2016

PRECIA S.A. ANNUAL FINANCIAL REPORT

PRECIA MOLEN™

WORLDWIDE WEIGHING

Message from the Chairman
OF THE SUPERVISORY BOARD

The year 2016 has kept its promises, both in terms of internal growth and of international development.

Six new entities have reinforced our presence: in France (Epona), England (Rowecon), Poland (Kaspo Lab), New Zealand (Weighpac) and Australia (Brisweigh). We have also tapped into the US market, in Kansas, with the acquisition of J&S Weighing solutions and, at the start of the year 2017, we have continued in Western Africa with the acquisition of CAPI, a company that has been operating in Ivory Coast for 35 years.

I want to welcome all the men and women who have joined us. I trust that they will find in our Group a team of collaborators who are passionate about their profession and happy to work together in the promotion of our know-how all throughout the world.

We now have 17 subsidiaries in the world.
This international expansion balances the risks, opens new opportunities and ensures our Group's longevity.

The Asia Pacific area, and most especially our Indian subsidiary, have registered substantial growth results.

PRECIA MOLEN SERVICE successfully keeps on expanding in France with an even greater participation to our Group's profitability.

Our constant desire to innovate has been apparent this year with the release of new products, such as the new i25 TOUCH electronic indicator, that has been fully designed by our Marketing and Research & Development departments and that is manufactured in our Privas factory workshops. This indicator will open up our profession to a new dimension with a completely revamped man-machine interface and numerous communication possibilities. A connected object that perfectly fits in the 4.0 industry concept.

Although our Group now includes almost 1,000 employees, I want to keep our flexibility and our identity as a family and human company. I take this opportunity to thank our Group's Managers, as well as all the men and women working for PRECIA MOLEN, in France and in the rest of the world. You are the first participants of our success thanks to your commitment and care for our clients' satisfaction.

I also thank our shareholders for their trust and loyalty.

Our growth, based on solid foundations and combined with the quality and competitiveness of our offer in lead markets, and the strong involvement of our teams, lead us to pursue our expansion in 2017 and to have confidence in the Group's ability to maintain this positive dynamic over time.

Anne-Marie ESCHARAVIL

Chairman of the Supervisory Board

Summary
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1. THE ECONOMIC CONTEXT OF THE GROUP

During 2016, the world economy in general and the European economy in particular remained at weak levels of growth, albeit with slight progress. Risk factor were still numerous, in particular with Brexit and the election of the new American president. Europe experienced weak but stable growth from which the Group profited, with the exception of the United Kingdom. In Asia-Pacific, robust dynamics in India was one of the Group's strengths, and new opportunities opened in South East Asia and the Pacific Zone (Australia, New Zealand). In South America, the modest recovery in Brazil allowed us to realize improved performance, since opportunities for the Group are there. Finally, the confirmation of a new level for the Euro that is more competitive allowed us to gain in competitiveness, which is essential for our export markets.

Industrial companies all over the world always need weighing solutions and the PRECIA MOLEN Group is a major player in this area. In this sense, following its strategy of international expansion, while still remaining strong in its historic markets, the Group had the opportunity to carry out six external growth operation in 2016. These expansions of our perimeter are described in paragraph 5.1. These various opportunities have allowed us to strengthen our core businesses and areas (the service sector in France with Epona), to acquire customers in our classic businesses in new zones (sales and service with Weighpac (NZ) and Brisweigh (AU)), to establish a presence in new territories (J&S Weighing Solution (US)) or even to penetrate new markets in countries where we already had a presence (dynamic weighing in the United Kingdom (Rowecon) and the legal metrology laboratory in Poland (Kaspo)). This diversification program was completed in the beginning of 2016 by the creation of PRECIA MOLEN Asia Pacific (Malaysia) and the acquisition of the leading firm in the weighing field in West Africa (CAPI).

2. DEVELOPMENTS IN THE COMPANY DURING 2016

2.1 PRECIA MOLEN Group

Consolidated sales of the PRECIA MOLEN Group represented €109.7 M in 2016, compared to €105.3M in 2015, a decrease of 4.1 %. At constant structure and exchange rates, the increase is 3.1 %, the difference explained by the integration of Epona, Weighpac, Kaspo and Rowecon.

The Group generates 66 % of its revenues in France, 24 % in the European Union and 9 % in the rest of the world.

2.2. PRECIA S.A., parent company

In 2016, PRECIA S.A. annual turnover was €45.5M, compared to €44.5M in 2015, an increase of 2.2 %.

3. INCOME

3.1 PRECIA MOLEN Group

PRECIA MOLEN Group net consolidated profit represented €5,717K as compared to €5,285K in 2015.

This profit can be detailed as follows:

in K€	2016	2015
Operating income	**9,115**	**8,636**
Cost of net financial debt	271	(87)
Income tax	(3,388)	(3,042)
Minority interests	281	222
NET GROUP CONSOLIDATED PROFIT	**5,717**	**5,285**
EARNINGS PER SHARE (in euros)	**10.4**	**9.5**

Operating profit was €9,115K as compared to €8,636K in 2015. It increased by 5.5 % compared to last year and represented 8.3 % of net sales as compared to 8.2 % in 2015.

Net Group consolidated profit was €5,717K as compared to 5,285K in 2015; it increased by 8.2 % as compared to last year and represented 5.2 % of net sales, compared to 5.0 % in 2015.

Earnings per share went from €9.51 to €10.39 in 2016.

Long term debt is €8.3M, compared to €6.9M as at 31/12/2015. It includes restatement of financial leases of €0.05M.

Short term cash represented €24.5M as at 31/12/2016 as compared to €28.4M at the end of 2015.

Following a deterioration in WC, (+€1.2M), the cash position net of debt was €24.5M, a decrease of €3.9M, as a result of large investments (€10.7M external growth and asset acquisitions) and a dividend payment of €1.3M.

3.2 PRECIA S.A.

2016 PRECIA S.A. results were as follows:

in K€	2016	2015
Operating profit	**1,963**	**1,814**
Financial profit	3,817	3,990
Exceptional income/loss	(203)	(187)
Income taxes	249	174
NET RESULT	**5,327**	**5,443**

PRECIA S.A. operating profit increased by 8.2 % as compared to 2015; it represents 4.3 % of net sales as compared to 4.1 % last year.

Net result was €5,327K as compared to €5,443K in 2015, a stable level; it represents 11.7 % of net sales compared to 12.2 % last year. This net income includes dividends paid by PRECIA MOLEN Service, as well as PRECIA MOLEN Nederlands and PRECIA MOLEN India.

Medium term debt is €7.4M, compared to €6.2M at the end of 2015. The debt/equity ratio is 17.6 % compared to 16.2 % at the end of 2015. The Group's principle financing in 2016 was entered into directly by PRECIA S.A. with its banks.

3.3. Allocation of income

We suggest to allocate the net income by paying a €2.20 dividend per share and the balance to free reserves.

In accordance with the law, we remind you that dividends paid over the last three years and related tax exemption were as follows: (allowance 40 %):

TOTAL		
In year 2015 :	€2.10 per share	€1,156K
In year 2014 :	€1.80 per share	€1,005K
In year 2013 :	€1.80 per share	€1,005K

4. ACCOUNTING PRINCIPLES

The consolidated financial statements have been prepared in accordance with the International Accounting Standards (IFRS) as adopted by the European Union.

No change in accounting principles has occurred during the financial year.

5. SUBSIDIARIES

5.1 Change in the scope of consolidation

In January 2016, the Group created the company PRECIA MOLEN Asia Pacific, whose headquarters is in Kuala Lumpur in Malaysia.
In April 2016, the PRECIA MOLEN Group, via its subsidiary PRECIA Polska S.r.o, acquired Kaspo Lab Sp z o.o., a metrology laboratory and service provider, located in Gdansk, Poland.
In May 2016, the PRECIA MOLEN Group acquired Weighpac Ltd (NZ), a supplier and distributor of weighing equipment services and solutions for the north of New Zealand (Hamilton).
In May 2016, the PRECIA MOLEN Group, via its subsidiary PRECIA MOLEN UK Ltd., acquired Rowecon Systems Ltd, a manufacturer and supplier of goods and services in the dynamic weighing field, mainly for the quarries and cement works in the British market.
In July 2016, the PRECIA MOLEN Group, via its subsidiary PRECIA MOLEN Service S.A.S, acquired EPONA SAS, a company based in the north of Lyon, that specializes in the sales and servicing of weighing instruments.
In August 2016, the PRECIA MOLEN Group, via its subsidiary PRECIA MOLEN Inc., and sub-subsidiary, J&S Weighing Solution Llc, created at this time, purchased the goodwill of the business J&S Scales Inc., based in Sabetha (Kansas-USA), specializing in the manufacture and sales of medium size production line weighing systems.
In December 2016, the PRECIA MOLEN Group, via its subsidiary PRECIA MOLEN Australia Pty Ltd, purchased the good will of the business of Brisweigh Pty Ltd, based in Brisbane.

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5.2 Investments and subsidiaries as at 31 December 2016

As at 31 December 2016 PRECIA SA directly held shares in the following companies:

5.2.1 Subsidiaries

France :	
PRECIA MOLEN Service	99,99 %
International :	
MOLEN NL	100 %
PRECIA MOLEN UK	100 %
MOLEN Belgium	100 %
PRECIA Polska	100 %
PRECIA CZ	100 %
PRECIA MOLEN India	75 %
PRECIA MOLEN Maroc	60 %
PRECIA MOLEN Scandinavia	98 %
PRECIA MOLEN Ro	100 %
PRECIA MOLEN Australia	100 %
PRECIA MOLEN do Brasil	100 %
PRECIA MOLEN Ireland	40 %
PRECIA MOLEN Asia Pacific	100 %
Weighpac	80 %
Kaspo Lab	100 %
Rowecon	100 %
PRECIA MOLEN Inc	100 %
J&S Weighing Solutions	85 %

5.2.2 Investments

International :	
BACSA SA	19 %

PRECIA MOLEN NEDERLAND BV is 100 % indirectly held through MOLEN NL BV.

The Group is organised as follows:

1) The PRECIA France industrial and commercial division concentrates on the design, production and sales of equipment and weighing solutions, and includes the two factories located in PRIVAS and VEYRAS (ARDECHE) and an IT research site at WOIPPY, near Metz (Moselle).

2) The PRECIA MOLEN SERVICE division is dedicated to:

a. The installation of new equipment on behalf of PRECIA SA,.
b. Servicing, maintenance contracts and repair for all brands of weighing equipment, and
c. Mandatory periodic inspection of equipment used in retail spaces.

PRECIA MOLEN SERVICE net sales represented €44.5M in 2016, as compared to €44.3M in 2015, a decrease of 2.8 %. During the financial year, the company acquired then absorbed (by merger on July 1st 2016) Epona company. In 2015, the company acquired then absorbed Le Barbier SAS, Etablissement Le Barbier SAS, PSD SAS and Pesage Vial SAS (the Le Barbier companies). The net profit of PRECIA MOLEN Service is €3,084K, that is, 6.9 % of sales.

