**
Current operating expenses	*Note 16*	(91 458)	(91 080)
CURRENT OPERATING INCOME	*Note 18*	**3 505**	**5 818**
Other operating income	*Note 18*	22 134	9 506
Other operating expenses	*Note 18*	(1 034)	(90)
OPERATING INCOME	*Note 18*	**24 605**	**15 234**
Income from cash and cash equivalents		390	532
Cost of financial debt		(184)	(318)
Cost of net financial debt		**206**	**214**
Other financial income		3 827	3 560
Other financial expenses		(5 743)	(2 453)
RESULT OF OPERATIONS	*Note 17*	**(1 710)**	**1 321**
PRE-TAX INCOME OF CONSOLIDATED COMPANIES	*Note 18*	**22 895**	**16 555**
Income tax expense	*Note 14*	(8 404)	(1 456)
NET INCOME OF CONSOLIDATED COMPANIES		**14 491**	**15 099**
Share of income from equity-method companies		(6)	49
NET INCOME FROM CONTINUED OPERATIONS	*Note 18*	**14 485**	**15 148**
Net income/(loss) from discontinued operations	*Note 27*	(12 539)	(582)
NET CONSOLIDATED INCOME		**1 946**	**14 566**
PROPORTION OF INTERESTS NOT CONFERRING CONTROL		**116**	**(55)**
SHARE GOING TO CONSOLIDATING ENTITY		**1 830**	**14 621**
EARNINGS PER SHARE FROM CONTINUED OPERATIONS		€17,51	€18,53
EARNINGS PER SHARE FROM DISCONTINUED OPERATIONS		(€15.28)	(€0.71)

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.

820,500 is the number of shares on which earnings per share is calculated for period 2017 and 820,501 for period 2016 (see Note 3 - Share capital).

Notes 1 to 27 form an integral part of the consolidated financial statements.

Comprehensive income and net worth

Comprehensive income 2017

I.F.R.S. Accounting basis (in thousands of euros)			Period 2017	Period 2016
CONSOLIDATED NET INCOME			**1 946**	**14 566**
A) Other comprehensive income from continued operations:	Gross amount	Tax income/(expenses)		
A.1) Recyclable items				
. Translation adjustments	(2 842)	-	(2 842)	(627)
A.2) Non recyclable items				
. Actuarial gains / (losses)	87	(31)	56	(83)
. Revaluation of land and buildings	-	-	-	345
B) Other comprehensive income from discontinued operations:				
B. 1) Recyclable items from discontinued operations				
. Translation adjustments				(43)
B. 2) Non recyclable items from discontinued operations				
. Actuarial gains / (losses)	-	-	-	(611)
Other comprehensive income (loss) net of tax			**(2 786)**	**(1 019)**
COMPREHENSIVE INCOME (LOSS)			**(840)**	**13 547**

Statement of changes in net worth and minority interests

(in thousands of euros)	Capital (see Note 3)	Treasury shares (see Note 3)	Revaluation adjustments	Translation adjustments	Consolidated reserves	Equity Group share	Share of interests not conferring control	Total equity
POSITION AT 31.12.2015	**31 262**	**(10 308)**	**300**	**3 822**	**160 292**	**185 368**	**643**	**186 011**
Treasury share transactions	-	(1)	-	-	-	**(1)**	-	**(1)**
Distributions (€1,80 per share of €35)	-	-	-	-	(1 480)	**(1 480)**	-	**(1 480)**
Change in consolidation scope	-	-	-	-	-	**-**	1 227	**1 227**
Comprehensive income 2016	-	-	345	(671)	13 872	**13 546**	1	**13 547**
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 consolidation scope	-	-	-	-	-	**-**	(3)	**(3)**
Comprehensive income 2017	-	-	-	(2 847)	1 886	**(961)**	121	**(840)**
POSITION AT 31.12.2017	**28 718**	**-**	**645**	**304**	**165 325**	**194 992**	**1 989**	**196 981**

Consolidated cash flow statement 2017

CONSOLIDATED CASH FLOW

(in thousands of euros)		31.12.2017	31.12.2016 (*)
OPERATING ACTIVITIES			
Net earnings from consolidated companies		**14 491**	**15 099**
Elimination of expenses and income not affecting cash flow or related to activities:			
- Amortisation and provisions		4 561	3 462
- Discounting of financial assets and liabilities		436	(488)
- Change in deferred tax	*Note 14*	1 558	(3 716)
- Capital gains (losses) on disposal, net of tax		187	409
Cash flow from operations of consolidated companies (1)		**21 233**	**14 766**
Dividends received from equity-method companies		**-**	**-**
Dividends received from activities held for sale		**-**	**-**
- Change in inventories		(2 544)	6 486
- Change in trade receivables		7 895	(25 680)
- Change in other operating receivables		(759)	5 191
- Change in trade payables		1 245	(2 504)
- Change in other operating payables		(6 130)	19 971
Change in working capital requirement		**(293)**	**3 464**
NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		**20 940**	**18 230**
INVESTING ACTIVITIES			
- Acquisitions of intangible and tangible capital assets	*Note 4*	(1 014)	(4 601)
- Increases in financial assets		(26 827)	(14 644)
Total		**(27 841)**	**(19 245)**
- Disposals of intangible and tangible capital assets net of tax		123	223
- Decreases in financial assets		277	42
Total		**400**	**265**
Change in working capital requirement and sundry		(204)	19
Disposal of the Extrusion activity		**22 998**	**-**
Acquisitions of interests		**-**	**(853)**
NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES		**(4 647)**	**(19 814)**
FINANCING ACTIVITIES			
- Dividends allocated to parent company shareholders		(1 480)	(1 480)
- Repurchase of treasury shares		-	(1)
Total		**(1 480)**	**(1 481)**
- Initiation of borrowings and financial debts	*Note 13*	310	15 685
- Repayment of borrowings and financial debts	*Note 13*	(8 328)	(3 467)
Change in borrowings and financial debts		**(8 018)**	**12 218**
Sundry		-	-
Transactions with minority shareholders		**(3)**	**-**
NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES		**(9 501)**	**10 737**
Reclassification impact of discontinued operations		1 265	5 559
NET CASH FLOWS		**8 057**	**14 712**
Cash position at opening		99 570	85 789
Cash position at closing	*Note 9*	107 100	99 570
Foreign exchange profits/(losses) from cash flows		527	931
		8 057	**14 712**

(*) Presentation of the Extrusion activity on a separate line (see Note 1 D)

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

Cash flows related to discontinued operations are detailed in Note 27.

Notes to the consolidated financial statements at 31 December 2017

Note 1 : Accounting rules and methods – selected financial data

As of 12 April 2018, the Board of Directors closed the accounts of Gévelot SA and approved the disclosure of its consolidated financial statements at 31 December 2017.

Notes 1 to 27 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.

New mandatory application texts

Amendments to IAS 7 « Initiative concerning information to be provided ». The objective of this amendment is to allow smooth reconciliation between the variations in the balance sheet and in the cashflow table in terms of financing. New information should be presented in the appendix on the variations of financial debts from one period to another, differentiating cashflow reconciled with the elements presented in the flow table on the one hand from "non-cash" impacts (e.g. those resulting from variations in the scope or foreign exchange effects) on the other.

Amendments to IAS 12 « Income tax »: Entering of deferred tax assets under latent losses. The amendments published are intended to clarify provisions regarding the entering of deferred tax assets relating to debt instruments at fair value.

The standards and interpretations published by IASB and adopted by the European Union and becoming effective on 1 January 2017 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.

On 1st January 2018, the IFRS 15 standard will replace IAS 18 Revenue from ordinary activities and IAS 11, construction contracts. The Group intends to apply the IFRS 15 standard as of 1st January 2018, without modifying the comparative periods (« simplified retrospective approach »). The principle of IFRS 15 is to enter revenues in order to express the transfer of goods or services to a customer for a sum that reflects the payment expected by the entity in exchange of those goods or services. This new standard will also require more appended information.

The Group's income comprises several components, which differ depending on the type of goods and services provided. The main features of the contracts are as follows:

- Delivery of goods ;
- Performance of services.

In FY 2017, the Group analysed its main contracts.

Each tested contract was submitted to the analysis grid recommended by IFRS 15 according to the 5-step model framework, in order to determine when to enter the revenue and for what amount. Following this analysis, the impact of the application of IFRS 15 to the Group was considered to be insignificant. An analysis of the contracts satisfying specific requests of customers is currently being finalised. These contracts annually represent annually approximately 8 percent of Group turnover.

In addition, the IFRS 9 standard, Financial instruments, will replace the IAS 39 standard, Financial Instruments: Recognition and evaluation and will cover the classification and evaluation as well as the appreciation and coverage accounting of financial assets and liabilities.

IFRS 9 introduces a new depreciation model requiring recognition of provision for depreciation based on a model of expected losses whereas the applicable regulations provide for a model based on proven risks. The Group will apply the simplified approach to enter expected losses on customers and attached accounts.

The Group has analysed the impacts of the new standard and has not highlighted a material change in the classification and evaluation of its financial assets and liabilities.

Finally, the IFRS 16 standard, "Leases", will replace the IAS 17 standard as well as corresponding interpretations starting from 1st January 2019. The most important change is that almost all leases will be credited to the balance sheet of tenants by recognition of a financial debt.

Analysis of the implementation of the IFRS 16 standard is ongoing.

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 2018 have a significant impact on the Group's accounts.

No application in advance is envisaged at this stage.

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, which are classified as current.

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

[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)

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,

- icome 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 capital assets

Intangible capital 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 capital 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 life, 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 IAS23 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 armortised 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:

- Pumps: 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 and receivales, as well as investments maturing in more than three months and that are not recognised as cash.

They are measured at amortised cost using the effective interest method. Long-term loans and receivables not bearing interest or bearing interest at rates below market value are discounted if the amounts are significant.

Any depreciation is recognised in the income statement.

Financial assets are initially recognised at the cost of their fair value of the price paid plus acquisition costs.

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 remain as assets in the balance sheet until all the related risks and rewards revert to a third party.

Impairment provisions are funded if specific risks of non-payment arise on receivables held by Group companies.

Furthermore, all or part of outstanding aged receivables may be impaired.

Impairment or reversals thereof are recognised as current operating income and expense items.

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 incured 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 (NRV).

The net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make 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 Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments (under three months) without realisable impairment risk.

The investment options used are those offered by the leading financial institutions and comprise either certificates of deposit or investment fund monetary securities without any special identified risks.

1.2.8 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.

1.2.9 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 previous actuarial assumptions 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.

1.2.10 Financial liabilities

Loans are recognised at amortised cost.

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 assets and liabilities is comparable to their fair value in the balance sheet given their short-term maturity.

1.2.11 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 to present value.

1.3 Accounting principles specific to the income statement

1.3.1 Income from ordinary activities

In accordance with IAS 18 "Income from Ordinary Activities" sales of goods less any discounts granted are recognised as turnover on the date the seller has transferred the significant risks and rewards of ownership to the buyer. Generally this takes place on delivery of goods.

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 associates and joint ventures accounted for using the equity method,
- 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 costs

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.

The Gévelot Group's business segments are defined as follows:

- Pumps / Fluid Technologies,

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

B. SIGNIFICANT EVENTS

A capital reduction through cancellation of treasury shares (8,1 %) was decided by the Board of Directors of 13 April 2017. The share capital thus stands at €28,717,500 comprising 820,500 shares each with a par value of €35.

The distribution contract, renegotiated at the end of 2016, was terminated in May 2017, with effect from 31 December 2017, leading to the payment of compensation of €12.6 M entered in the operational income. €9.5 M of deferred income was fully entered in 2017 and is also included in the operating income.

On 28 November 2017, Gévelot signed a sales contract with the Walor International SAS company. This contract covers the shares held by Gévelot SA and minority stakes in Gévelot Extrusion SA and shares held in Dold Kaltfliesspressteile Gmbh (Germany) including its Chinese subsidiary. This stock was sold for €24 M including the real estate of the French industrial sites and owned by Gévelot SA together with a conventional assets and liabilities guarantee capped at €4 M which will expire at the end of 2019. The impact of the withdrawal from the Extrusion Sector is a loss of €12.5 M and is entered on a separate line in the profit and loss account.

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 liabilities

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 1.2.9 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.

Furthermore, as stated in Note 20, financial instruments measured at fair value are measured by reference to quoted prices in an active market.

D. Changes to financial statements previously published

The sale of Gévelot Extrusion SA and of Dold Kaltfliesspressteile GmbH puts and end to the Group's Extrusion business. Consequently, the Group has applied the provisions relating "discontinued operations" of the IFRS 5 standard and separately presented the contribution of this Sector on a separate line of the profit and loss account for all the periods presented (see note 27). The information required by the IFRS 5 standard is presented in the different relevant notes and in note 27 "Discontinued operations".

E. Post-balance sheet events

NONE

Note 2 : Information on consolidation scope

Gévelot S.A., a public limited company with a capital of 28 717 500 euros, is the parent company of the Gévelot Group. It is listed on Euronext Growth and registered in France under number 562088542 RCS Nanterre.

2.1. Consolidation scope at 31 December 2017

The following companies are fully consolidated:

COMPANIES	HEAD OFFICE	SIREN N° SIRET N°	% controlled at 31.12.2017	at 31.12.2016	% interests at 31.12.2017
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	Detsky Pereulok 5 - Office 12 196084 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 }			
PCM Chile SpA	San Pio X # 2445, Oficina 705 Providencia, Santiago (Chile)	} }			
Amik Oilfield Equipment & Rentals Ltd.	Box 12278 Lloydminster, AB T9V 3C5 (Canada)	} 75% owned by } PCM Flow Technology			
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	105/45 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

- On November 28, 2017, Gévelot SA transferred all the shares of Gévelot Extrusion SA and Dold Kaltfliesspressteile GmbH including the chinese subsidiary Suzhou Dold Automobile Components Manufacturing Co Ltd.. Thereby, only the Extrusion Sector's activity up to the date of transfer has been taken into account in the 2017 accounts and is presented on a separate line of the income statement.

- There were no other changes in the scope of consolidation in 2017.

- 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 for financial statements prepared in foreign currencies

The companies' balance sheet items were translated at the closing exchange rate on 31 December 2017 and their expense and income account items were translated using the following rates:

	Closing rate		Average rate	
Currency	2017	2016	2017	2016
1 US dollar	€0.8338	€0.9487	€0.8855	€0.9037
1 pound sterling	€1.1271	€1.1680	€1.1414	€1.2212
1 chinese yuan	€0.1281	€0.1366	€0.1311	€0.1361
1 canadian dollar	€0.6649	€0.7048	€0.6829	€0.6819
1 australian dollar	€0.6516	€0.6851	€0.6789	€0.6718
1 omani rial	€2.1612	€2.4661	€2.2789	€2.3535
1 United Arab Emirates dirham	€0.2265	€0.2582	€0.2389	€0.2467
1 russian ruble	€0.0144	€0.0156	€0.0152	€0.0135
1 kazakhstani tenge	€0.0025	€0.0028	€0.0027	€0.0027

Note 3 : Share capital

(in euros)	At 31/12/2016			FY 2016	At 31/12/2017		
	Ordinary	Treasury	Total	Cancelled	Ordinary	Treasury	Total
Ordinary shares							
Number	820 500	72 707	893 207	(72 707)	820 500	-	820 500
Par value	35	35	35	35	35	-	35
Total	**28 717 500**	**2 544 745**	**31 262 245**	**(2 544 745)**	**28 717 500**	**-**	**28 717 500**

Composition of share capital:

As of 31 December 2017, authorized Share Capital totalled 28,718 thousand euros, comprising 820,500 ordinary shares with a par value of 35 euros, issued and fully paid-up.

As part of the adoption, on October 15, 2015 of the first Resolution of the Combined General Meeting, the Board of Directors received delegation for the implementation of a share buyback programme for cancellation.

The Group did not buy back any of its own shares during the 2017 financial year.

The Board of Directors meeting of 13 April 13 2017 decided to reduce the capital through cancellation of all treasury shares, i.e 72,707 shares, valued at €10,309 million. The weighted average number of ordinary shares outstanding during the 2017 financial year thus stands at 820,500.

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

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

	31.12.2016					
	Goodwill	Development costs	Software and other	In progress	Advances and down payments	Intangible assets
Gross value						
At opening of period	5 218	9 654	7 834	811	-	18 299
Acquisitions and increases	-	500	658	635	-	1 793
Disposals	-	(364)	(178)	(54)	-	(596)
Changes in scope	900	-	72	-	-	72
Transfers	-	571	145	(722)	-	(6)
Translation adjustments	(159)	-	2	(4)	-	(2)
At closing of period	5 959	10 361	8 533	666	-	19 560
Amortisation and depreciation						
At opening of period	(4 136)	(7 737)	(6 209)	-	-	(13 946)
Expenses	-	(981)	(595)	-	-	(1 576)
Net depreciation	-	-	-	-	-	-
Disposals	-	364	178	-	-	542
Changes in scope	-	-	(65)	-	-	(65)
Translation adjustments	4	-	(5)	-	-	(5)
At closing of period	(4 132)	(8 354)	(6 696)	-	-	(15 050)
Net value at opening of period	1 082	1 917	1 625	811	-	4 353
Net value at closing of period	1 827	2 007	1 837	666	-	4 510

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

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 opening of 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 - Abandoned activities	-	18	3 225	238	4 406	992	8 879
Disposals - Continuing activities	-	(11 507)	(46)	(66)	(214)	-	(11 833)
Disposals - Abandoned activities	-	-	(386)	(160)	-	-	(546)
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 closing of period	**6 795**	**14 217**	**34 241**	**4 934**	**151**	**-**	**60 338**
Amortisation and depreciation							
At opening of period	**(354)**	**(10 403)**	**(185 924)**	**(9 465)**	**-**	**-**	**(206 146)**
Expenses - Continuing activities	(48)	(635)	(2 221)	(360)	-	-	(3 264)
Expenses - Abandoned activities	-	(137)	(3 861)	(303)	-	-	(4 301)
Net depreciation	-	(3 953)	-	-	-	-	(3 953)
Disposals - Continuing activities	-	6 403	46	65	-	-	6 514
Disposals - Abandoned activities	-	-	383	160	-	-	543
Changes in scope	-	6 085	170 070	6 488	-	-	182 643
Transfers	-	-	-	-	-	-	-
Translation adjustments	-	60	529	30	-	-	619
At closing of period	**(402)**	**(2 580)**	**(20 978)**	**(3 385)**	**-**	**-**	**(27 345)**
Net value at opening of period	6 475	26 606	34 316	2 741	2 637	152	72 927
Net value at closing of period	**6 393**	**11 637**	**13 263**	**1 549**	**151**	**-**	**32 993**

31.12.2016	Administrative land and buildings	Industrial land and buildings	Plant and machinery	Other	In progress	Advances and down payments	Tangible capital assets
Gross value							
At opening of period	**6 528**	**33 413**	**210 441**	**12 142**	**6 776**	**184**	**269 484**
Acquisitions and increases	5	1 268	3 488	395	3 983	-	9 139
Revalutation of land and buildings	435	-	-	-	-	-	435
Disposals	-	-	(373)	(409)	(856)	-	(1 638)
Changes in scope	-	688	492	121	-	-	1 301
Transfers	-	1 456	5 849	(25)	(7 243)	(31)	6
Translation adjustments	(139)	184	343	(18)	(23)	(1)	346
At closing of period	**6 829**	**37 009**	**220 240**	**12 206**	**2 637**	**152**	**279 073**
Amortisation and depreciation							
At opening of period	**(365)**	**(8 577)**	**(172 435)**	**(8 898)**	**-**	**-**	**(190 275)**
Expenses	(33)	(766)	(6 276)	(778)	-	-	(7 853)
Net depreciation	-	(949)	(6 953)	(240)	-	-	(8 142)
Revalutation of land and buildings	39	-	-	-	-	-	39
Disposals	-	-	347	397	-	-	744
Changes in scope	-	(96)	(314)	(92)	-	-	(502)
Transfers	-	-	(128)	128	-	-	-
Translation adjustments	5	(15)	(165)	18	-	-	(157)
At closing of period	**(354)**	**(10 403)**	**(185 924)**	**(9 465)**	**-**	**-**	**(206 146)**
Net value at opening of period	6 163	24 836	38 006	3 244	6 776	184	79 209
Net value at closing of period	**6 475**	**26 606**	**34 316**	**2 741**	**2 637**	**152**	**72 927**

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.