3) The international division consists of the Group trading establishments in the European Union (the Netherlands, United Kingdom, Belgium, Poland, the Czech Republic and Romania) and in the rest of the world (Brazil, Australia, New Zealand, Scandinavia, Morocco, India Malaysia and the United States). In 2016, cumulative sales of these various entities were €36.8M, an increase 11.9 % as compared to last year. Together, these entities represent 29 % of the consolidated operating profit, as compared to 27 % in 2015.

6. CAPITAL EXPENDITURE AND RESEARCH & DEVELOPMENT

6.1 Capital Expenditure

In 2016, investments of the PRECIA MOLEN Group were as follows (excluding new entries to the consolidation scope):

Acquisitions	in K€
Goodwill	-
Intangible fixed assets	447
Tangible assets	5,936
Financial investments	276
TOTAL	**6,659**

PRECIA SA investments were the following:

Acquisitions	en K€
Intangible fixed assets	373
Tangible assets	537
Financial assets	5,915
TOTAL	**6,825**

6.2 Research & development

Research and development costs represent 1.3 % of consolidated net sales and 3.1 % of PRECIA S.A. net sales.

The main R&D programs were the following:

- development of a new version of a programmable electronic weight indicator and of an electronic weight indicator for immediate use,
- innovative integration of mechanical, electronic or software in different products, and
- the development and improvement of business solutions.

In 2016, no research & development expenses were capitalized.

7. SIGNIFICANT EVENTS SUBSEQUENT TO CLOSING THE ACCOUNTS ON 31/12/2016

In January, 2017, the PRECIA MOLEN Group acquired CAPI SA and CAPI-BF, (based in Abidjan, Ivory Coast and Ouagadougou, Burkina Faso respectively), companies specializing in the sales and servicing of weighing instruments, whose total sales are €4.0M.

In April 2017, the PRECIA MOLEN Group, via its subsidiary PRECIA MOLEN Service S.A.S, acquired 3P Entreprise, a company based in the east of Lyon, that specializes in the sales and servicing of weighing instruments, whose total sales are €0.4M.

8. HUMAN RESOURCES AND EMPLOYEE BENEFITS INFORMATION

8.1 Employment

The employees of PRECIA MOLEN Group are mostly based in Europe (87 %) and more specifically in France (65 %). The employees based outside of Europe represent 13 % of the workforce.

ENTITY	TOTAL 2016
PRECIA S.A.	265
PRECIA MOLEN SERVICE	384
PRECIA MOLEN India	86
PRECIA MOLEN BV	56
PRECIA MOLEN UK	55
PRECIA MOLEN Belgium	29
PRECIA MOLEN Ireland	28
PRECIA MOLEN Maroc	19
KASPO LAB	19
PRECIA MOLEN Polska	14
PRECIA MOLEN Asia Pacific	7
PRECIA MOLEN Australia	7
PRECIA MOLEN Scandinavia	7
ROWECON	5
PRECIA MOLEN Brazil	4
WEIGHPAC	4
J&S WEIGHING SOLUTIONS	4
PRECIA MOLEN CZ	3
PRECIA MOLEN Ro	0
TOTAL	**996**

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The PRECIA MOLEN Group is comprised of 16 % women and 84 % men.

ENTITY	F	M
PRECIA S.A.	46	219
PRECIA MOLEN SERVICE	61	323
PRECIA MOLEN India	2	84
PRECIA MOLEN BV	7	49
PRECIA MOLEN UK	16	39
PRECIA MOLEN Belgium	4	25
PRECIA MOLEN Ireland	3	25
PRECIA MOLEN Maroc	-	19
KASPO LAB	8	11
PRECIA MOLEN Polska	3	11
PRECIA MOLEN Asia Pacific	2	5
PRECIA MOLEN Australia	-	7
PRECIA MOLEN Scandinavia	-	7
ROWECON	1	4
PRECIA MOLEN Brazil	1	3
WEIGHPAC	-	4
J&S WEIGHING SOLUTIONS	1	3
PRECIA MOLEN CZ	-	3
PRECIA MOLEN Ro	-	-
TOTAL	**155**	**841**

ENTITY	<26	26 to 45 years	>45
PRECIA S.A.	12	99	154
PRECIA MOLEN SERVICE	19	195	170
PRECIA MOLEN India	20	60	6
PRECIA MOLEN BV	2	13	41
PRECIA MOLEN UK	2	13	40
PRECIA MOLEN Belgium	1	12	16
PRECIA MOLEN Ireland	4	13	11
PRECIA MOLEN Maroc	1	15	3
KASPO LAB	-	18	1
PRECIA MOLEN Polska	-	12	2
PRECIA MOLEN Asia Pacific	-	7	-
PRECIA MOLEN Australia	-	3	4
PRECIA MOLEN Scandinavia	2	2	3
ROWECON	1	-	4
PRECIA MOLEN Brazil	1	2	1
WEIGHPAC	-	3	1
J&S WEIGHING SOLUTIONS	1	1	2
PRECIA MOLEN CZ	-	2	1
PRECIA MOLEN Ro	-	-	-
TOTAL	**66**	**470**	**460**

At the PRECIA MOLEN Group level, new hires for the period was 170 persons, mainly in France (90 out of 170). These new hires correspond to direct hires in existing structures. The integration of new companies and subsidiaries in the PRECIA MOLEN Group involved the integration of 46 additional staff in 2016.
10 terminations took place during the year.

For 2016, total compensation in the PRECIA MOLEN Group was €47,801K. This amount includes total payroll as well as company profit sharing plans.
PRECIA S.A.'s total payroll for 2016 increased to €14,499K as compared to €13,915K in 2015.

8.2 Organization of working time

The goal of the organization of working time in the PRECIA MOLEN Group is to have an efficient industrial and sales organization that is competitive and responsive, and that meets the expectation of staff and complies with current regulations.

The organization of working time may therefore change depending on production constraints and market factors, and is adapted to local regulatory requirements.

Absenteeism remains an essential issue for the PRECIA MOLEN Group in that it can disrupt production plans and provision of services as well as the quality of service to our customers.

Absenteeism at the PRECIA MOLEN Group level is about 7.6 days per person per year.

8.3 Labour relations

The companies of the PRECIA MOLEN Group endeavour to maintain relationships with the staff and with their representative bodies in accordance with local requirements, and to respect all obligatory procedures regarding the information on staff and their representatives.

The various areas of concentration and negotiation conducted over the course of the past year concerned the elements of fixed, variable, collective and individual compensation, but also health and safety conditions, absenteeism, difficult working conditions, gender equality.

Collective agreements or action plans have been entered into on local levels. The collective agreements or action plans currently in place deal with work hours, gender equality, profit sharing and incentives, the PEE PERCO systems and even a generation contract. For 2016, an agreement was struck by PRECIA S.A. for a per kilo allowance for employees who commute to work by bike.

8.4 Health and safety

Regarding workplace health and safety, the PRECIA MOLEN Group implements an organization and resources that allow us to offer safety and proper working conditions to employees. Specific organizations and resources are in place in the locations where risks are higher (production sites, customer sites that require a MASE (Manuel d'Amélioration Sécurité des Entreprises - Manual for Improvement of Safety in a Company)) certification.

For this, risks are identified, then the means to reduce them are put in place (equipment, training, working procedures).

The PRECIA MOLEN Group also has numerous technicians and engineers who are regularly sent to customers' sites. In this context, these staff members receive regular safety training in the framework of these technical activities.

No collective agreement currently supports this organization regarding workplace health and safety.

The rate and severity of workplace accidents is calculated at the PRECIA MOLEN Group level. These almost exclusively concern the production and service companies in France.

Severity rate	0.99
Frequency rate	25.04
Number of occupational illnesses	2

Nb : The data related to the severity rate and the frequency rate of accidents with time off, as well as the data related to occupational illnesses are only consolidated for PRECIA S.A. and PRECIA MOLEN Service. The other companies are excluded from the calculation method for this year because there was too great an uncertainty regarding the data.

8.5 Training

Training efforts that were carried out were related to knowledge of the PRECIA MOLEN products, management techniques, use of information tools, industrial production techniques, as well as workplace health and safety.

At the Group level, 11,098 hours of training were presented in 2016.

8.6 Equal treatment

Following the negotiations with staff representatives, especially concerning the topic of gender equality, various concrete measures were implemented regarding:

- recruitment,
- salary equality and internal promotion, and
- the link between professional life and the exercise of family responsibilities.

In addition, PRECIA S.A. is a signatory of the Charte du Club Entreprise and Handicap Ardèche. No specific action has taken place during the year. However, PRECIA S.A. participates in work meetings organized by this body.

8.7 Promotion of and adherence to the fundamental conventions of the International Labour Organization

The essential aspects of workers' rights are based on the highest international standards such as those of the International Labour Organization (I.L.O.), which serves as a basis for local human resource management policies.

In this regard, in 2016, PRECIA MOLEN Group worked on the implementation of a common charter on the fundamental conventions of the International Labour Organization for all of its sites and subsidiaries, with a goal of signing it in 2017.

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9. ENVIRONMENTAL INFORMATION

9.1 General environmental policy

The production sites account for the bulk of environmental pollution. The parent company PRECIA S.A. holds the largest production facilities of the PRECIA MOLEN Group. PRECIA S.A. has a proactive approach to protecting the environment. The implementation of methods to meet legal requirements and applicable standards, implementation of effective control procedures and the sustainable improvement of performance using targeted actions form the basis of actions to reduce the environmental impact of the company.

Measures aimed at preventing environmental risks and pollution have been put in place. They include a technical approach (such as the use of safety equipment, integration of measures for controlling the risk to equipment and installations, management of an area for collecting and securing waste), an organisational approach (field visits, audits and activities for improvement) and the human approach (safety and environmental training, awareness of sorting waste and communication of best practices).

The environmental risks related to the activities of the PRECIA MOLEN Group are concentrated in production activities. To cover the cost of these risks, the production sites have specific insurance coverages that addresses all of these activities.

9.2 Pollution and waste management

To prevent and reduce ejection of waste matter into the air, water and soil, careful consideration has been given to equipment for the capturing of pollutants (choice of equipment, maintenance schedules), to the maintenance of machine tools and to the use of equipment that respects the environment.

Emissions of waste are primarily generated by the activities of PRECIA S.A. (96 % of the waste of the whole Group) in which the activities of product manufacture take place. For this company, waste emissions as well as the portion recycled are measured annually. Significant steps have been taken over the last years to attain a higher and stable level of recycling for all of the waste generated by the activity of PRECIA S.A. (78 % in 2014, 82 % in 2015, 82 % in 2016).

In order to control the environmental impact of the materials consumed and the waste generated, PRECIA S.A. focuses its efforts on best practices for the storage and use of chemical products, as well as for the recycling and reuse of waste.

Waste collection is performed at various production points, in appropriate containers. According to their type, the waste is collected and channelled to the appropriate treatment process in accordance with applicable regulations.

PRECIA S.A. gives careful consideration to the choice of waste treatment processes so as to attain a high level of recycling.

PRECIA S.A. also endeavours to use local service providers for the collection, treatment and recycling of certain types of waste, so as to reduce the environmental impact of transporting it.

The waste generated by the other companies of the PRECIA MOLEN Group (4 % of all of the Group).