	31.12.2017				31.12.2016			
	Administrative land and buildings	Plant and machinery	Other	Total	Administrative land and buildings	Plant and machinery	Other	Total
Gross value								
At beginning of the period	1 210	17 981	1 084	20 275	1 100	15 593	1 120	17 813
Acquisitions and increases - Continuing activities	-	-	-	-	110	2 388	125	2 623
Acquisitions and increases - Abandoned activities	-	2 944	74	3 018	-	-	-	-
Disposals and decreases - Continuing activities	-	-	-	-	-	-	(161)	(161)
Disposals and decreases - Abandoned activities	-	-	(131)	(131)	-	-	-	-
Changes in scope	-	(18 477)	(1 027)	(19 504)	-	-	-	-
At the end of the period	1 210	2 448	-	3 658	1 210	17 981	1 084	20 275
Amortisation and depreciation								
At beginning of the period	-	(13 521)	(797)	(14 318)	-	(10 638)	(763)	(11 401)
Expenses and increases - Continuing activities	-	(476)	-	(476)	-	(2 883)	(195)	(3 078)
Expenses and increases - Abandoned activities	-	(1 045)	(133)	(1 178)	-	-	-	-
Disposals and decreases - Continuing activities	-	-	-	-	-	-	161	161
Disposals and decreases - Abandoned activities	-	-	131	131	-	-	-	-
Changes in scope	-	14 085	799	14 884	-	-	-	-
At the end of the period	-	(957)	-	(957)	-	(13 521)	(797)	(14 318)
Net value at the beginning of the period	1 210	4 460	287	5 957	1 100	4 955	357	6 412
Net value at the end of the period	1 210	1 491	-	2 701	1 210	4 460	287	5 957

4.3. Valuation method

Depreciation

In accordance with the principle stated in Note 1.2.4, on 31 December 2017, 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, Sydex).

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 2016).

The discount rate applied is 11% for the Pumps sector (11% for the tests carried out at the end of 2016) 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 additional depreciation.

As part of the transfer of the Extrusion business, the Group proceeded with a real estate assessment of the French industrial sites of Gévelot Extrusion. The valuation of the different sites produces a depreciation of €3.9 M on land and buildings, entered as net income of abandoned activities.

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

	CGU carrying amount	Difference in value between the Test and Accounts	Discount rate	Indefinite growth rate	Change in cash flow
Change			+0,5 %	-0,5 %	-10 %
Pumps sector					
PCM Group UK	2,1 M€	+1,4 M€	-0,2 M€	-0,1 M€	-0,4 M€
Sydex	2,3 M€	+2,0 M€	-0,2 M€	-0,2 M€	-0,4 M€

Cash-generating units of the Pumps sector, other than the cash-generating units of PCM Group UK and Sydex, in the absence of a value loss index on the Pumps sector, did not result in the performance of value tests.

Note 5 : Financial assets

	2017	2016
Long-term		
Loans	189	308
Other	260	1 184
Total long-term financial assets	**449**	**1 492**
Current		
Loans	405	117
Bank term deposit over three months	67 700	41 270
Total current financial assets	**68 105**	**41 387**
Total financial assets	**68 554**	**42 879**

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

Note 6 : Inventories

		2017		2016
. Raw materials and other supplies	13 888		22 230	
. Work-in-progress inventory	1 298		5 967	
. Semi-finished and finished goods	5 410		9 427	
. Merchandise	7 116		6 098	
Gross amount		**27 712**		**43 722**
. Raw materials and other supplies	(124)		(2 242)	
. Work-in-progress inventory	-		(439)	
. Semi-finished and finished goods	-		(881)	
. Merchandise	(483)		(15)	
Depreciation		**(607)**		**(3 577)**
Total		**27 105**		**40 145**

The decrease in inventories mainly comes from the sale of the Extrusion Sector.

Note 7: Trade notes and accounts receivables

	2017	2016
Gross amount	49 513	76 230
Depreciation	(1 969)	(1 913)
Total	**47 544**	**74 317**

Credit risk cover conditions are discussed in the Operating and Financial Review.

The decline in receivables is mainly related to the sale of the Extrusion Sector.

All dubious or litigious debts have been depreciated.

Note 8: Other accounts receivable

	2017	2016
Advances and down payments on orders	408	561
Central and local government excluding corporate income tax	1 442	2 388
Personnel	181	152
Debit supplier balances	48	131
Other debtors	1 357	1 982
Prepaid expenses	914	787
Total	**4 350**	**6 001**

Note 9: Cash and cash equivalents

	2017	2016
Cash	93 518	71 027
Deposit certificates and Fixed-term accounts	13 594	35 965
Open-end and monetary investment funds in euros	-	-
Cash and cash equivalents	**107 112**	**106 992**

Cash and cash equivalents are measured at fair value and mature in the short term.
Deposit certificate and fixed-term account rates range from 0,05% to 1,33%.
€1,3 million of the 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:

		2017	2016
Cash and cash equivalents		107 112	106 992
Bank overdrafts	Note 13	(12)	(7 422)
Cash position at closing		**107 100**	**99 570**

Note 10: Other accounts payable

	2017	2016
Advances and down payments received on orders	52 967	48 079
Tax debts excluding corporate income tax, personnel and welfare agencies	8 391	12 482
Other creditors	926	4 911
Deferred income	1 779	11 352
Total	**64 063**	**76 824**

The decrease in tax debts and other creditors is mainly related to the sale of the Extrusion Sector.
The decrease in deferred income is mainly due to the end of the spread of income linked to the contractual renegotiation at the end of 2016 in the Pumps Sector.

Note 11: Provisions

	01.01.2017	Provisions	Reversals provision used	Reversals provision not used	Translation and changes in scope	31.12.2017 Total	31.12.2017 Under one year	31.12.2017 Over one year
Contingency provisions								
. Provisions for litigation settlements	1 048	-	(331)	(700)	(17)	-	-	-
. Other contingency provisions	378	298	(4)	(370)	-	302	126	176
Total	**1 426**	**298**	**(335)**	**(1 070)**	**(17)**	**302**	**126**	**176**
Loss provisions								
. Other loss provisions	572 (*)	998	(222)	(123)	(136)	1 089 (*)	905	184
. Retirement provisions (Note 12)	9 199	702	-	(309)	(7 407)	2 185	-	2 185
. Work medal provisions	238	22	-	-	(108)	152	-	152
Total	**10 009**	**1 722**	**(222)**	**(432)**	**(7 651)**	**3 426**	**905**	**2 521**
Total provisions	**11 435**	**2 020**	**(557)**	**(1 502)**	**(7 668)**	**3 728**	**1 031**	**2 697**
of which discontinued operations	***8 768***	***297***	***(388)***	***(1 009)***	***(7 668)***	***-***	***-***	***-***

(*) Other loss provisions include:

	01.01.2017	31.12.2017
- provisions for operating expenses	78	828
- provisions for personnel expenses	289	261
- provisions for commercial expenses	205	-
	572	1 089

Note 12: Employee benefits

The Group grants post-employment benefits to its personnel employed in France and in Germany. 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	Germany	2017	2016
Provision in the balance sheet				
Discounted value of obligations covered	2 664	-	2 664	10 428
Fair value of the plan's assets	(479)	-	(479)	(1 229)
Provision recognised in the balance sheet	**2 185**	**-**	**2 185**	**9 199**
Discounted value of obligations covered				
At opening	5 693	4 735	10 428	9 230
Cost of services rendered	318	109	427	406
Financial cost	73	56	129	190
Benefits paid	(442)	(62)	(504)	(399)
Reduction / liquidation of plan	-	-	-	-
Change of plan	-	-	-	-
Actuarial gain / loss of period	134	(218)	(84)	1 001
Changes in scope	(3 112)	(4 620)	(7 732)	-
Discounted value of obligations covered	**2 664**	**-**	**2 664**	**10 428**
Fair value of the plan's assets				
At opening	1 229	752	1 981	2 276
Interests income	14	17	31	49
Contributions	-	90	90	72
Benefits paid	(442)	(62)	(504)	(420)
Actuarial gain / loss of period	3	-	3	4
Changes in scope	(325)	(797)	(1 122)	-
Fair value of the plan's assets	**479**	**-**	**479**	**1 981**
Change in provisions				
At opening	4 464	4 735	9 199	7 698
Period's expense / (income)	377	165	542	563
Disbursements	-	(62)	(62)	(59)
Actuarial gain / loss of period	131	(218)	(87)	997
Changes in scope	(2 787)	(4 620)	(7 407)	-
Change in provisions	**2 185**	**-**	**2 185**	**9 199**
Total expense recognised in income statement				
Cost of services rendered	318	109	427	406
Financial cost	59	56	115	157
Benefits paid	-	(62)	(62)	(59)
Reduction / liquidation of plan	-	-	-	-
Expense / (income) recognised in income statement	**377**	**103**	**480**	**504**

Main actuarial assumptions		
- Discount rate	1,30%	1,30%
- Rate of pay rises	2,00%	0%
- Retirement age	64 (non managerial), 65 (man)	65

The turnover table is at 0% after 56.

Defined benefit plans are evaluated by independant 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

	2017	2016
Long-term		
Bank loans	9 692	21 756
Other borrowing and financial debt	191	190
Total long-term financial liabilities	**9 883**	**21 946**
Short-term		
Bank loans	2 995	10 682
Other borrowing and financial debt	8	-
Derivatives	49	632
Bank overdrafts	12	7 422
Total current financial liabilities	**3 064**	**18 736**
Total financial liabilities	**12 947**	**40 682**

13.2. Changes in financial liabilities

	01.01.2017	New loans (1)	New loans (2)	Repayments	Translation adjustments	Reclassification	Changes in scope	31.12.2017
Loans and debt with lending institutions (including finance leases)	33 070	3 568	3 018	(12 215)	(110)	-	(14 595)	12 736
Other borrowing and financial debt	190	42	-	(33)	-	-	-	199
Financial liabilities (excluding overdrafts)	**33 260**	**3 610**	**3 018**	**(12 248)**	**(110)**	**-**	**(14 595)**	**12 935**
of which discontinued operations	***12 197***	***3 300***	***3 018***	***(3 920)***	***-***	***-***	***(14 595)***	***-***
Bank overdrafts	7 422	11 748	-	(7 422)	-	-	(11 736)	12
Total	**40 682**	**15 358**	**3 018**	**(19 670)**	**(110)**	**-**	**(26 331)**	**12 947**
of which discontinued operations	***19 595***	***15 036***	***3 018***	***(11 318)***	***-***	***-***	***(26 331)***	***-***

(1) having 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	
	2017	2016	2017	2016	2017	2016	2017	2016
Loans and debt with lending institutions (including finance leases)	12 736	33 070	3 044	11 314	8 918	20 024	774	1 732
Other borrowing and financial debt	199	190	8	-	140	157	51	33
Bank overdrafts	12	7 422	12	7 422	-	-	-	-
Total	**12 947**	**40 682**	**3 064**	**18 736**	**9 058**	**20 181**	**825**	**1 765**

13.4. Financial liabilities relating to finance lease

	Total		Maximum 1 year		1 to 5 years		Over 5 years	
	2017	2016	2017	2016	2017	2016	2017	2016
Lessor debts and credits	2 635	6 030	565	1 874	1 423	3 374	647	782
Total	2 635	6 030	565	1 874	1 423	3 374	647	782

13.5. Breakdown of financial liabilities by main currencies

	Total		Euros		US Dollars		Other currencies	
	2017	2016	2017	2016	2017	2016	2017	2016
Loans and debt with lending institutions (including finance leases)	12 736	33 070	11 152	29 822	1 584	1 897	-	1 351
Other borrowing and financial debt	199	190	199	190	-	-	-	-
Bank overdrafts	12	7 422	12	7 422	-	-	-	-
Total	12 947	40 682	11 363	37 434	1 584	1 897	-	1 351

13.6. Breakdown of financial liabilities by type of rate

	2017	2016
Non-covered variable rates (*)	4 333	7 016
Fixed rates	5 967	20 214
Interest	-	-
Overdrafts	12	7 422
Finance leases (fixed rates)	2 635	6 030
Total	12 947	40 682

(*) loans at non-covered variable rates mature between 2018 and 2021.

Weighted average interest rate is Euribor 3M + 0.80% 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

	01.01.2017	Payments	Down payments	Research tax credit	Competitiveness & employment tax credit	Period expense	31.12.2017
Asset	(46)	46	-	-	-	-	-
Liability	976	(976)	(5 544)	(552)	(503)	6 846	247
Total						6 846	

14.2. Deffered taxes

	01.01.2017	e statement	Movements Other operating reesults		Other (incl. translation adjustment)	31.12.2017
Deferred tax assets	(8 559)	2 947	31	3 605	67	(1 909)
Deferred tax liabilities	6 555	(1 389)	-	(1 507)	(115)	3 544
Total	(2 004)	1 558	31	2 098	(48)	1 635

Deferred tax assets mainly result from provisions for pensions and other employee benefits (0,5 M€), tax temporary differences (0,8 M€) and eliminations of margins on inventories (0,5 M€).

Deferred tax liabilities arise mainly from differentials of valuation and amortization of fixed assets (1,5 M€) and regulated provisions (2,0 M€).

In accordance with Note 1.2.11, 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, € 1,635,000 at the end of 2017 are broken down between € 1,816,000 in liabilities and € 181,000 in assets.

14.3. Income tax expenses

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

	2017	2016
Payable taxes	6 846	5 172
Deferred taxes*	1 558	(3 716)
Total	**8 404**	**1 456**

*** Deferred tax expenses / income breaks down as follows:**		
- Income / expenses from net provisions for / reversals of intangible and tangible capital asset amortisation	(132)	(486)
- Expenses on reversed regulated provisions and other taxes	(1 120)	(461)
- Other income and expenses	11	238
- Carried over deficits	27	129
- Deferred income	2 884	(2 884)
- Other timing differences	(112)	(252)
Total deferred tax expense / (income)	**1 558**	**(3 716)**

Reconciliation of the theoretical and the recognised income tax expense:

			2017
Current operating income of consolidated companies			**22 895**
Theoretical tax expense / income in France	(9 735)		
Theoretical tax expense / income in Germany	(93)		
Theoretical tax expense / income in England	(74)		
Theoretical tax expense / income in Italy	(190)		
Theoretical tax expense / income in America	294		
Theoretical tax expense / income in China	137		
Theoretical tax expense / income in Oman	117		
Theoretical tax expense / income in Kazakhstan	5		
Theoretical tax expense / income in Russia	(76)		
Theoretical tax expense / income in Singapore	96		
Theoretical tax expense / income in Australia	(110)		
Total theoretical tax expense / income		**(9 629)**	
Net impact of non-deductible or non-taxable expenses and income		1 669	
Impact of unrecognised deficits		(609)	
Impact of rate changes		165	
Effective tax expense / income on current operations			(8 404)
Net income of consolidated companies			**14 491**

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	FY 2017	2018 to 2020	FY 2021	2022 and subsequent financial years
France	34.43%	28.00%	26.50%	25.00%

Rate of corporate income tax	FY 2017	2018 and subsequent financial year		FY 2017	2018 and subsequent financial year
Germany	28,25%	28,25%	Oman	12,00%	12,00%
America	34,00%	34,00%	Kazakhstan	20,00%	20,00%
England	20,00%	20,00%	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

	France	Abroad	2017	2016
Sales of goods	21 880	61 037	82 917	85 933
Production sold:				
. of goods	40	4 686	4 726	4 584
. of services	320	1 523	1 843	722
Turnover	**22 240**	**67 246**	**89 486**	**91 239**
Operating grants			567	536
Other income			4 910	5 123
Other income from operating activities			**5 477**	**5 659**
Total income from operating activities			**94 963**	**96 898**

"Operating grants" mainly consist in research tax credits.

Note 16: Current operating expenses

		2017	2016
Production stored		321	2 011
Capitalised production		(49)	-
Purchases of goods		7 853	9 038
Changes in goods inventory		(14)	(880)
Purchases of raw materials and other supplies		20 306	18 728
Changes in inventories of raw materials and other supplies		(913)	2 059
Other purchases and external charges		24 723	20 460
Payroll expenses		33 293	31 402
Taxes and comparable payments		1 578	2 163
Depreciaton and estimated expenses:			
. On capital assets - depreciation expenses	Note 4	3 722	3 596
. On current assets - estimated expenses		30	789
. Contingency - estimated expenses		(148)	94
Other expenses		756	1 620
Total current operating expenses		**91 458**	**91 080**

Note 17: Financial income / loss

	2017	2016
Interest generated by cash and cash equivalents	288	373
Net earnings from sales of short-term investments	102	159
Income from cash and cash equivalents	**390**	**532**
Interest charges on financing transactions	184	318
Gross cost of financial indebtedness	**184**	**318**
Net cost of financial indebtedness	**206**	**214**
Income from non-consolidated investments	-	-
Discounted financial income	10	488
Exchange gains	3 760	3 066
Other financial income	57	6
Total other financial income	**3 827**	**3 560**
Discounted financial expenses	446	-
Exchange losses	4 954	2 364
Other financial expenses	343	89
Total other financial expenses	**5 743**	**2 453**
Income (loss) from other financial income and expenses	**(1 916)**	**1 107**
Financial income (loss)	**(1 710)**	**1 321**

Note 18: Segment information

18.1. Breakdown of fixed assets by business segment

	At 31.12.2017			At 31.12.2016			
	Pumps	Other business	Total	Extrusion	Pumps	Other business	Total
Goodwill (1)	5 426	-	5 426	-	5 959	-	5 959
Intangibles subtotal	7 337	26	7 363	12 085	7 449	26	19 560
Land and buildings	16 122	4 890	21 012	23 511	17 745	2 582	43 838
Industrial plant and other	38 985	190	39 175	192 705	39 555	186	232 446
Construction work in progress	151	-	151	2 257	380	-	2 637
Advances and down payments	-	-	-	152	-	-	152
Tangibles subtotal	55 258	5 080	60 338	218 625	57 680	2 768	279 073
Gross values	68 021	5 106	73 127	230 710	71 088	2 794	304 592
Accumulated amortisation / depreciation	36 494	584	37 078	190 654	34 393	281	225 328
Net values	31 527	4 522	36 049	40 056	36 695	2 513	79 264
Period's expenses	3 476	246	3 722	14 229	3 295	47	17 571
Total balance sheet by business segment	197 860	99 431		85 620	206 171	121 176	

(1) concerns PCM Group UK Ltd., Amik Oilfield Equipment & Rentals Ltd. 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 2017 amounted to:

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

Total expenditure on intangibles and tangibles in 2016 amounted to:

Cold Extrusion & Machining:	6 331 K€
Pumps /Fluid Technology:	4 598 K€
Other business:	3 K€
	10 932 K€

18.2. Changes in financial liabilities by business segment

	01.01.2017	Repayments	New loans	Reclassification and translations	31.12.2017
Loans and debt with lending institutions (incl. finance leases)					
Pumps / Fluid Technology	19 738	(8 221)	268	(110)	11 675
Other business	1 135	(74)	-	-	1 061
Subtotal	20 873	(8 295)	268	(110)	12 736
Other loans and financial debts	190	(33)	42	-	199
Bank overdrafts					
Pumps / Fluid Technology	22	(22)	12	-	12
Other business	2	(2)	-	-	-
Subtotal	24	(24)	12	-	12
Total	21 087	(8 352)	322	(110)	12 947

18.3. Consolidated turnover by business segment

	31.12.2017			31.12.2016		
	Outside Group	Intra Group	Total	Outside Group	Intra Group	Total
Pumps / Fluid Technology	89 352	51 380	140 732	91 134	54 965	146 099
Other business	134	2 021	2 155	105	2 180	2 285
Eliminations and reconciliations	-	(53 401)	(53 401)	-	(57 145)	(57 145)
Total	89 486	-	89 486	91 239	-	91 239

18.4. Results by business segment

Results of operations

	2017			2016		
	Outside Group	Intra Group	Total	Outside Group	Intra Group	Total
Pumps / Fluid Technology	5 534	(528)	5 006	7 884	(512)	7 372
Other business	(2 029)	528	(1 501)	(2 066)	512	(1 554)
Total	3 505	-	3 505	5 818	-	5 818

Transition from results of operations to revenue	Pumps	Other business	Total 2017	Total 2016
Results of operations	5 006	(1 501)	3 505	5 818
Revenue on contractual renegotiation	22 056	-	22 056	9 487
Other operating income	5	73	78	19
Litigation	(26)	(800)	(826)	(48)
Other operating expenses	(209)	1	(208)	(42)
Revenue	26 832	(2 227)	24 605	15 234

Revenue

	2017			2016		
	Outside Group	Intra Group	Total	Outside Group	Intra Group	Total
Pumps / Fluid Technology	27 360	(528)	26 832	17 298	(512)	16 786
Other business	(2 755)	528	(2 227)	(2 064)	512	(1 552)
Total	24 605	-	24 605	15 234	-	15 234