The main pollution (sound and visual) occur in the production sites of PRECIA S.A.. Careful consideration is given to this topic so as to limit the impact of industrial activity on the local population and other stakeholders present near the activity sites of the company. Technical measures (sound insulation) and organizational measures (operating hours) are in place to achieve this objective.

The PRECIA MOLEN Group does not have a company cafeteria and is therefore not directly concerned with the war against food waste. However, a new product has been developed that allows customers to fight food waste by performing selective weighing of waste coming from mass catering.

NB : the quantitative data related to waste only concerns three of the six entities consolidated in the environmental plan, and for which the data are reliable for 2016 (PRECIA S.A., PRECIA MOLEN Service, PRECIA MOLEN NL).

9.3 Sustainable use of resources

The implementation of programs designed for the sustainable use of resources is a major focus of the PRECIA MOLEN Group, since it will allow us to bring together all of the diverse but very important objectives of the Group, such as respect for the environment (global and local), cost reduction, and unification of the teams around structural projects that concern raw materials and energy.

On the production sites, special attention is paid, for example, to the reduction in the quantity of rejected matter as well as the quantity of waste that is recycled.

Resource consumption	2016
Water (m^3)	4,508
Electricity (Kwh)	2,370,077
Gas and fuel oil (L)	1,828,829
Combustible gas (kWh PCI)	1,103,804

Energy consumption is mostly by PRECIA S.A. and PRECIA MOLEN SERVICE (86 % of electricity, 93 % of gas and fuel oil, 61 % of combustible gas). These two entities also use 81 % of the water consumption of the Group.

Following the energy audit conducted in 2015 for PRECIA S.A., steps for improvement were taken and primarily concern the recovery of heat generated by the industrial process, the change in the heating system and reprogramming of centralized management of the heating and air conditioning system.

The activities of the PRECIA MOLEN Group do not include the use of soil, outside of the use of the surfaces required for the administration and production buildings. In this case, zoning laws and laws for the protection of the environment are used for buildings and construction projects.

9.4 Climate change

The activities of the PRECIA MOLEN Group are not exposed to the consequences of climate change and do not affect biodiversity.

Nevertheless, the PRECIA MOLEN Group is making an effort to control its greenhouse gas emissions. These are primarily related to the production of heat (heating buildings), to the operations of the industrial equipment and the use of the automobile fleet of PRECIA S.A. and PRECIA MOLEN SERVICE. Emission sources are routinely maintained and checked.

An assessment of CO2 emissions is performed only for the activities of the consolidated PRECIA MOLEN Group at the environmental level (see Chapter 2). This concerns activities conducted in France, the Netherlands, the United Kingdom, in India and Morocco.

Resource consumption	2016
CO^2 emissions (tons).............. Calculated according to the Bilan Carbone ® Scope 1 & 2 method	5,142

NB : Leaks of refrigerant fluids are not taken into consideration due to lack of information.

10. INFORMATION REGARDING SOCIETAL COMMITMENTS IN FAVOUR OF SUSTAINABLE DEVELOPMENT

10.1 Territorial, economic and social impact of the business: The Group and its social fabric

Within the PRECIA MOLEN Group, PRECIA S.A. supports the values of sports, such as team spirit and solidarity, responsiveness and technique, but also effort and reward.

This support is illustrated by its involvement in various sporting events such as the Ardechoise cycling event.

PRECIA S.A. also support the cinema and the Theatre of Privas and shares the common values that exist between the company and the local cinema: creativity, proximity, and an openness to the world.

Ad hoc support is also given during the year to associations and to a sporting event in the form of equipment donations and financial support.

In this way, PRECIA S.A. helps to improve the attractiveness of the city where its headquarters and its factories are located to promote access to culture for all and to participate in greater integration of the group's associates in the local social fabric.

The teaching of weighing trades is very important for PRECIA S.A., which is one of the world leaders in this profession and the premier French manufacturer of weighing equipment. So PRECIA S.A. supports a number of technical schools or institutions of higher education by paying the apprenticeship tax.

PRECIA S.A. has in addition decided to improve the short-term supply chain for our sub-contractors as well as for its raw materials and merchandise. Since 2012, the company has internalized the production of certain electronic weighing indicators, formally manufactured in Asia. This internalization has been made possible by streamlining the product range and through deep value analysis.

Wood waste emitted by the activities of PRECIA S.A. are collected by a company that transforms this material into pellets for use in wood stoves.

PRECIA S.A. has been a major actor in its original economic environment, to which it is very attached and where it concentrates most of its recruiting.

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10.2 Sub-contractors and suppliers

The PRECIA MOLEN Group sometimes uses certain sub-contractors for partial or total mechanical parts or even for some machine installation. In most of the cases, it is sub-contracting of a specialty and sometimes it is for reasons of capacity, the purpose of which is to supplement production resources or even the premises where the services are rendered. This primarily concerns production sites.

The relative importance of the PRECIA MOLEN Group to its subcontractors is limited. The Group and its subcontractors have created very balanced commercial partnerships.

Most of the subcontractors are locally chosen, so that the social and environmental requirements that they must meet are at least equivalent to those of the production sites that are located in France.

10.3 Fair trade practices

PRECIA MOLEN Group intends to keep its activity in strict adherence to the law and regulations. In this respect, the fight against corruption, compliance with commercial embargoes and the fight against tax havens are invariably included in its commercial activity, in particular in its export markets.

In the design of its products, the PRECIA MOLEN Group takes the regulatory requirements for the health and safety of final users into account to offer safe and efficient products to its customers.

10.4 Other actions taken in favour of Human Rights

The PRECIA MOLEN Group performs its activities in accordance with locally applicable regulatory requirements and has not taken any additional actions in favour of Human Rights.

11. METHODICAL SPECIFICATIONS ON SOCIAL AND ENVIRONMENTAL INFORMATION (PARAGRAPHS 8, 9 AND 10)

The information presented in this report are consolidated at the PRECIA MOLEN Group level for all of the companies for which PRECIA S.A. (the parent company) holds at least 50 %, or that the Group has the power to name or revoke the majority of the members of the management or supervisory bodies.

The environmental indicators only concern companies that have industrial activities. The companies that only have sales activities are not taken into account in the calculation of the environmental indicators, as were all of the companies acquired during the year.

The organization implemented by the Group allows it to collect and consolidate some information regarding the activity of the Group since 01/01/2016.

All of the data available are subject to monitoring by an independent authorized body, in accordance with the applicable decrees regarding corporate transparency.

The data considered in this report are calculated taking locally applicable regulations into account.

The information presented in this report is limited to reliable data. Any exclusions are specified in this report.

12. RISK FACTORS

12.1 Market risks

Our business is in a highly competitive market. The Company's positioning depends on factors such as capacity for innovation, ability to provide complete system solutions, quality of products, control of the supply chain and the organization of sales and service networks.

What makes our business specific is the regulatory constraint imposed by specific regulations such as Legal Metrology or rules related to products installed in potentially explosive atmosphere (ATEX). We comply with applicable laws and regulations through our Quality Assurance processes which are regularly audited by authorized agencies.

Given the operational importance of the IT Management of data, the company is extremely vigilant regarding its IT systems security.

12.2 Financial risks

As with any trading company, the Group faces risks of non-payment by debtors; however, such risk is limited by a high-quality clientele such as major companies, and also a low customer concentration.
The Group has only a limited exposure to exchange rates and interest rates risks; a policy of prudence is implemented regarding these issues.

12.3 Liquidity and treasury risks

The risk of being unable to honour its financial commitments is low; this risk is being regularly monitored by the Banque de France, which assigns a risk rate of probability of default in the next three years of 1.8 %, compared with a rate for the overall result of the industry of: 5.7 %.

12.4 Insurance

The Company has taken out industrial compliant insurance programs through the assistance of a specialized broker.

13. MISCELLANEOUS INFORMATION

13.1 Sumptuary costs

These charges represented €79K in 2016.

13.2 Main Shareholders

In accordance with the law, we provide information regarding our main shareholders:

	Shareholding	Voting rights
ESCHARAVIL Group S.A.	from 33.33 to 50 %	from 50 to 66.67 %
ESCHARAVIL Family	from 10 to 15 %	from 10 to 15 %
TOTAL NUMBER OF VOTING RIGHTS		823,422

During the financial year, Lazard Frères Gestion SAS announced that its control had crossed an upward threshold.

13.3 PRECIA S.A. shares held by the Company

As at 31/12/2016, PRECIA S.A. held 22,947 of its own shares, representing 4.0 % of the share capital for a total acquisition cost of €1,296K; market value at year end was €3.8K.

13.4 Inventory of marketable securities

As at 31/12/2016, PRECIA and PRECIA MOLEN SERVICE held no investment securities. The short-term liquidity position is in the form of Term Deposits and Call Accounts with large French banks but also in the form of an interest bearing current account with a bank.

13.5 Regulated agreements

The list of regulated agreements are as follows:

- Acquisition by Mrs. Marie-Christine Escharavil and Mrs. Yvette Escharavil of a building for €90K and land for €60K.
- Financial and technical support in the framework of an existing market by a guarantee of €600K in favour of PRECIA MOLEN Morocco SARL.
- Loan of €371K in favour of PRECIA MOLEN Morocco SARL.
- Loan of €330K in favour of PRECIA MOLEN (IRL) Ltd.
- Promotion and management agreement with Groupe Escharavil SA that gave rise to €220K in services.

13.6 Customer payment terms

As at 31/12/2016, the breakdown of maturities of the PRECIA S.A. customer sub ledger was (in €K):

Not due	7,586
0 to 30 days late	1,361
31 to 60 days late	917
61 to 89 days late	366
> 90 days	2,109

Board of Director's Management report

FISCAL YEAR ENDING 31 DECEMBER 2016

13.7 Supplier payment terms

As at 31/12/2016, the breakdown of maturities of the PRECIA S.A. supplier sub ledger was (in €K):

in K€	2016	2015
Due	503	408
Payment less than 30 days	3,198	3,142
Payment term from 30 to 60 days	1,854	1,929
Payment term above 60 days	11	5
TOTAL	**5,567**	**5,484**

13.8 Employee shareholding

As at 31/12/2016, employee shareholding under a collective management agreement represented 1.89 %.

14. OUTLOOK

In France, the level of orders from the beginning of the year is increasing compared to that of 2016, in an uncertain macroeconomic context, but oriented towards a slight increase. The Group will benefit from the contribution of acquisitions over the full year and intends to profit from its good sales momentum in the Asia-Pacific areas. In this context, the Group anticipates slight organic growth for the current year.

The Group will continue to redesign its computerised management systems with the global deployment of its ERP.

In the context of very low interest rates and with an improvement in its cash position, the Group remains very interested in external growth opportunities in service activities, for new products or for the development of new geographic areas.

The economic environment is still uncertain, with cyclical crisis risks; however, the PRECIA MOLEN Group is strong and stable; it has the resources to continue its development, create new jobs and generate new opportunities for its employees.