Earnings before tax of consolidated companies

	2017			2016		
	Outside Group	Intra Group	Total	Outside Group	Intra Group	Total
Pumps / Fluid Technology	25 523	(529)	24 994	17 672	(512)	17 160
Other business	(2 628)	529	(2 099)	(1 117)	512	(605)
Total	22 895	-	22 895	16 555	-	16 555

Net income from continued operations

	2017			2016		
	Outside Group	Intra Group	Total	Outside Group	Intra Group	Total
Pumps / Fluid Technology	16 217	(347)	15 870	13 316	(336)	12 980
Other business	(1 732)	347	(1 385)	1 832	336	2 168
Total	14 485	-	14 485	15 148	-	15 148

18.5. Breakdown of fixed assets by geographical segment

	At 31.12.2017				At 31.12.2016			
	France	Germany	Other countries	Total	France	Germany	Other countries	Total
Goodwill (1)	-	-	5 426	5 426	-	-	5 959	5 959
Intangibles subtotal	7 009	16	338	7 363	14 656	4 419	485	19 560
Land and buildings	15 147	-	5 865	**21 012**	26 563	10 910	6 365	**43 838**
Industrial plant and other	28 756	30	10 389	**39 175**	164 669	55 599	12 178	**232 446**
Construction work in progress	151	-	-	**151**	2 619	18	-	**2 637**
Advances and down payments	-	-	-	**-**	152	-	-	**152**
Tangibles subtotal	44 054	30	16 254	60 338	194 003	66 527	18 543	279 073
Gross values	51 063	46	22 018	73 127	208 659	70 946	24 987	304 592
Accumulated amortisation/depreciation	26 989	37	10 052	**37 078**	159 762	55 141	10 425	**225 328**
Net values	24 074	9	11 966	36 049	48 897	15 805	14 562	79 264
Period's expenses (2)	2 675	3	1 044	**3 722**	11 607	4 971	993	**17 571**

(1) concerns PCM Group UK Ltd., Amik Oilfield Equipment & Rentals Ltd. and Sydex Srl

(2) 2016 expenses include €13.975 million for the Extrusion Sector (France: € 8.928 million, Germany: € 4.969 million and other countries: K€ 78)

18.6. Consolidated turnover by geographical segment

		31.12.2017			31.12.2016	
France		22 240	*24,9%*		22 045	*24,2%*
. Germany	2 382			4 170		
. Other European Union Countries	13 333			9 006		
. Other European Countries	2 903			4 416		
. America	23 662			20 248		
. Other areas	24 966			31 354		
Foreign countries		67 246	*75,1%*		69 194	*75,8%*
Total		**89 486**	***100,0%***		**91 239**	***100,0%***

Note 19: Research and development

Research and development expenses for the entire Group amounted to €1.890 million, K€ 49 of which were capitalized in accordance with IAS 38.

Note 20: Financial instruments

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

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

	31.12.2016		Breakdown by category of instruments [1]				
	Value in balance sheet	Fair value	Fair value through profit/loss	Assets held for sale	Loans, receivables and other liabilities	Liabilities at amortized cost	Derivatives
- Long-term financial assets	1 492	1 492	-	-	1 492	-	-
- Trade accounts receivable	74 317	74 317	-	-	74 317	-	-
- Other receivables	6 001	6 001	-	-	6 001	-	-
- Current financial assets	41 387	41 387	41 270	-	117	-	-
- Cash and cash equivalents	106 992	106 992	106 992	-	-	-	-
Assets	**230 189**	**230 189**	**148 262**	**-**	**81 927**	**-**	**-**
- Long-term financial liabilities	21 946	21 946	-	-	-	21 946	-
- Trade accounts payable	21 437	21 437	-	-	21 437	-	-
- Payable to fixed asset suppliers	1 108	1 108	-	-	1 108	-	-
- Other payables	76 824	76 824	-	-	76 824	-	-
- Current financial liabilities	18 736	18 736	-	-	-	18 104	632
Liabilities	**140 051**	**140 051**	**-**	**-**	**99 369**	**40 050**	**632**

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

The fair value of "cash and cash equivalents" is the same as their book value owing to their very short-term maturity. "Current financial assets" recognised at fair value through profit and loss correspond to term deposits reclassified owing to their not being included in cash.

Financial assets and liabilities classified as "loans, receivables and other liabilities":

- "Long-term financial assets" and "current financial assets" are valued at amortized costs.
- The fair value of "trade accounts receivable" and "other receivables", as well as "trade accounts payable", "payables to fixed assets suppliers" and "other payables" is the same as their balance sheet value, including possible depreciation, owing to their very short settlement times.

"Long-term financial liabilities" and "current financial liabilities" are valued at amortized cost, calculated using the effective interest rate (EIR).

Derivative instruments mean financial tools used by the company for hedging currency risks. Foreign exchange contracts consist of forward purchases and sales of foreign currencies.

Managing financial risks

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 has some partially share-backed short-term investments but the overall risk of loss in value is negligible given the very short time they are held and the garantees provided. 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 liquidity risk management framework and to finance development projects, the Group is pursuing a proactive refinancing and prudent cash management policy. On 31 December 2017, the net financial position was positive and amounts to €162.270 million.

Additional information on how the Group manages risk is provided in the operating and financial review.

Financial instruments - fair value hierarchy

Financial instruments estimated at fair value are level 1 (market exchange prices).

Note 21: Rental and lease agreements

Type of contrat	Total future payments	Discounted value	Net underlying value	Currency	Average residual duration	< 1 year	> 1 yr < 5 yr	> 5 yr	Rate of interest	Discount rate
Rental - for Operations	1 272	1 242		Euro	4 ans	526	601	145	n/a	1,50%
Rental - Non-operating	741	727		Euro	2 ans	371	370	-	n/a	1,50%
Finance leases	2 916	2 824	3 658	Euro	6 ans	618	1 568	730	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 (presses, plant).
An expense of approximately €0.8 million was recognised in 2017 for straightforward rental agreements.

Note 22: Managers' remuneration

	2017	2016
Short-term benefits (excluding social security charges)	663	614
Social security charges	194	193
Total	**857**	**807**

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

	2017	2016
Managerial and executive	273	259
Supervisory, clerical and blue-collar	1 039	998
Total	**1 312**	**1 257**
Temporary workers	138	111

Note 24: Off-balance sheet commitments

Contractual obligations

	2017	2016
Pledges, bonds and guarantees	6 264	3 115
Total	6 264	3 115

Commitments received

	2017	2016
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 and members of their network

	PRICEWATERHOUSECOOPERS				RSM PARIS			
(in euros)	2017		2016		2017		2016	
	Amount	%	Amount	%	Amount	%	Amount	%
Audit								
Auditing, certification, review of individual and consolidated financial statements	88 325	100%	102 500	100%	37 500	100%	-	-
Issuer	*44 500*	*50%*	*59 500*	*58%*	*37 500*	*100%*	-	-
Fully consolidated subsidiaries	*43 825*	*50%*	*43 000*	*42%*	-	*0%*	-	-
Services directly relating to audit engagements	-	-	-	-	-	-	-	-
Issuer	-	-	-	-	-	-	-	-
Fully consolidated subsidiaries	-	-	-	-	-	-	-	-
Subtotal	**88 325**	**100%**	**102 500**	**100%**	**37 500**	**100%**	-	-

Note 27 : Discontinued operations

I.F.R.S. accounting basis **INCOME STATEMENT (in thousands of euros)**	Period 2017	Period 2016
Turnover	97 534	105 094
Current operating income	**6 549**	**7 117**
Operating income	**6 458**	**(1 030)**
Financial income	**(432)**	**(525)**
Income tax expense	(1 889)	973
Income after tax of discontinued operations	**4 137**	**(582)**
Loss on disposal of discontinued operations	(16 676)	-
NET INCOME (LOSS) OF DISCONTINUED OPERATIONS	**(12 539)**	**(582)**

CONSOLIDATED CASH FLOW (in thousands of euros)	31.12.2017	31.12.2016
Net income (loss) of discontinued operations	(12 539)	(582)
Net cash flows from operating activities	**8 497**	**13 406**
Net cash flows from investing activities	**(6 577)**	**(6 227)**
Net cash flows from financing activities	**(655)**	**(1 620)**
NET CASH FLOWS	**1 265**	**5 559**

Rapport des Commissaires aux Comptes sur les Comptes Consolidés
(Exercice clos le 31 décembre 2017)

GEVELOT SA
6, boulevard Bineau
92300 Levallois-Perret

A l'assemblée générale de la société GEVELOT SA

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 2017, 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 2017 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 portons à votre connaissance les appréciations suivantes qui, selon notre jugement professionnel, ont été les plus importantes pour l'audit des comptes consolidés de l'exercice.

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.

La Note 1.D. « Modifications apportées aux comptes antérieurement publiés » de l'annexe aux comptes consolidés précise que suite à la cession du secteur Extrusion le groupe a appliqué les dispositions relatives aux « activités abandonnées » de la norme IFRS 5. Le résultat de ce secteur est donc présenté séparément sur une ligne distincte du compte de résultat consolidé et les comptes 2016 ont été modifiés en conséquence. Dans le cadre de notre appréciation des règles et principes comptables suivis par votre société, nous avons vérifié le caractère approprié de l'application de cette norme et des informations fournies dans les notes de l'annexe et nous avons vérifié sa correcte mise en œuvre.

La Note 1.B. « Faits significatifs » de l'annexe aux comptes consolidés précise les traitements comptables retenus consécutivement à la dénonciation d'un contrat de distribution . Dans le cadre de notre appréciation des règles et principes comptables suivis par votre société, nous nous sommes assurés du caractère approprié des traitements comptables ainsi exposés et de la pertinence des informations fournies à ce titre dans les notes de l'annexe.

Vérification des informations relatives au groupe données dans le rapport de gestion

Nous avons également procédé, conformément aux normes d'exercice professionnel applicables en France, à la vérification spécifique prévue par la loi.
Nous n'avons pas d'observation à formuler sur leur sincérité et leur concordance avec les comptes consolidés.

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 sociétéErreur ! Signet non défini. 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 27 avril 2018

Les commissaires aux comptes

PricewaterhouseCoopers Audit	RSM Paris	RSM Paris
Yan Ricaud	Stéphane Marie	Régine Stéphan

Individual Financial Statements at 31 December 2017

Balance sheet at 31 December 2017

ASSETS (in thousands of euros)	Gross amount at 31.12.2017	Amortisation or Depreciation	Net amount at 31.12.2017	Net amount at 31.12.2016
CAPITAL ASSETS (I)				
Intangibles assets (A)				
Concessions, patents, licences, trademarks, processes, rights and comparable items	26	25	1	2
Total A	**26**	**25**	**1**	**2**
Tangible capital assets (B)				
Land	1 456	-	1 456	2 478
Buildings	3 148	1 430	1 718	5 103
Other	190	129	61	78
Construction work in progress	-	-	-	-
Advances and down payments	-	-	-	-
Total B	**4 794**	**1 559**	**3 235**	**7 659**
Long-term investments (C) (1)				
Equity investments	6 515	-	6 515	42 985
Receivables from equity investments	-	-	-	1
Loans	594	-	594	241
Other (3)	9	-	9	10 318
Total C	**7 118**	**-**	**7 118**	**53 545**
Total Capital assets (I) (A + B + C)	**11 938**	**1 584**	**10 354**	**61 206**
CURRENT ASSETS (II)				
Advances and down payments paid on orders	-	-	-	-
Receivables (2)				
Trade accounts receivable	160	-	160	180
Other	1 205	-	1 205	5 835
Short-term investments	59 569	-	59 569	47 970
Cash	28 592	-	28 592	12 820
ACCRUALS				
Prepaid expenses (2)	10	-	10	29
Total current assets (II)	**89 536**	**-**	**89 536**	**66 834**
Unrealized foreign exchange losses (III)	**-**	**-**	**-**	**-**
Grand total (I + II + III)	**101 474**	**1 584**	**99 890**	**128 040**

(1) < 1 year	405	27
(2) > 1 year	455	852
(3) including treasury shares	-	10 309

LIABILITIES (in thousands of euros)	Before allocation		After allocation	
	Net amount at 31.12.2017	Net amount at 31.12.2016	Net amount at 31.12.2017 (a)	Net amount at 31.12.2016 (b)
EQUITY (I)				
Capital	28 718	31 262	28 718	31 262
Paid-in-capital	-	-	-	-
Revaluation adjustments	-	-	-	-
Reserves :				
. Legal reserve	2 872	3 184	2 872	3 184
. Other	49 547	57 000	49 547	57 000
Retained earnings	17 328	9 735	12 870	17 328
Net income (loss) of period	(2 981)	9 070	-	-
Subtotal: net position	**95 484**	**110 251**	**94 007**	**108 774**
Investment grant	-	-	-	-
Regulated provisions	1 063	3 565	1 063	3 565
Total Equity (I)	**96 547**	**113 816**	**95 070**	**112 339**
PROVISIONS (II)				
Contingency provisions	-	-	-	-
Loss provisions	800	11 383	800	11 383
Total Provisions (II)	**800**	**11 383**	**800**	**11 383**
LIABILITIES (III) (1)				
Loans and debt with lending institutions (2)	-	2	-	2
Other borrowing and financial debt	77	379	77	379
Advances and down payments received on current orders	-	-	-	-
Trade accounts payable	122	102	122	102
Tax and welfare liabilities	983	1 061	983	1 061
Liabilities on fixed assets and related accounts	-	3	-	3
Other liabilities	1 333	1 259	2 810	2 736
Prepaid income	28	35	28	35
Total Liabilities (III)	**2 543**	**2 841**	**4 020**	**4 318**
Unrealized foreign exchange gains (IV)	**-**	**-**	**-**	**-**
Grand total (I + II + III +IV)	**99 890**	**128 040**	**99 890**	**128 040**

(1) including over 1 year	69	379	69	379
including under 1 year	2 474	2 462	3 951	3 939
(2) including cash credits and bank credit balances	-	2	-	2

a) After appropriation submitted to the Combined Annual and Extraordinary General Meeting of 20 June 2018.

b) After appropriation decided by the Combined Annual and Extraordinary General Meeting of 15 June 2017.

2017 Income Statement

INCOME STATEMENT (in thousands of euros)	2017	2016
OPERATING REVENUE (I)		
Rendering of services	2 155	2 285
Net turnover	**2 155**	**2 285**
Other income	420	438
Total operating revenue (I) (1)	**2 575**	**2 723**
OPERATING EXPENSES (II)		
Other purchases and external charges	716	736
Taxes	437	494
Wages and salaries	556	501
Social security charges	249	236
Amortisation expenses on fixed assets	235	261
Depreciation expenses on fixed assets	-	-
Other charges	70	70
Total operating expenses (II) (2)	**2 263**	**2 298**
1 - OPERATING INCOME (LOSS) (I - II)	**312**	**425**
FINANCIAL INCOME (III)		
From equity investments (3)	1 502	6 002
Other interests and comparable income (3)	291	385
Excess provisions charged and expense transfers	-	-
Foreign exchange gains	84	581
Net gains from sales of short-term investments	-	-
Total financial income (III)	**1 877**	**6 968**
FINANCIAL EXPENSES (IV)		
Amortisation and depreciation expenses	-	-
Interest expense (4)	2	-
Foreign exchange losses	208	-
Total finance costs (IV)	**210**	**-**
2 - RESULT OF OPERATIONS (III - IV)	**1 667**	**6 968**
3 - OPERATING INCOME (LOSS) (I - II) + (III - IV)	**1 979**	**7 393**
UNUSUAL GAINS (V)		
Unusual gains in operations	313	16
Unusual gains from sales of assets and other capital transactions	23 877	9
Excess provisions charged and expense transfers	24 732	61
Total unusual gains (V)	**48 922**	**86**
UNUSUAL EXPENSES (VI)		
Unusual expenses in operations	1 655	-
Unusual expenses from sales of assets and other capital transactions	51 255	7
Unusual amortisation and provisions expenses	1 059	685
Total unusual expenses (VI)	**53 969**	**692**
4 - UNUSUAL ITEMS (V - VI)	**(5 047)**	**(606)**
Income tax (VII)	**(87)**	**(2 283)**
Total income (I + III + V)	**53 374**	**9 777**
Total expenses (II + IV + VI + VII)	**56 355**	**707**
5 - NET INCOME (LOSS)	**(2 981)**	**9 070**

(1) Including operating revenue relating to prior periods	(3)	(13)
(2) Including operating expenses relating to prior periods	(11)	(8)
(3) Including income concerning affiliated companies	1 507	6 017
(4) Including interest concerning affiliated companies	-	-

Cash flow statement 2017

CASH FLOWS (in thousands of euros)	2017	2016
OPERATING ACTIVITIES		
Net income (loss)	**(2 981)**	**9 070**
Elimination of expenses and income not affecting cash or relating to operations:		
- Amortisation and depreciation	(10 353)	261
- Provisions	(13 085)	624
- Capital gains, net of taxes	27 706	(1)
Cash flows from operations	**1 287**	**9 954**
- Change in inventories		-
- Change in clients	20	(111)
- Change in suppliers	20	(29)
- Other variations	4 638	(348)
Change in working capital requirement	**4 678**	**(488)**
NET CASH FLOWS FROM OPERATING ACTIVITIES	**5 965**	**9 466**
INVESTING ACTIVITIES		
- Acquisitions of intangible and tangible capital assets	(4)	(3)
- Acquisitions of and increases in long-term investments	(383)	(501)
Subtotal	**(387)**	**(504)**
- Disposals of intangible and tangible capital assets	4 849	8
- Sales of and reductions in financial assets	18 728	33
Subtotal	**23 577**	**41**
Net investments of period	**23 190**	**(463)**
Change in working capital requirement	(3)	(8)
NET CASH FLOWS FROM INVESTING ACTIVITIES	**23 187**	**(471)**
FINANCING ACTIVITIES		
- Capital increases (reductions)		-
- Dividends allocated to the company's shareholders	(1 477)	(1 477)
- Other distributions	-	-
Total	**(1 477)**	**(1 477)**
- Changes in loans and financial liabilities	(302)	6
- Change in working capital requirement		-
NET CASH FLOWS FROM FINANCING ACTIVITIES	**(1 779)**	**(1 471)**
NET CHANGE IN CASH POSITION	**27 373**	**7 524**

Cash position on opening	60 788	53 264
Cash position on closing	88 161	60 788
	27 373	7 524

Notes to the Individual Financial Statements at 31 December 2017

These notes supplement and comment on the balance sheet prior to appropriation for period ending 31 December 2017, totaling 99,890,021.78 euros and the period's income statement, presented in report form, which totals 53,373,670.43 euros and shows a loss of 2,981,501.75 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 2017 to 31 December 2017.

These annual financial statements were drawn up by the Board of Directors on 12 Avril 2018.

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 no. 2016-07 of 4 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,
- industrial buildings: straight-line, 50 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 the 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 2017, comprising bank term deposits and negotiable medium-term notes, totals €60 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 amortization 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 duration differential.

Provisions

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

b) Tax integration

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 recognises 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. Gévelot Extrusion was withdrawal from the scope effective 1 January 2017 as a result of its sale.

Its income net of tax of K€ 87 includes:
- Gévelot S.A.'s income tax - K€ 997
- tax income relating to entities included in the Group's tax integration system + €1.084 M

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

The Board of Directors of 13 April 2017 decided to reduce the capital through cancellation of 72,707 treasury shares (8.1%). The new share capital thus stands at €28,717,500, comprising 820,500 shares each with a par value of €35.

On 28 November 2017, Gévelot SA signed a sales contract with the Walor International SAS company. This contract covers the shares held by Gévelot SA and minority stakes in Gévelot Extrusion SA and shares held in Dold Kaltfliesspressteile GmbH (Germany) including its Chinese subsidiary. This stock was sold for €24 M including the real estate of the French industrial sites owned by Gévelot SA together with a conventional assets and liabilities guarantee capped at €4 M, which will expire at the end of 2019. The impact of the 2017 result is a post-tax loss of €5.7 M and the elements are entered in the extraordinary income (see Note 13).