15. CERTIFICATION

I hereby certify that to the best of my knowledge the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, the financial position and results of the Company and all the subsidiaries included in the scope of consolidation and that the management's report included in this annual report, gives a true and fair view of the business trends, results and financial position of the company and all the subsidiaries included in the scope of consolidation, and a description of the main risks and uncertainties that they have to face.

Executed in Privas on April 13 2017

Chairman of the Executive Board
René COLOMBEL

Managers

MANDATES

ADMINISTRATION - MANAGEMENT

Madame Anne-Marie ESCHARAVIL Member and Chairperson of the Supervisory Board	Chairperson of S.A.S. BERGEROUX and LA FINANCIERE DE BENAT S.A.S. Chairperson and Member of the Executive Board of S.A. GROUPE ESCHARAVIL Administrator of S.A. LUC ESCHARAVIL
Madame Alice ESCHARAVIL Member of the Supervisory Board	Member and Chairperson of the Supervisory Board of S.A. GROUPE ESCHARAVIL Administrator of S.A. LUC ESCHARAVIL
Madame Marie-Christine ESCHARAVIL Member of the Supervisory Board	Member and Vice President of the Supervisory Board of S.A. GROUPE ESCHARAVIL
Monsieur Luc ESCHARAVIL Vice President of the Supervisory Board Representative of S.A. GROUPE ESCHARAVIL Member of the Supervisory Board	Administrator - Chairman and General Director of S.A. LUC ESCHARAVIL Chairman of S.A.S. RAFFIN Member of the Executive Board and Managing Director of S.A. GROUPE ESCHARAVIL
Monsieur Georges FARVACQUE Representative of FIDUCIAIRE DE CONTROLE ET DE GESTION DE PATRIMOINE Member of the Supervisory Board	
Monsieur François THINARD Member of the Supervisory Board	
Monsieur René COLOMBEL Chairman and member of the Executive Board	Chairman of S.A.S. PRECIA MOLEN SERVICE Member of the board of Directors of MOLEN BV, PRECIA MOLEN UK Ltd, PRECIA MOLEN SCANDINAVIA AS, PRECIA MOLEN (IRL) Ltd and PRECIA MOLEN INDIA Ltd Administrator of MOLEN BELGIUM BV Co-manager of PRECIA MOLEN MAROCCO SARL Director of PRECIA MOLEN AUSTRALIA Pty Ltd Director of PRECIA MOLEN Servicos de Pesagem Ltda

AUDIT

PRICEWATERHOURSECOOPERS AUDIT

63 rue de Villiers - 92200 NEUILLY SUR SEINE
Represented by Mrs. Natacha PELISSON
Member of the Lyon Regional Company of Statutory Auditors

RM CONSULTANTS ASSOCIES

19 rue Paul Henry Spaak -BP 105 - 26904 VALENCE Cedex 9
Represented by Mr. Nicanor RICOTE
Member of the Grenoble Regional Company of Statutory Auditors

NOMINATION OF A MEMBER OF THE SUPERVISORY COUNCIL, IN ADDITION

We propose to you the nomination as member of the Supervisory Council, in addition to the current members, Mr. Jacques RAVEL, born in VALENCE (Drôme), on July 26, 1948, of French nationality, residing at SAINT MARCEL LES VALENCE (Drôme) – 20 Rue de la Luire, for a duration of six years ending at the end of the Ordinary General Meeting of shareholders called to approve the accounts of the year closing 31 December 2022.

Mr. Jacques RAVEL will be in charge of the Audit Committee whose mission is conferred to the Supervisory Council.

SITUATION OF THE TERMS OF THE MEMBERS OF THE SUPERVISORY BOARD

The member mandates of the Supervisory Board of Mrs. Anne Marie ESCHARAVIL, Mrs. Marie Christine ESCHARAVIL and Mr. Luc ESCHARAVIL are up for renewal at this meeting. We propose that they be renewed.

No term relating to the Supervisory Board expired during the financial year closing 31/12/2016.

Report of the Supervisory Board

AT THE GENERAL MEETING OF 28 JUNE 2017

Ladies and Gentlemen,

The Management Board has invited you to this Ordinary General Meeting in compliance with the law and Articles of Association of our Company in order to:

- Present the business performance of the Company for the year ended 31 December 2016 and report on the Company and subsidiaries profits and losses. Give a perspective on the years to come and indicate other information as requested by the law;

- Submit for your approval the financial statements for the year ended 31 December 2016 and decide about the allocation of result.

The Management Board report was read by its Chairman, Mister René COLOMBEL.

You will also be hearing the Statutory Auditors' report on their legal audit functions and report on the agreements covered by Article L.225-86 of the French Commercial Code.

Pursuant to Article L225-68 of the French Commercial Code, we inform you that we have no specific observations about the Management Board report and about the Financial Statements for the year ended 31 December 2016.

Anne-Marie ESCHARAVIL
Chairperson of the Supervisory Board

PRECIA MOLEN Group

CONSOLIDATED FINANCIAL STATEMENTS

Statutory auditor's report
ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2016

To the Shareholders,

In accordance with our appointment by your General Meeting, we hereby report to you for the year ended 31 December 2016 on:
- the audit of the consolidated accounts of PRECIA S.A., which are attached to this report;
- the justification of our assessments;
- the specific verification provided for by law.

The consolidated accounts have been approved by the Executive Board. Our role is to express an opinion on these annual accounts, based on our audit.

1. OPINION ON THE CONSOLIDATED ACCOUNTS

We conducted our audits in accordance with auditing standards generally accepted in France; these standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit consists of verifying, on a test basis or through other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. It also consists of assessing the accounting principles used, the significant estimates made and the overall presentation of the accounts. We believe that our audit has provided us with sufficient relevant information on which to base our opinion.

In our opinion, the consolidated financial statements give a true and fair view, in accordance with the International Accounting Standards (IFRS) as adopted by the European Union, of the assets, the financial position and the results of all of the companies within the scope of consolidation.

2. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the provisions of Article L. 823-9 of the Commercial Code regarding the justification of our assessments, we bring to your attention the following matters:

The Group assesses at each reporting date whether there is an indication that long-term assets belonging to various cash-generating units may be impaired and performs annual impairment tests of goodwill in accordance with the methods described in notes 1.3.1 and 1.5.2 of the appendix. We verified the methods applied to carry out these impairment tests and the projected cash flows and assumptions used and we have verified that the notes to the financial statements provide the appropriate information.

The assessments thus given are based on our audit of the consolidated accounts, taken as a whole, and thus contributed to shaping our opinion expressed in the first part of this report.

3. SPECIFIC VERIFICATION

We also carried out, in accordance with generally accepted accounting standards in France, the specific verifications required by law of the information on the Group given in the management board report.

We have no matters to report as to its fair presentation and consistency with the consolidated financial statements.

The statutory auditors

Lyon, on 27 April 2017

PricewaterhouseCoopers Audit
Natacha PÉLISSON
Partner

Valence, on 27 April 2017

RM Consultants Associés
Nicanor RICOTE
Partner

Consolidated
INCOME STATEMENT

in thousand euros

	Notes	2016	2015
SALES	3.1	**109,687**	**105,327**
Purchases consumed		(25,951)	(24,163)
Personnel expenses	3.2	(47,801)	(44,891)
Bought in services		(23,728)	(23,271)
Duties and taxes		(1,444)	(1,599)
Depreciation		(2,837)	(2,216)
Change in inventory in progress and finished goods		354	(1,160)
Other operating income		1,079	858
Other operating expenses		(243)	(250)
OPERATING INCOME		**9,115**	**8,636**
Cash income		1,142	778
Cost of gross financial debt		(870)	(865)
COST OF NET FINANCIAL DEBT	3.3	271	(87)
Other financial income		-	-
Other financial expenses		-	-
Income tax	3.4	(3,388)	(3,042)
NET CONSOLIDATED INCOME		**5,998**	**5,508**
Non-controlling interests		281	222
Group share		5,717	5,285
BASIC AND DILUTED EARNINGS PER SHARE (IN EURO)	2.10	**10.39**	**9.51**

Statement of net profit and gains and losses
RECOGNIZED DIRECTLY IN EQUITY

in thousand euros

	31/12/2016	31/12/2015
Net consolidated income	5,998	5,508
Currency translation differences	(134)	180
Actuarial gains and losses	(207)	-
Assets available for sale	-	-
Derivative hedging instruments	-	-
Gains and losses recognized directly in equity capital, Group share, exclusive of equity accounted entities	(341)	180
QP gains and losses recognized directly in equity capital exclusive of equity accounted entities	-	-
Total gains and losses recognized directly in equity capital share of the Group	(341)	180
Net income and gains and losses directly recognized in equity capital share of non-controlling interests	47	88
Net income and accounting gains and losses directly recognized in equity capital	(294)	268
Total income and expenses for the period	**5,704**	**5,776**

Consolidated Balance Sheet

AT 31 DECEMBER 2016

in thousand euros

ACTIVE	Notes	31/12/2016	31/12/2015
Goodwill	2.1.1	13,792	10,405
Other intangible assets	2.2 and 2.3	892	661
Tangible assets	2.2 and 2.3	15,980	11,718
Financial investments		486	376
Deferred tax assets	2.9	867	1,473
NON-CURRENT ASSETS		**32,017**	**24,633**
Inventory and work in progress	2.5	15,835	14,254
Trade and other receivables	2.6	29,440	26,652
Taxes receivable		971	622
Other receivables	2.7	2,283	1,652
Cash and cash equivalents	2.8	24,950	30,743
CURRENT ASSETS		**73,479**	**73,923**
TOTAL		**105,495**	**98,556**

LIABILITIES	Notes	31/12/2016	31/12/2015
Capital	2.10	2,200	2,200
Issue, merger and acquisition premiums		4,487	4,487
Consolidated surplus		44,949	41,303
Own shares	2.10	(1,296)	(1,296)
Consolidated profit Group share		5,717	5,285
S/TOTAL EQUITY CAPITAL ATTRIBUTABLE TO THE GROUP	2.11	**56,057**	**51,979**
Non-controlling interests in reserves		1,868	1,298
Non-controlling interests in income		281	222
TOTAL SHAREHOLDER'S EQUITY		**58,206**	**53,500**
Long term provisions	2.13	2,145	2,704
Deferred tax liabilities	2.9	-	635
Long term financial debts	2.12	8,280	6,932
Other noncurrent liabilities		1	-
NON-CURRENT LIABILITIES		**10,426**	**10,271**
Short term financial obligations excluding finance leases	2.12	4,159	5,129
Short term financial obligations for finance leases		69	96
Trade notes and other debt		10,753	9,158
Taxes receivable		0	80
Other current liabilities	2.14	21,882	20,323
CURRENT LIABILITIES		**36,863**	**34,785**
TOTAL		**105,495**	**98,556**