Note 2 : Capital assets and amortisation

Headings and items	Capital assets					Amortisation and depreciation			
	Gross value at the start of FY 2017	Increases	Transfers	Reductions	Gross value at the end of FY 2017	Accumulated at the start of 2017	Increases	Reductions	Accumulated at the end of 2017
Intangible capital assets									
Concessions, patents, licenses,	-	-	-	-	-	-	-	-	-
trademarks, processes,	-	-	-	-	-	-	-	-	-
rights and similar items	26	-	-	-	26	24	1	-	25
Total	**26**	**-**	**-**	**-**	**26**	**24**	**1**	**-**	**25**
Tangible capital assets									
Land	2 635	-	-	(1 179)	1 456	157	3	(160)	-
Buildings	14 754	-	-	(11 606)	3 148	9 651	210	(8 431)	1 430
Other tangible assets	186	4	-	-	190	108	21	-	129
Construction work in progress	-	-	-	-	-	-	-	-	-
Advances and down payments on tangible assets	-	-	-	-	-	-	-	-	-
Total	**17 575**	**4**	**-**	**(12 785)**	**4 794**	**9 916**	**234**	**(8 591)**	**1 559**
Long-term investments									
Equity investments	53 573	3	-	(47 061)	6 515	10 588	-	(10 588)	-
Receivables attached to minority interests	1	-	-	(1)	-	-	-	-	-
Loans	241	380	-	(27)	594	-	-	-	-
Other long-term investments	10 318	-	-	(10 309)	9	-	-	-	-
Total	**64 133**	**383**	**-**	**(57 398)**	**7 118**	**10 588**	**-**	**(10 588)**	**-**

On 31 December 2017, land and buildings corresponded mainly to buildings intended for the use of offices for K€3,051 occupied by Gévelot S.A. or provided to its subsidiaries or third parties.
The decrease in land and buildings corresponds to the transfer of industrial sites occupied by Gévelot Extrusion SA to the Walor International SAS company for €5.2 M for a net book value of €4.2 M.
In accordance with the principle stated in Note 1, Gévelot S.A. compared the book value of the Equity Securities to the proportionate share of the equity of the concerned companies or to the value in use as the case may be. This analysis did not lead to any depreciation.
The reduction of shareholdings and depreciations corresponds to the sell-off of shares in Gévelot Extrusion SA and shares of Dold Kaltfliesspressteile GmbH.
The decrease in other financial assets corresponds to the decision by the Board of Directors meeting of 13 April 2017, to cancel the 72,702 own shares valued at €10,309 K.

Note 3 : Provisions

Headings and items	Amount at the start of 2017	Increases	Reductions: Amount used during FY 2017	Reductions: Amount not used during FY 2017	Amount at the end of 2017
Regulated provisions					
Capital cost allowances	3 565	259	(2 761) (a)	-	1 063
Total	**3 565**	**259**	**(2 761)**	**-**	**1 063**
Contingency provisions					
Provisions for litigation	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**
Loss provisions					
Intercompany provision for tax refund deemed likely under the fiscal integration system	11 183	-	-	(11 183) (b)	-
Provision for taxes	200	800 (c)	(200)	-	800
Total	**11 383**	**800**	**(200)**	**(11 183)**	**800**

(a) The reversal of derogatory depreciations is linked, for €2,717 K, to the assets sold to the Walor International SAS company.
(b) The inter-group provision reversal to refund tax corresponds to tax savings generated by the deficits of Gévelot Extrusion SA for the tax integration period
(c) The provision of €800 K corresponds to the consequences of an ongoing tax audit on the Extrusion Company which Gévelot SA will cover in compliance with agreements made with the Walor International SAS company as part of the transfer of securities.

Note 4: Maturity of receivables and liabilities

Headings and items	Gross amount at 31.12.2017	Maturing in 1 year max	Maturing in over 1 year
Receivables			
Receivables on capital assets			
Receivables from equity investments	-	-	-
Loans (1)	594	405	189
Other	9	-	9
Receivables from current assets			
Trade accounts receivable (2)	160	160	-
Other	1 205	750	455
Subscribed called-up capital not paid up	-	-	-
Prepaid expenses	10	10	-
Total	**1 978**	**1 325**	**653**
Liabilities			
Loans and debt with lending institutions (3) (4)	-	-	-
Other borrowing and financial debt (3) (5)	77	8	69
Trade accounts payable (6)	122	122	-
Tax and welfare liabilities	983	983	-
Liabilities to fixed-asset suppliers (6)	-	-	-
Other liabilities (7)	1 333	1 333	-
Prepaid income	28	28	-
Total	**2 543**	**2 474**	**69**

(1) Loans granted in period	380
Loans recovered in period	27
(2) Including commercial paper	-
(3) Loans and financial liabilities taken out in period	35
Loans repaid and transferred in period	339
(4) including:	
- no more than two years initially	-
- over two years initially	-
(5) Liabilities maturing in over 5 years	69
(6) including commercial paper	-
(7) including to partners	-

Note 5: Items concerning affiliated companies

Items	Net amount at 31.12.2017
Advances and down payments on fixed assets	-
Equity investments	6 515
Receivables from equity investments	-
Loans	-
Advances and down payments paid on orders (current assets)	-
Trade receivables	75
Other receivables	-
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	27
Tax and welfare liabilities	-
Liabilities to fixed-asset suppliers	-
Other liabilities	1 333
Rendering of services	2 021
Other operating income	376
Other purchases and external charges	22
Other operating expenses	70
Income from equity investments	1 502
Other financial income	5
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 31.12.2017				
	Amount at the start of 2017	Reductions due to disposals	Other changes	Amount at the end of 2017	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 31.12.2017
Receivables from equity investments	-
Trade receivables	66
Other receivables	312
Short-term investments	157
Total	**535**

Note 8: Accrued liabilities

Amount of accrued liabilities included in the following balance sheet items	Amount at 31.12.2017
Loans and debt with lending institutions	-
Trade accounts payable	50
Tax and welfare liabilities	703
Total	**753**

Note 9: Prepaid expenses and income

	Amount at 31.12.2017	
	Expenses	Income
Expenses / Operating revenue	10	28
Expenses / Financial income	-	-
Expenses / Unusual gains	-	-
Total	**10**	**28**

Note 10: Composition of the share capital

	Number		Par value
Shares making up the share capital at the start of financial year 2017	893 207		35,00
Shares issued during the period	-		-
Shares repaid during the period	-		-
Shares cancelled during the period (see Note 2)	(72 707)		35,00
Change in par value through incorporation of reserves	-		-
Shares making up the share capital at the end of financial year 2017	820 500		35,00

Making a share capital of 28 717 500 euros.

Note 11: Statement of changes in net worth

Equity in the closing balance sheet for period 2016 prior to income		104 746
Appropriation of 2016 income at net worth by the Combined Annual Meeting of 15 June 2017		7 593
. 2016 Income	9 070	
. Dividends paid	(1 477)	
Equity on opening of period 2017		112 339
Changes in period:		(12 811)
. Changes in premiums, reserves, retained earnings	-	
. Changes in regulated provisions and investment grants	(2 502)	
. Cancellation of treasury shares	(10 309)	-
Equity in the closing balance sheet for period 2017 prior to income		99 528

Note 12: Breakdown of net turnover

a) Breakdown by business segment

	Amount 2017	Amount 2016
Rents	1 401	1 489
Services	754	796
Total	**2 155**	**2 285**

b) Breakdown by geographical segment

	Amount 2017	Amount 2016
France	2 146	2 274
Germany	9	11
Total	**2 155**	**2 285**

Note 13: Unusual items

The main items included under this heading are:

Headings	Amount 2017	Amount 2016
Intercompany provision for probable refund of tax savings to fully consolidated companies	11 183	(408)
Capital cost allowances	2 502	(216)
Capital losses on disposal of the shares of Gévelot Extrusion and Dold K. GmbH, net of fees	(29 663)	-
Depreciation on equity investments	10 588	-
Capital gains on disposal of intangibles assets	983	2
Provisions for taxes	(800)	-
Other items, net	160	16
Total	**(5 047)**	**(606)**

All of these items, except "other items, net", are primarely related to the sale of Gévelot Extrusion and Dold K. GmbH.

Note 14: Income tax

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

Headings	Pre-tax income at 31.12.2017	Amount of income tax for 2017	Net income (loss) at 31.12.2017
Operating income	1 979	202	1 777
Unusual gains/losses	(5 047)	751	(5 798)
Additional contribution on amounts paid out	-	44	(44)
Effect on consolidation for tax purposes	-	(1 084)	1 084
Total	**(3 068)**	**(87)**	**(2 981)**

The tax rate is 33 1/3 % for 2017, 28 % for 2018 to 2020, 26,5 % for 2021 and 25 % from 2022 onwards.

The effect on the period's taxes of dispensatory tax assessments due to capital cost allowances is K€ 758 (charge).

Increase and decrease in the future tax debt

The future tax debt is K€ 267 higher due to the reversal of capital cost allowances for K€ 1,063.

Note 15: Off-balance sheet commitments

	Amount at 31.12.2017
Contractual obligations:	
Guarantee (a)	4 000
Leasing commitments	1 315
Retirement commitments	5
Total	**5 320**
Commitments received:	
Other	-
Total	**-**

Leasing commitments:

Headings	Real estate property	Total at 31.12.2017
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	466	466
Fiscal year	117	117
Total	**583**	**583**
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	589	589
Total	**1 175**	**1 175**
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

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

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.

The figure retained, ie €5 K, is equal to the amount of the IFC corporate liability (€88 K) less the value of the fund as of 31 December 2017 (€83 K) held by Axa France Vie under a contract allowing outsource some 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 2017

	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 2017

Companies	Capital	Equity other than capital prior to appropriation of 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	79 246	99,95%	6 515	6 515	-	-	1 599	13 018	1 502
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		2017	2016
Number of shares at 31 December		820 500	893 207
Accrual-based income	K€	(2 981)	9 070
	€	(3,63)	10,15
Changes in net worth excluding restructuring transactions	K€	(2 502)	347
	€	(3,05)	0,39
Proposed dividend	K€	1 477	1 477
	€	1,80	1,80

Statement of changes in net worth

(in thousands of euros)

Equity in the closing balance sheet of 2016 prior to income		**104 746**
Appropriation of 2016 income at net worth by the Combined General Meeting of 15 June 2017		7 593
. 2016 income	9 070	
. Dividends paid	(1 477)	
Equity at the start of 2017		**112 339**
Period change:		(12 811)
. Changes in premiums, reserves, retained earnings	-	
. Changes in regulated provisions and investment grants	(2 502)	
. Cancellation of treasury shares	(10 309)	
Equity in the closing balance sheet of 2017 prior to income		**99 528**
Appropriation of 2017 income at net worth by the Combined General Meeting of 20 June 2018		(4 458)
. 2017 income	(2 981)	
. Proposed dividends	(1 477)	
Equity after proposed appropriation		**95 070**

Financial income

The Company's financial income over the last five periods

(in euros)

Item	2017	2016	2015	2014	2013
I - CAPITAL AT END OF PERIOD	(**)		(*)		
a) Share capital	**28 717 500,00**	31 262 245,00	31 262 245,00	31 838 310,00	31 838 310,00
b) Number of existing ordinary shares	**820 500**	893 207	893 207	909 666	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	**2 155 208,49**	2 284 881,26	2 492 616,82	3 337 180,42	2 665 463,40
b) Earnings before tax, employee profit-sharing, amortisation and provisions	**(26 506 414,95)**	7 672 545,77	57 503 116,06	4 129 385,78	2 949 841,22
c) Income tax	**(86 668,00)**	(2 283 981,00)	(1 001 998,00)	(1 820 881,00)	(616 963,00)
d) Employee profit-sharing in period	**-**	-	-	-	-
e) Earnings after tax, employee profit-sharing, amortisation and provisions	**(2 981 501,75)**	9 070 458,66	57 074 060,85	375 269,16	277 367,33
f) Distributed earnings	**1 476 900,00**	1 476 900,00	1 476 900,00	1 607 772,60	1 619 020,80
III - EARNINGS PER SHARE					
a) Earnings after tax, employee profit-sharing, but before amortisation and provisions	**(32,20)**	11,15	65,50	6,54	3,92
b) Earnings after tax, employee profit-sharing, amortisation and provisions	**(3,63)**	10,15	63,90	0,41	0,30
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	6	7	7
b) Total payroll	**555 744,14**	501 253,84	552 746,60	671 467,28	651 781,65
c) Amounts paid out for the period's employee benefits (social security, community services, etc.)	**249 393,27**	235 691,75	251 904,35	318 070,31	299 317,51

(*) In accordance with the decision of the Board of Directors of 15 October 2015, and under the authorisation given by the Combined Annual and Extraordinary 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 authorisation given by the Combined Annual and Extraordinary 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.

Rapport des commissaires aux comptes sur les comptes annuels
(Exercice clos le 31 décembre 2017)

GEVELOT SA
6, boulevard Bineau
92300 Levallois-Perret

A l'assemblée générale de la société GEVELOT SA

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 2017, 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 2017 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 les cessions des titres de participation réalisées dans l'exercice et l'évaluation de ceux détenus 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.

Vérification du rapport de gestion et des autres documents adressés aux actionnaires

Nous avons également procédé, conformément aux normes d'exercice professionnel applicables en France, aux vérifications spécifiques prévues par la loi.

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

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 adressés aux actionnaires sur la situation financière et les comptes annuels.

Informations relatives au gouvernement d'entreprise

Nous attestons de l'existence, dans la section du rapport 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 relatives 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 27 avril 2018

Les commissaires aux comptes

PricewaterhouseCoopers Audit	**RSM Paris**	**RSM Paris**
Yan Ricaud	**Stéphane Marie**	**Régine Stéphan**

Rapport Spécial des Commissaires aux Comptes sur les Conventions Réglementées

Exercice clos le 31 décembre 2017

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 27 avril 2018

Les Commissaires aux Comptes

PricewaterhouseCoopers Audit **Yan Ricaud**	**RSM Paris** **Stéphane Maris**	**RSM Paris** **Régine Stéphan**

Rapport des Commissaires aux Comptes sur l'augmentation du capital réservée aux adhérents d'un plan d'épargne d'entreprise

(Assemblée du 20 juin 2018 - Neuvième résolution)

GEVELOT 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 et en exécution de la mission prévue par les articles L. 225-135 et suivants du code de commerce, nous vous présentons notre rapport sur le projet d'augmentation du capital par émission d'actions ordinaires avec suppression du droit préférentiel de souscription de 350 000 euros, réservée aux salariés adhérents d'un plan d'épargne d'entreprise de votre société, opération sur laquelle vous êtes appelés à vous prononcer.

Cette augmentation du capital est soumise à votre approbation en application des dispositions des articles L. 225-129-6 du code de commerce et L. 3332-18 et suivants du code du travail.

Votre conseil d'administration vous propose, sur la base de son rapport, de lui déléguer pour une durée de 12 mois le pouvoir de fixer les modalités de cette opération et de supprimer votre droit préférentiel de souscription aux actions à émettre.

Il appartient au conseil d'administration d'établir un rapport conformément aux articles R. 225-113 et R. 225-114 du code de commerce. Il nous appartient de donner notre avis sur la sincérité des informations chiffrées tirées des comptes, sur la proposition de suppression du droit préférentiel de souscription, et sur certaines autres informations concernant l'émission, données dans ce rapport.

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. Ces diligences ont consisté à vérifier le contenu du rapport du conseil d'administration relatif à cette opération et les modalités de détermination du prix d'émission des actions.

Sous réserve de l'examen ultérieur des conditions de l'augmentation du capital proposée, nous n'avons pas d'observation à formuler sur les modalités de détermination du prix d'émission des actions ordinaires à émettre données dans le rapport du conseil d'administration.

Les conditions définitives de l'augmentation du capital n'étant pas fixées, nous n'exprimons pas d'avis sur celles-ci et, par voie de conséquence, sur la proposition de suppression du droit préférentiel de souscription qui vous est faite.

Conformément à l'article R. 225-116 du code de commerce, nous établirons un rapport complémentaire lors de l'utilisation de cette délégation par votre conseil d'administration.

Neuilly-sur-Seine et Paris, le 27 avril 2018

Les Commissaires aux Comptes

PricewaterhouseCoopers Audit	**RSM Paris**	**RSM Paris**
Yan Ricaud	**Stéphane Maris**	**Régine Stéphan**

Resolutions

submitted to the Combined Annual and Extraordinary General Meeting of 20 June 2018

I – ORDINARY RESOLUTIONS

First resolution

The General Meeting, having listened to the Management Report from the Board of Directors and the Report from Statutory Auditors, approves these Reports in their entirety, as well as the 2017 annual Corporate Financial Statements, showing a net loss of €2,981,501.75 €.

Second resolution

The General Meeting, having considered the Reports from the Board of Directors and Statutory Auditors, approves the annual Consolidated Accounts as presented, and showing for the fiscal year 2017 a consolidated net profit, Group Share, of €1.8 million.

Third Resolution

The General Meeting takes note of the Special Report from Statutory Auditors on regulated Agreements and Commitments mentioned in Article L.225-38 of the Commercial Code and approves the said operations.

Fourth resolution

The General Meeting decides to allocate
the period's loss of..- €2 981 501.75

Previous retained earnings €17 328 166.94

constituting the distributable profit of €14 346 665.19
as follows:

. Dividend:.........................€1 476 900.00

- €1 476 900.00

. Retained earnings balance
after allocation: €12 869 765.19

The global dividend is €1.80 per share for 820,500 shares so €1,476,900 and will be distributed as of 27 June 2018.

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 of 17.2% 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	total
2014	1,80	893 207	909 666
2015	1,80	820 500	893 207
2016	1,80	820 500	820 500

Fifth resolution

The General Meeting discharges the Directors from their corporate duties for financial year 2017.

Sixth resolution

Mrs Claudine BIENAIMÉ's directorship being expired, the General Meeting renews – subject to the adoption of the tenth Resolution – her mandate for a period of three years, until the 2021 General Meeting that will be called to approve the accounts for the fiscal year 2020.

Seventh Resolution

Mr Charles BIENAIMÉ's directorship being expired, the General Meeting renews his mandate for a period of three years, until the 2021 General Meeting that will be called to approve the accounts for the fiscal year 2020.

Eighth Resolution

Mr Pascal HUBERTY's directorship being expired, the General Meeting renews his mandate for a period of three years, until the 2021 General Meeting that will be called to approve the accounts for the fiscal year 2020.

II – EXTRAORDINARY RESOLUTION

Ninth Resolution

Capital increase reserved for Employees

The General Meeting of Shareholders, deliberating under the quorum and majority conditions required of Extraordinary General Meetings and after reviewing the Report of the Board of Directors showing that Gévelot Employees and/or affiliated companies as defined by Article L 225-180 of the French Commercial Code at 31 December 2017 account for less than 3% of the Share Capital, and the Special Report of the Statutory Auditors and, in accordance with the French Commercial Code and notably Articles L 225-129-6 paragraphs 2, L 225-138-1 et seq. of the French Commercial Code and L 3332-18 et seq. of the French Labour Code:

- decides to increase the Share Capital by an amount of €350,000 through the issue of 10,000 shares of a par value of €35 reserved for Employees who are members of an Employee Share Ownership Plan to be created,

- decides that this decision amounts to the express renunciation by Shareholders of their pre-emptive subscription rights in favour of Employees who are members of an Employee Share Ownership Plan set up by Gévelot and/or its affiliated companies under the terms provided in the texts directly or through an employee mutual fund (FCPE) or an employee shareholding management company (SICAVAS),

- decides that the price of shares to be issued under this Resolution may not be either more than 20% below the average market price of the shares over the past twenty trading session preceding the Board of Directors' decision on the implementing of a capital increase and the corresponding issue of shares, or above this average amount.

The General Meeting delegates to the Board of Directors all powers to implement the capital increase under this Resolution notably:
- to decide whether the shares must be subscribed directly by Employees who are members of the Group's ESOP or whether they must be subscribed through an employee mutual fund (FCPE) or an employee shareholding management company (SICAVAS),
- to draw up the list of beneficiaries,
- to draw up the number of new shares to be issued and the rules of reduction applicable in the event that the issue is oversubscribed,
- to subtract the capital increase costs from the amount of the premiums incurred by the capital increase,
- to modify the by-laws and, generally speaking, to take whatever measures are necessary.

This Delegation is granted for a duration of 12 months beginning with the date of this General Meeting.

Tenth Resolution

Prorogation of the age limit from 78 to 85 years in order to be appointed as Board Director (Article 13 of Statutes)

The General Shareholders' Meeting, considering the Report of the Board of Directors and ruling under the quorum and majority conditions required for Extraordinary General Meetings decides to increase from 78 to 85 years the age limit in order to be appointed as Board Director and to modify as shown below the second line of Article 13 of Statutes (Board of Directors) which now becomes worded as follows:

Former wording:
" The age limit in order to be appointed as Board Director is 78 years."

New wording:
" The age limit in order to be appointed as Board Director is 85 years."

III – ORDINARY RESOLUTION

Eleventh Resolution

In order to proceed to all publications and registrations prescribed by law, and generally to perform all legal formalities, all powers are given to holders of original, copy or extract of this.

Gévelot

Société Anonyme au capital de 28 717 500 euros
Siège social, Direction et Administration :
6, boulevard Bineau
92300 Levallois-Perret
562 088 542 RCS Nanterre - SIRET N° 562 088 542 00369

www.gevelot-sa.fr