Consolidated statement
OF CHANGE IN EQUITY

in thousand euros

	Share capital	Issue premiums	Own shares	Consolidated surplus	Period result	Non-controlling interests	TOTAL
EQUITY CAPITAL AS AT 31/12/2014	**2,200**	**4,487**	**(311)**	**37,494**	**4,634**	**1,318**	**49,821**
Dividends paid					(1,005)	(107)	(1,112)
Allocation of prior income				3,629	(3,629)		-
Own shares			(985)				(985)
Actuarial gains and losses							
Currency translation differences				180		88	268
Change in scope							
Period result					5,285	222	5,508
EQUITY CAPITAL AS AT 31/12/2015	**2,200**	**4,487**	**(1,296)**	**41,303**	**5,285**	**1,520**	**53,500**
Dividends paid					(1,300)	(82)	(1,382)
Allocation of prior income				3,986	(3,986)		
Own shares							
Actuarial gains and losses				(207)			(207)
Currency translation differences				(134)		47	(87)
Change in scope						249	249
Other changes						134	134
Period result					5,717	281	5,998
EQUITY CAPITAL AS AT 31/12/2016	**2,200**	**4,487**	**(1,296)**	**44,949**	**5,717**	**2,149**	**58,206**

Consolidated statement
OF CASH FLOWS

	2016	2015
Operating activities		
Result	9,180	8,056
Depreciation of capital assets	2,837	2,546
Allocation and write back on provision for risks and expenses	(738)	450
Net book value of asset disposals	144	135
Occurence of derivative instruments and other similar instruments	-	-
Tax expenses (change in deferred tax)	(126)	135
Cost of net financial debt	(101)	(91)
Change in Working Capital Requirement	(1,151)	3,002
Interest received and paid	5	0
Income tax paid	(3,661)	(3,041)
NET CASH FLOW GENERATED BY THE ACTIVITY	**6,388**	**11,191**
Investment operations		
Acquisitions of intangible assets	(423)	(145)
Acquisitions of tangible assets	(5,936)	(5,144)
Acquisitions of financial assets	(276)	(114)
Income from sale of intangible assets	90	-
Income from sale of tangible assets	129	176
Income from sale of financial assets	67	175
Income from sale of securities	19	234
Change in minority interest	-	-
Acquisition of minority interests and subsidiaries, net of cash acquired	(4,344)	(2,096)
NET CASH FLOW RELATED TO INVESTMENT ACTIVITIES	**(10,674)**	**(6,914)**
Financial operations		
Increase of capital in subsidiaries	134	-
Repurchase and resale of own shares	-	(985)
Receipts coming from new loans	6,027	5,318
Loan repayments	(4,460)	(3,206)
Dividends paid	(1,274)	(1,070)
NET CASH FLOW RELATED TO FINANCING ACTIVITIES	**426**	**58**
Impact of change in exchange rate	(19)	126
TOTAL INCREASE (DECREASE) IN CASH	**(3,878)**	**4,462**
Cash and cash equivalents at the opening of the financial year	28,390	23,928
Cash and cash equivalents at the closing of the financial year	24,512	28,390
TOTAL INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(3,878)**	**4,462**

Details are presented in note §4 page 35

Notes to the consolidated financial statements

AS AT 31 DECEMBER 2016

The financial statements were approved by the Executive Board and submitted to the Supervisory Board on 13 April 2017. These accounts will only be final after their approval by the General Meeting of shareholders, planned for June 28, 2017.

SIGNIFICANT EVENTS OF THE PERIOD

In January 2016, the Group created the company PRECIA MOLEN Asia Pacific, whose headquarters is in Kuala Lumpur in Malaysia.
In April 2016, the PRECIA MOLEN Group, via its subsidiary PRECIA Poslka S.r.o, acquired Kaspo Lab Sp z o.o., a metrology laboratory and service provider, located in Gdansk, Poland.
In May 2016, the PRECIA MOLEN Group acquired Weighpac Ltd (NZ), a supplier and distributor of weighing equipment services and solutions for the north of New Zealand (Hamilton).
In May 2016, the PRECIA MOLEN Group, via its subsidiary PRECIA MOLEN UK Ltd., acquired Rowecon Systems Ltd, a manufacturer and supplier of goods and services in the dynamic weighing field, mainly for the quarries and cement works in the British market.
In July 2016, the PRECIA MOLEN Group, via its subsidiary PRECIA MOLEN Service S.A.S, acquired EPONA SAS, a company based in the north of Lyon, that specializes in the sales and servicing of weighing instruments.
In August 2016, the PRECIA MOLEN Group, via its subsidiary PRECIA MOLEN Inc., and sub-subsidiary, J&S Weighing Solution Llc, created at this time, purchased the goodwill of the business J&S Scales Inc., based in Sabetha (Kansas-USA), specializing in the manufacture and sales of medium size production line weighing systems.
In December 2016, the PRECIA MOLEN Group, via its subsidiary PRECIA MOLEN Australia Pty Ltd, purchased the good will of the business of Brisweigh Pty Ltd, based in Brisbane.

SUBSEQUENT EVENTS:

In January 2017, the PRECIA MOLEN Group acquired CAPI SA and CAPI-BF, (based in Abidjan, Ivory Coast and Ouagadougou, Burkina Faso respectively), companies specializing in the sales and servicing of weighing instruments, whose total sales are €4.0M.

In April 2017, the PRECIA MOLEN Group, via its subsidiary PRECIA MOLEN Service S.A.S, acquired 3P Entreprise, a company based in the east of Lyon, that specializes in the sales and servicing of weighing instruments, whose total sales are €0.4M.

1. PRINCIPLES OF CONSOLIDATION AND ACCOUNTING PRINCIPLES

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

1.1 Scope of consolidation

1.1.1 Scope of consolidation

Identification	SIREN	% owned
PRECIA S.A. 07000 Privas	386,620,165	Parent company
PRECIA MOLEN SERVICE S.A.S 07000 Privas	349,743,179	99.99
MOLEN BV Breda	NETHERLANDS	100.00
PRECIA MOLEN NEDERLAND BV Breda (1)	NETHERLANDS	100.00
MOLEN BELGIUM NV Puurs	BELGIUM	100.00
PRECIA MOLEN UK Ltd Dunfermline	UNITED KINGDOM	100.00
Rowecon Sheffield	UNITED KINGDOM	100.00
PRECIA POLSKA Sp.z.o.o. Cracovie	POLAND	100.00
Kaspo Lab Gdansk	POLAND	100.00
PRECIA MOLEN CZ S.r.o. Pragues	CZECH REPUBLIC	100.00
PRECIA MOLEN MAROC S.A.R.L. Casablanca	MOROCCO	60.00
PRECIA MOLEN SCANDINAVIA A.S. Drammen	NORWAY	98.00
PRECIA MOLEN INDIA Ltd Chennai	INDIA	75.00
PRECIA MOLEN Asia Pacific Kuala Lumpur	MALAYSIA	100.00
PRECIA MOLEN Ro Bucarest	ROMANIA	100.00
PRECIA MOLEN Australia Pty Ltd. Sydney	AUSTRALIA	100.00
Weighpac Hamilton	NEW ZEALAND	80.00
PRECIA MOLEN Serviços De Pesagem Ltda. Sao Paolo	BRAZIL	100.00
PRECIA MOLEN Inc Atlanta	UNITED STATES	100.00
J&S Weighing Solutions Sabetha	UNITED STATES	85.00
PRECIA MOLEN (IRL) Ldt Clane	IRELAND	40.00

(1) This company is indirectly held via MOLEN BV.

All these companies were fully consolidated and their closing date was 31 December 2016.

1.1.2 Change in the scope of consolidation

In January 2016, the Group created the company PRECIA MOLEN Asia Pacific, whose headquarters is in Kuala Lumpur in Malaysia.
In April 2016, the PRECIA MOLEN Group, via its subsidiary PRECIA Poslka S.r.o, acquired Kaspo Lab Sp z o.o., a metrology laboratory and service provider, located in Gdansk, Poland.
In May 2016, the PRECIA MOLEN Group acquired Weighpac Ltd (NZ), a supplier and distributor of weighing equipment services and solutions for the north of New Zealand (Hamilton).
In May 2016, the PRECIA MOLEN Group, via its subsidiary PRECIA MOLEN UK Ltd., acquired Rowecon Systems Ltd, a manufacturer and supplier of goods and services in the dynamic weighing field, mainly for the quarries and cement works in the British market.
In July 2016, the PRECIA MOLEN Group, via its subsidiary PRECIA MOLEN Service S.A.S, acquired EPONA SAS, a company based in the north of Lyon, that specialises in the sales and servicing of weighing instruments.
In August 2016, the PRECIA MOLEN Group, via its subsidiary PRECIA MOLEN Inc., and sub-subsidiary, J&S Weighing Solution Llc, created at this time, purchased the goodwill of the business J&S Scales Inc., based in Sabetha (Kansas-USA), specializing in the manufacture and sales of medium size production line weighing systems.
In December 2016, the PRECIA MOLEN Group, via its subsidiary PRECIA MOLEN Australia Pty Ltd, purchased the good will of the business of Brisweigh Pty Ltd, based in Brisbane.

1.2 Comparability of financial statements

The accounting methods applied in the consolidated financial statements as of 31 December 2016, are the same as those of 31 December 2015.

1.2.1 Definition of cash in the cash flow statement

To provide a better picture of the bank debt initially subscribed to for more than one year, the components of the cash position in the consolidated cash flow statement currently include only available cash minus bank overdrafts.

Therefore, the comparison presented for 2015 takes these changes into account, for which the main impacts are presented below:

	2015 comparison presented in & 5	Financial statements 2015
NET CASH FLOW GENERATED BY THE ACTIVITY	**11,191**	**11,344**
NET CASH FLOW RELATED TO INVESTMENT ACTIVITIES	**(6,914)**	**(7,066)**
NET CASH FLOW RELATED TO FINANCING ACTIVITIES	**58**	**225**
Impact of change in exchange rate	126	128
TOTAL INCREASE (DECREASE) IN CASH	**4,462**	**4,631**
Cash and cash equivalents at the opening of the financial year	23,928	20,984
Cash and cash equivalents at the close of the financial year	28,390	25,614
TOTAL INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**4,462**	**4,631**

1.2.2 New standards, amendments and interpretations adopted by the European Union came into force as of 1 January 2016

Amendment IAS 1 – Presentation of relevant information: the Group has no key indicator not covered by the IFRS standards.
Amendment IAS 16 et IAS 38 – Acceptable depreciation methods: In all cases, the Group applies depreciation on a straight-line basis, and the Group never depreciates using a revenue-based method, which is the topic of this amendment.
Amendments IAS 41 – Bearer plants.
Amendment à IAS 27 – Equity Method in Separate Financial Statements: this standard does not apply in the accounts held by the Group.
IAS 28 / IFRS 10 – Exemption from consolidation applicable to investment companies: In any event, this amendment is not relevant for the Group.
IFRS 12 – Interest held in other entities: This standard does not apply in the Group's accounts.
IFRS 11 – Acquisition of interest in a joint activity: The Group does not hold any assets in this category.

1.2.3 Standards and interpretations adopted by the European Union applied early as of 1 January 2016

Not applicable.

Notes to the consolidated financial statements

AS AT 31 DECEMBER 2016

1.2.4 The following standards, even though they are applied early per the decisions of the IASB, have not yet been adopted by the European Union, and are therefore not applicable to PRECIA MOLEN's accounts.

IFRS 9 – Financial instruments: As things stand, this new standard should have very limited influence on the Group's accounts.
IFRS 15 – Revenue: Considering the nature of the sales contracts undertaken in the various entities of the Group, this new standard should not influence the structure of the revenue presented.

1.2.5 Finally, the following standards, already published by the IASB, should be adopted soon by the European Union. The Group has studied these new standards and is in the process of evaluating their influence on the future presentation of the accounts.

IFRS 16 – Leases: This new standard will, once it is applied, have an influence both on the amount of tied up capital and on the Group debt; the importance of this influence will be studied by the Group over the course of 2017.

1.3 Consolidated accounting principles

1.3.1 Business combinations and goodwill

In compliance with IFRS 3, business combinations are recorded according to the acquisition method (business combination). The assets acquired, and the liabilities and contingent liabilities assumed, are recorded at their fair value at the date of acquisition after a 12-month evaluation period since the date of acquisition.
For business combinations achieved as from 1 January 2010, revised IFRS 3 is applicable. Under this standard, goodwill is now measured as the difference between the fair value of the consideration received and total of assets, liabilities and contingent liabilities of the acquired entity, individually estimated at fair value. All direct costs attributable to the acquisitions are recorded as expenses through the profit and loss statement. At the date of acquisition and for each business combination, the Group can opt either for partial goodwill (in limiting itself to the portion of the net assets acquired by the Group) or for a complete goodwill. In the complete goodwill method, non-controlling interests are valued at fair value and a goodwill is recorded over all identifiable assets and liabilities. Business combinations prior to 1 January 2010 had been treated according to the partial goodwill method, the only applicable method at that time.
As for business combinations prior to 1 January 2010, at the date of the acquisition, goodwill represented the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized.
As regards business combinations achieved after 1 January 2004, goodwill remains at its supposed cost represented by the amount recorded according to the previous accounting principles. The classification and accounting methods applied to business combinations which took place before 1 January 2004 have not been modified for the preparation of the IFRS Group opening balance sheet as at 1 January 2004.
In each and every case, negative goodwill is recorded directly on the income statement.
From the date of acquisition, goodwill is allocated to each cash-generating unit which is likely to benefit from the business combination.
Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortized but tested for impairment on an annual basis or more frequently when events indicate a risk of impairment. An impairment loss recorded for goodwill cannot be reversed. If impairment is identified, an impairment loss is registered in profit and loss for the financial year under the captions "other operating expenses" or "restructuring charges" if the impairment loss is the effect of a restructuring.
Goodwill accumulated impairment represented €600K as at 31 December 2016 (2015 – €599K).

1.3.2 Translation of financial statements in foreign currency

The method used is that of the rate at closing.
Assets and liabilities, monetary and non-monetary, have been translated using the current rate on the date of 31 December 2016.
Equity capital has been corrected to be taken back to their historic rates.
Income and expenses had been translated, without significant fluctuation, by the application of the average exchange rate during the period.
The resulting translation differences are recorded under a reserve account; the impact was a €87K decrease of equity for the period.

1.3.3 Foreign exchange transaction processing

The recognition and evaluation of foreign exchange operations are defined by IAS 21 "The Effect of changes in foreign exchange rates".
Transactions in currencies other than the Euro are entered at the exchange rate in effect on the date of the transaction. Monetary assets and liabilities denominated in these other currencies are converted at the rate in force on the closing date. The gains and losses from the conversion are entered in the income account for the financial year.
However, for financial assets and liabilities that are not monetary elements, any change in their true value, including exchange rate variations, is entered according to the principles applicable to the financial asset category to which they belong.
To recognize foreign exchange losses and gains, monetary financial assets are recognized at depreciated cost in the original currency. The exchange differences that arise from the variation in depreciated cost are recognized in the income statement, the other variations are recognized directly in capital.

1.3.4 Intra-Group transactions

Restatements are performed on all intra-Group transactions and balances. Internal income and expenses, as well as intra-Group receivables and liabilities are eliminated.
Profit margin included in inventories resulting from intra-Group purchases and income made on intra-group fixed assets disposals are also eliminated.

1.3.5 Related parties transactions

Related parties transactions are identified by direct questioning and then validated by direct confirmation.
These transactions are performed using market value.

1.3.6 Financial lease agreements

Fixed assets held under financial lease that transfer substantially all the risks and rewards of ownership are recognized and recorded as fixed assets (lands, buildings and equipment). At the commencement of the lease term, the leased object is capitalized and recognized at fair value, or at the present value of minimum lease payments if lower.
These fixed assets are depreciated on a straight-line basis over their useful life, using the same method as those used for fixed assets owned by the Group or over the agreement duration if shorter. The corresponding financial debt, net of financial interest, is recorded as a liability.
Rental payments under operating leases are expensed as incurred.

1.3.7 Income tax

Income tax charge corresponds to the current underlying tax for each consolidated entity, adjusted for deferred taxes. The method used is that of the variable carryover on all differences between the accounting value and their tax value of assets and liabilities shown on the balance sheet.
Deferred tax assets are recognized only to the extent that it is likely that future taxable incomes will be sufficient to allow their utilisation.
Calculation of French deferred taxes is based on the actual tax rate.

1.4 Use of estimates

In accordance with generally accepted accounting principles, in order to prepare financial statements, the Group Management has to include amounts based on estimates. Group management has to make assumptions that affect assets and liabilities and information regarding contingent liabilities at the date of preparation of the financial statements and amounts recorded as income and charges.
Management constantly reviews its estimates and evaluations based on past experience and other assumptions that seem reasonable and which constitutes the basis of its evaluations of net book value of assets and liabilities. The main estimates made by the Group for establishing the financial statements mostly apply to the assumptions used for the calculation of provisions and especially retirement commitments and the valuation of non-current assets. Additional information is given in the notes to the financial statements when significant amounts are affected by estimates and assumptions or when it is very likely that the estimates will have to be reviewed. The main methods used are the following.

1.5 Principles and methods of applied evaluations

1.5.1 Fixed assets

Tangible and intangible fixed assets are valued at historical cost less depreciation and potential impairment.

Depreciation over useful lives (as described below) is calculated on a straight-line basis. The main useful lives used were the following:

Type	Useful life
Software	3 to 5 years
Industrial buildings	30 years
Fixtures and fittings	15 years
Technical installations	10 to 15 years
Machinery and equipment	6 years
Transport equipment	5 years
Computer equipment	3 years
Office furniture and equipment	10 to 15 years

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When events or changes in the business environment or internal indicators indicate a potential impairment of tangible and intangible fixed assets, the related item is tested in order to determine if the net book value is below its recoverable amount. Recoverable amount is defined as the higher of fair value (less selling costs) and value-in-use. Value-in-use is determined on the basis of the discounted cash flow method expected from the use of the asset and the proceeds from its sale. Over the course of the financial year, no indication of loss of value has been identified.

1.5.2 Goodwill and indefinite life intangible assets

Goodwill and intangible assets with an indefinite lifespan are systematically tested for impairment at year-end and any time there is an indication that the asset may be impaired. Other fixed assets are also subject to an impairment test whenever there is an indication that the net book value may be below its recoverable amount.
Impairment tests consist in comparing the net book value of the asset and its recoverable value which represents the higher of fair value (minus selling costs) and value in use.
The recoverable amount is determined asset by asset unless the asset does not generate cash flow that is largely independent from other assets. In these cases, goodwill mainly, the recoverable amount is determined at the CGU (Cash Generating Unit) level.
The Group has consolidated its fixed assets into CGUs that correspond to a production site or a sales subsidiary (ultimately consolidated if there is a pooling of resources). The entities of the Group have tightly linked industrial and sales activities that also constitute independent CGUs.
The method applied essentially consists of gathering realistic key assumptions on future operating conditions of the CGUs and determining future case on the following bases:

- Determination of a 5-year business plan,
- Determination of normal free cash-flow, the sum of the net income excluding depreciation, of the change in working capital and renewal investments,
- Calculation of ending value, on the basis of a rate of growth to infinity of 1 % and a free cash-flow using the operating conditions of each CGU.

Value in use is calculated by adding discounted values of expected cash flows to arise from the use of the asset or a CGU. The projected cash flows used are consistent with the latest budgets and business forecasts as approved by the Group Management. The pre-tax discount rate used reflects current market assessments, the time value and the risks specific to the asset (or CGU).
When the recoverable value is less than the CGU net book value, the loss is recorded through the profit and loss statement and is firstly allocated to impairment of goodwill.
A goodwill impairment loss cannot be reversed. An impairment loss recorded for another asset shall be reversed if there is an indication that the impairment loss recognized in previous years no longer exists or if there has been a change in the estimates used to determine the asset's recoverable amount. An asset net book value increased through the reversal of an impairment loss must not exceed the carrying amount that would have been determined net of depreciation if no impairment loss had been recorded.
As at 31 December 2016, the tests performed on the various concerned entities affected by goodwill to validate the value of the goodwill have shown no need for a depreciation. These tests were conducted with an average cost of capital of 8 %. Each of the tests, conducted with a rate higher than 0.5 % and/or an operating income slightly lower (5 %) also shows a 7 % lower recoverable value, but nevertheless remains higher than the value of the assets.

1.5.3 Development costs

In compliance with IAS 38, development costs are capitalized if the technical and commercial feasibility of the product is established. However, considering the long certification period in legal metrology, the process of product commercialization may be significantly postponed. This increases the complexity of assessing future economic benefits as well as the cannibalization effect of the sales of new and existing products.
When the long certification leads to uncertainties, the related development costs are recorded as charges by the Group.

1.5.4 Financial instruments

Assets available for sale: Investments
Investments in non-consolidated subsidiaries are recorded at fair value as investments available for sale. Unlisted securities whose fair value cannot be estimated with sufficient reliability are valued at cost minus potential impairment. If there is objective evidence of impairment, the related charge has to be recorded through the profit and loss statement if this is a permanent loss.

Hedging instruments
In accordance with internal procedures, the Group does not hold any speculative currency hedging contract. However, considering the lack of documentation and the absence of fair value revalorization whenever these hedging instruments are used, these contracts are not eligible to hedge accounting and fair value adjustments are recorded as income or charges through the profit and loss statement.

1.5.5 Inventory

Raw material inventories are valued using the weighted average cost method.
Gross value of merchandise and supplies includes the purchase price and the accessory costs.
Work in progress and finished products are capitalised at production costs, including:

- raw materials and supplies consumption,
- personnel expenses direct charges,
- depreciation of production assets, and
- indirect production expenses.

Financial expenses are not capitalised in the inventories valuation.
Inventories are valued at the lower of their cost or net realizable value. Realizable value is the selling price in the ordinary course of business less estimated costs related to completion or sale, taking into account stock rotation, obsolescence and technical evolutions.

1.5.6 Short term receivables and payables

Short term receivables and payables are recognized initially at fair value, which is usually the nominal value, unless any impact of discounting is significant.
A provision for depreciation is recorded when receivable recovery is uncertain. This provision is established to cover the risk of total or partial non-recovery using data available at year-end.
Short term receivables and payables in foreign currency are converted at the year-end exchange rate.

1.5.7 Interest bearing debt

Interest bearing loans are initially recorded at fair value minus attributable recognition costs. After initial recognition, these are measured at the amortized cost; the difference between the cost and the redemption value is recorded over the duration of the loan through the profit and loss statement, according to the effective interest rate method.

1.5.8 Own shares

Own shares are recorded in deduction of Equity.
As at 31 December 2016, the Company held its own shares for a total of €1,296K.

1.5.9 Provisions

A provision is recorded on the balance sheet when the Group has a current legal or implicit obligation resulting from past events and when it is likely that an outflow of resources representing economic benefits will be required to settle the obligation. Where the effect of the time value of money is material, the amount of the provision is the present value of the expected outflow resources using a pre-tax discount rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

1.5.10 Employee benefits

The Group has identified all applicable long term employee benefits plans. In France, the group has commitments in respect of retirement prescribed in the applicable collective bargaining agreements. The evaluation of the discounted Group commitment was calculated using an actuarial calculation based on the projected credit units method.

1.5.11 Sales realization

IAS 18 "Revenue" is based on a substance over form approach and considers that sales are realized at the time of transfer of the essential risks and opportunities.
Sales of equipment are recognized when goods are delivered as it has been verified that any remaining services to be provided are insignificant and not liable to endanger the customer's acceptance of goods supplied or services rendered.

2. NOTES RELATED TO CONSOLIDATED BALANCE SHEET

2.1 Goodwill

	Opening	Increases	Disposal	Closing
Goodwill	10,405	3,514	(127)	13,792

	31/12/2016	31/12/2015
France	1,405	1,405
United Kingdom	1,369	1,662
Miscellaneous	112	-
PRODUCTION AND SALES UNITS	**3,156**	**3,067**

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	31/12/2016	31/12/2015
France	7,999	7,318
Poland	890	-
SERVICE UNITS	**8,889**	**7,318**

	31/12/2016	31/12/2015
Asia-Pacific	1,727	-
Miscellaneous	20	20
SALES AND SERVICE UNITS	**1,747**	**20**

2.1.1 Business combinations

The Group acquired Weighpac, J&S Scales, Kaspo Lab et Rowecon. The Group absorbed Epona and Brisweigh.
The total net consideration of the acquired cash paid for the acquisition of these companies is €4,344K, the net assets acquired is €830K, for a total amount of goodwill of €3,514K.

2.2 Fixed assets

	Opening	Increases	Decreases	Others	Closing
Other intangible assets	3,001	574	-	5	3,581
Tangible assets	33,992	7,184	(1 031)	(432)	39,713
Financial assets	490	285	(220)	53	608
TOTAL	**37,483**	**8,043**	**(1,251)**	**(374)**	**43,901**

The main acquisitions for the financial year are related to PRECIA MOLEN Service (the integration of Epona), to the acquisition of the headquarters of PRECIA MOLEN Belgium, to a factory in India, and the acquisition of Kaspo Lab.
Increases in fixed assets include €1,384K from new entries in the scope of consolidation.

2.3 Status of depreciations and impairments

	Opening	Increases	Decreases	Others	Closing
Other intangible assets	2,340	342	-	6	2,689
Tangible assets	22,274	2,519	(973)	(87)	23,733
Financial assets	114	8	-	-	122
TOTAL	**24,728**	**2,869**	**(973)**	**(80)**	**26,543**

2.4 Financial investments

	31/12/2016	31/12/2015
Non-consolidated subsidiaries	52	73
Other financial assets	433	303
TOTAL	**486**	**376**

2.4.1 Non-consolidated subsidiaries

BACSA S.A.	Held: 19 % of capital	98
Various investments		80

Fair value of these investments corresponds to the purchasing value, except for BACSA depreciated for €98K and other miscellaneous investments depreciated for €28K.

2.4.2 Other financial assets

The other financial assets are essentially comprised of long term advances and deposits.

2.5 Change in inventory

	31/12/2016	31/12/2015
Supply and raw materials	6,593	5,782
Work in progress	2,790	2,372
Finished and semi-finished products	2,347	2,280
Merchandise	4,105	3,820
INVENTORY	**15,835**	**14,254**

2.6 Trade receivables

The trade receivables item is €29,440 compared to €26,652 in 2015. This upward change is explained primarily by the external growth and also by some improvement in the average settlement period.

	31/12/2016
Trade receivables past due	11,784
Dues in 1-30 days	12,396
in 31-60 days	4,060
in 61-90 days	557
in 90 days or more	643
OTHER TRADE RECEIVABLES	**29,440**

2.7 Detail of miscellaneous debtors

	Total	less than one year	more than one year
Sales tax (VAT)	834	834	-
Suppliers advances and deposits	290	290	-
Prepaid expenses	735	735	-
Various debtors	417	417	-
VARIOUS DEBTORS	**2,277**	**2,277**	-

2.8 Cash and cash equivalents

	31/12/2016	31/12/2015
Bank Certificates(1)	14,653	19,850
Cash	10,297	10,893
TOTAL	24,950	30,743

(1) Bank certificates are remunerated under market conditions with possibility to withdraw at any time.

2.9 Deffered taxes

	31/12/2016	31/12/2015
Deferred taxes on margins on inventory	562	468
Deferred taxes on retirement benefits	378	286
Deferred taxes on employee shareholding	161	146
Deferred taxes on tax assets	229	370
Deferred tax on accelerated depreciations	(530)	(510)
Other deferred tax	66	77
DEFERRED TAX NET ASSETS	**867**	**838**

2.10 Equity

Share capital amounts to €2,200,000 and is composed of 573,304 shares.
Own shares: 22,947 shares which represent 4.0 % of the share capital. Market value is €1,296K.
Earnings per share are computed by dividing the net profit by the weighted average of the shares outstanding at the market value (i.e. 550,357).

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2.11 Non-controlling interests

Interests that do nor confer control correspond to:

- 60 % of the capital of PRECIA MOLEN Irl Ltd,
- 40 % of the capital of PRECIA MOLEN Maroc SARL
- 25 % of the capital of PRECIA MOLEN India Ltd
- 2 % of the capital of PRECIA MOLEN Scandinavia AS
- 0,01 % of PRECIA MOLEN Service
- 20 % of Weighpac
- 15 % of J&S Weighing Solutions held by third parties.

Interests that do not confer control represent 3.7 % of equity.

2.12 Financial debts

	Total	Less than 1 year(*)	from 1 to 5 years	more than 5 years
Credit Institutions [1]	11,954	3,721	8,228	4
Financial lease agreements	117	69	47	-
Other	-	-	-	-
S/Total long term financial debts	12,070	3,791	8,276	4
Short term financial debts	438	438	-	-
TOTAL	12,508	4,228	8,276	4

(1) of which 100 % at fixed rates. Bank debt is made up primarily of loans taken out with French banks for 5 years, repayable by instalments, at an average rate of between 0.5 and 1.5 %.

COMPARATIVE INFORMATION FINANCIAL YEAR 2015	Total	Less than 1 year(*)	from 1 to 5 years	more than 5 years
Total financial debts	12,157	5,225	6,657	275

(*) Part of the long term financial debts due in less than one year is classified under short term financial debt.

2.13 Provisions

	Opening	Increases	Configuration	Reserve (no longer needed)	Disposal	Closing
Risks and expenses	1,446	348	(587)	(214)	2	994
Length-of-service awards on retirement [1]	881	622	(351)	-	-	1,152
Provisions for taxes	377	-	(377)	-	-	-
Long term provisions	2,704	970	(1,316)	(214)	2	2,145

Comparative information Financial year 2015	Opening	Increases	Configuration	Reserve (no longer needed)	Disposal	Closing
Long term provisions	2,334	1,650	1,046	236	0	2,704

(1) French employees receive retirement benefits based on seniority and other terms in accordance with the applicable collective bargaining agreements. The evaluation of the Group commitment was calculated using an actuarial calculation based on projected credit units method. The following assumptions have been used: discount rate: 1.45 %, revaluation rate: 2.5 %, retirement age: 60/67 years old, rate of employer contributions: 42 %
The value of asset plans deducted from the total commitment was €2,474K (2015 – €2,174K).
Analysis of the sensitivity was performed on the discount rate: if this rate was lowered by 0.5 %, the total commitment of the Group (before taking into account fair value of insurance contracts) would increase by about 6.2 %.
The medium-term outlook for payment of retirement benefits is 11.5 years.
The increase in the period of €622K corresponds to expenses for the period, comprised of annual costs for services rendered of €578K and financial costs of €44K.

In the ordinary course of its business, the Group is exposed to various litigations. Litigation provisions are assessed at year-end on a case by case basis and their amounts represent the best estimate of the financial risk incurred, weighted by the occurrence probability.
As of 31 December 2016, no provision for litigation is individually significant.
In the case of legal proceedings with unfounded claims from the opposing sides; the Group considers that no provision has to be booked as the risk has not been proven.
Future costs for retirement benefits are partly covered by specific insurance contracts. The fair value of funds as of 31 December 2016 represented €2,474K (2015 - €2,174K); the remaining amount of the commitment after deduction of the cover contract was €1,152K.
No contingent liabilities have been incurred by the Group.

2.14 Other current liabilities

	31/12/2016	31/12/2015
Tax and employee benefits debt	14,840	13,864
Advances and deposits from customers	2,092	1,422
Other debt	725	580
Deferred income	4,224	4,447
TOTAL OTHER CURRENT LIABILITIES	**21,882**	**20,323**

2.15 Off balance sheet commitments

2.15.1 Export bank guarantees

The Group has received commitments from several banks under a framework agreement with export commercial contracts, essentially in favour of its customers regarding advance payment securities or guarantees of good execution. As of 31 December 2016, these commitments represented €170K.

2.16 Financial risk management

The Group is exposed to credit risk, liquidity risk and market risk, but only to a limited extent. Therefore, the Group makes minimum use of derivative financial instruments aimed at mitigating its exposure.
As with any trading company, the Group faces risks of non-payment by debtors along with the more structural risk of customer concentration. The Company deals with major companies with a low risk of non-payment. The most significant customer represents 1.9 % of net sales (3.1 % in 2015). The top ten customers account for approximately 8.1 % of sales (8.8 % in 2015). In addition, sales of equipment are covered by an ownership reserve clause. Historical losses on customer receivables have never been significant.
Liquidity risk corresponds to the Group ability to meet financial obligations at their term. The Group liquidity risk management consists (as far as possible) in making sure that it will have enough liquidity to meet the payment of financial liabilities when they come due, under normal or "tense" conditions, without incurring any unacceptable losses or damaging the Group's reputation.
Market risk refers to the interest rate risk and the foreign exchange risk.
As for interest rates risks, the Group policy usually favours fixed rate loans (98 % of the Group loans are fixed rates or swapped variable rates).
The Group has only a very limited exposure to foreign exchange risks and has recourse to futures contracts for any large risks. As of 31 December 2016, the fair market value of a futures currency sales contract (GBP) is a nominal value of €1,081K and of €93K.

<u>Liquidity and treasury risks</u>
The risk of being unable to honour its financial commitments is low; this risk is being regularly monitored by the Banque de France, which assigns a risk rate of probability of default in the next three years of 1.8 %, compared with a rate for the overall result of the industry of: 5.7 %.

<u>Capital management</u>
The Group policy is to maintain a solid capital base in order to keep the confidence of investors, debtors and the market, and to support future business development. The Executive Board controls the return on equity ratio which is computed as follows: operating profit divided by total equity. It also controls the level of dividends paid to the shareholders.

2.17 Financial lease agreements

Fixed assets held under financial leases which transfer all the risks and rewards of ownership are recognized and capitalized as fixed assets. This mostly relates to transportation equipment.

Impact on balance sheet as at 31 December 2016:

Net fixed assets	112	
Financial debts	117	(including 69 less than one year and 47 more than one year
Deferred tax assets	1	and less than five years)
Impact on reserves	(3)	

Impact on the income statement:

Income Before Tax	28
Income	18

Notes to the consolidated financial statements

AS AT 31 DECEMBER 2016

3. NOTES RELATED TO CONSOLIDATED INCOME STATEMENT

3.1 Geographical breakdown of activities

The Group has a mono-activity organization and financial reporting and is based on a geographical organization.

ALLOCATION OF FIXED ASSETS:		31/12/2016	31/12/2015
France	18,347	59 %	68 %
Outside of France	12,802	41 %	32 %
ALLOCATION OF DEPRECIATION:		**31/12/2016**	**31/12/2015**
France	1,912	67 %	70 %
Outside of France	925	33 %	30 %
ALLOCATION OF INVESTMENTS:		**31/12/2016**	**31/12/2015**
France	3,819	58 %	36 %
Outside of France	2,816	42 %	64 %
ALLOCATION OF NON-CURRENT LIABILITIES:		**31/12/2016**	**31/12/2015**
France	9,558	92 %	92 %
Outside of France	868	8 %	8 %
ALLOCATION OF SALES:		**31/12/2016**	**31/12/2015**
France	72,907	66 %	69 %
Outside of France	36,780	34 %	31 %
ALLOCATION OF OPERATING PROFIT:		**31/12/2016**	**31/12/2015**
France	6,454	71 %	73 %
Outside of France	2,661	29 %	27 %
AVERAGE PERSONNEL NUMBERS:		**31/12/2016**	**31/12/2015**
France		649	605
Outside of France		347	290
Total		996	895

3.2 Personnel expenses

	31/12/2016	31/12/2015
Employees	34,673	32,305
Net employee benefits expenses	11,407	10,658
Incentives and profit sharing	501	457
Temporary personnel	1,219	1,471
Personnel expenses	47,801	44,891

3.3 Cost of net financial debt

	31/12/2016	31/12/2015
Interest	88	96
Exchange rate gains	611	299
Provisions reversals	87	58
Investment securities incomes	271	253
Various financial income	84	72
Cash income	1,142	778
Interest	186	175
Exchange rate losses	620	534
Allocation to provisions	8	140
Interest on financial leases	3	12
Various financial costs	54	5
Cost of gross financial debt	870	865

3.4 Income tax

3.4.1 Tax expense

Income tax	(3,262)
Deferred[1]	(126)
Net (charge)	(3,388)

(1) Detail for deferred taxes is presented in note 2.9

3.4.2 Reconciliation between recorded income tax and theoretical income tax (tax proof)

Result	5,998	
Income Before Tax	9,386	
Recorded income tax	(3,388)	Apparent tax rate 36.10 %
Theoretical income tax	(3,232)	
Difference	(156)	
Taxes on permanent differences	496	
Non previously capitalized deferred tax assets	23	
Non-capitalized deferred tax assets (*)	(173)	
Difference between the tax and others	(502)	
Total	(156)	

(*) The amount of non-activated deficits as at 31/12/2016 is not significant.

3.4.3 Tax consolidation (France)

PRECIA S.A. is the head company of the Group taxation scheme with PRECIA MOLEN Service SAS.

3.5 Auditor's free

Audit fees	PWC	RM Consultants	SUBSIDIARIES AUDITORS
Auditors, certifications, examination of individual and consolidated accounts			
Emitter	24.0	24.0	-
Fully consolidated subsidiaries	28.9	8.5	48.6
Services other than the certification of the accounts			
Audit of acquisitions	6.0	-	-
Other services	24.4	-	23.1
TOTAL	**83.3**	**32.5**	**71.7**

4. NOTES RELATED TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

The consolidated statement of cash flow is presented under the indirect method, showing net results of consolidated companies calculated as follows:

Share of net income of all consolidated accounts	5,998
Sales price of non-current assets sold	(305)
Interest expense and income	101
Income from dividends	(2)
Tax expenses	3,388
Net income from cash flow statement	9,180

The items comprising cash relate to available cash minus bank overdrafts.

	31/12/2016	31/12/2015
Cash and cash equivalents	24,950	30,743
Bank overdrafts	(438)	(2,353)
NET CASH POSITION	**24,512**	**28,390**

5. CERTIFICATION

I hereby certify that to the best of my knowledge the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, the financial position and results of the Company and all the subsidiaries included in the scope of consolidation and that the management's report included in this annual report gives a true and fair view of the business trends, results and financial position of the company and all the subsidiaries included in the scope of consolidation, and a description of the main risks and uncertainties that they have to face.

Chairman of the Executive Board
René COLOMBEL

Other
INFORMATION

Text of the proposed resolutions
TO THE ORDINARY GENERAL MEETING

FIRST RESOLUTION

The General Meeting, after hearing the management report of the Board of Governors, the report of the Supervisory Board, the report of the Chairman of the Supervisory Board as provided in Article L. 225-68 of the French Commercial Code and the Auditors' report, approves the annual financial statements drawn up on 31 December 2016, as presented, together with the transactions reflected in these financial statements or described in these reports.

In application of Article 223 quater of the French General Tax Code, it also approves the expenses and fees stipulated in Article 39-4 of said Code, which total €78,595.

Consequently, it discharges the members of the Board of Directors for the performance of their duties for said year.

SECOND RESOLUTION

The General Meeting, after hearing the management report of the Board of Governors, and the Auditors' report, approves the consolidated financial statements, as presented.

THIRD RESOLUTION

The General Meeting, approving the proposal of the Board of Governors, decides to allocate the income of the fiscal year ending on 31 December 2016, in the following manner:

- Net income.................................5,327,079.67 €uros
- Dividend....................................1,210,785.40 €uros
(2.20 euros per share)
- Total balance................................4,116,294.27 €uros

The dividend payment terms will be set by the Board of Directors.

It is specified that the allocation of the distributed income of the fiscal year ending on 31 December 2016 entitled to a 40 % allowance is 1,210,785.40 euros, that is the totality of allocated dividends.

It being specified that this allocation takes into account that the shares owned by the Company on the dividend payment date are not entitled to it, the corresponding amounts being allocated to the discretionary reserve.

The shareholders are informed that:
- the distributed income is subject to income tax at progressive rates and that, in accordance with the provisions of Article 117 quater, amended, of the French General Tax Code, a mandatory fixed levy of 21 % will be implemented, non-definitive and ultimately applied to the income tax of the following, and in case of surplus, restorable,
- the natural persons within a tax household with a reference tax income in the preceding year of under 50,000 Euros (single, divorced or widow tax payers) or 75,000 Euros (tax payers subject to joint taxation) can request not to be levied. This request must be formulated under the responsibility of the partner, at the latest by the 30th of November of the preceding year.

The shareholders are furthermore informed that, in accordance with the provisions of Article L. 136-7 of the French Social Security Code, the social security deductions on dividends paid to natural persons domiciled for tax purposes in France are subject to the rules stated in Article 117 quater of the French General Tax Code, that is to be levied directly by the payer if it is domiciled in France, and payed to the Treasury within the first fifteen days of the month following the payment of the dividends.

In accordance with the law, the General Meeting acknowledges that the dividends distributed during the three previous fiscal years were:

Fiscal year	Distribution global	unitary
31/12/2013	1,004,670.00 €	1.80 €
31/12/2014	1,004,835.60 €	1.80 €
31/12/2015	1,155,750.00 €	2.10 €

FOURTH RESOLUTION

The General Meeting, after hearing the special auditors' report on the agreements referred to in Article L.225-86 of the French Commercial Code and deciding on the basis of this report, hereby approves that the agreements entered into and authorized in prior years remain in force and that no agreement related to Article L. 225-86 of said Code has been taken in the fiscal year ending 31 December 2016.

FIFTH RESOLUTION

The General Meeting, on a proposal from the Board of Governors, within the framework of the Articles L.225-209 and following of the French Commercial code and the new provisions of European Regulation No. 2273/2003 of 22 December 2003, authorizes the Board of Governors to acquire shares of the Company in a maximum amount of 5 million Euros and within a limit of 10 % of equity, that is, 57,330 shares, under the following conditions:

Maximum purchase price per share: 215 euros.

These shares may be acquired, on one or more occasions, by any means, including during a public offering period, in compliance with applicable regulations, in decreasing order of priority:
- making a market by an investment services provider, subject to the implementation of a liquidity contract in accordance with the Ethics Charter of the AMAFI, approved by the Autorité des Marché Financiers;
- of their retention or their transfer, by any means, including by exchange or transfer of title.

The implementation of this share purchase program is subject to advance distribution of the description of the program in accordance with the regulations of the Autorité des Marchés Financiers.

If the shares are repurchased to improve liquidity in the conditions defined by the General Regulations of the Autorité des Marchés Financiers, the number of shares taken into account for the calculation of the 10 % limit provided for above, corresponds to the number of shares purchased, minus the number of shares which have been resold during the duration of the authorization.

This authorization was granted for eighteen (18) months from today's date. It cancels and replaces, for the remaining period, the authorization granted by the Ordinary General Meeting dated 24 June 2015.

SIXTH RESOLUTION

The General Meeting has decided that the term as member of the Supervisory Board of Mrs. Anne-Marie ESCHARAVIL be renewed for a period of six years, that is, to the end of the Ordinary General Meeting called to approve the accounts of the fiscal year ending 31 December 2022.

SEVENTH RESOLUTION

The General Meeting has decided that the term as member of the Supervisory Board of Mrs. Marie-Christine ESCHARAVIL be renewed for a period of six years, that is, to the end of the Ordinary General Meeting called to approve the accounts of the fiscal year ending 31 December 2022.

EIGHTH RESOLUTION

The General Meeting has decided that the term as member of the Supervisory Board of Mr. Luc ESCHARAVIL be renewed for a period of six years, that is, to the end of the Ordinary General Meeting called to approve the accounts of the fiscal year ending 31 December 2022.

Text of the proposed resolutions
TO THE ORDINARY GENERAL MEETING

NINTH RESOLUTION

The General Meeting has decided to appoint Mr. Jacques RAVEL, residing in SAINT MARCEL LES VALENCE (Drôme) – 20 Rue de la Luire, as new member of the Supervisory Board, in addition to the current members, for a period of six years, that is, to the end of the Ordinary General Meeting called to approve the accounts of the fiscal year ending 31 December 2022.

TENTH RESOLUTION

After hearing the report referred to in Article L 225-82-2 of the French Commercial Code, the General Meeting approves the principles and criteria for the determination, distribution and allocation of the components comprising the total remuneration and benefits of the mandate of Chairman of the Supervisory Board.

ELEVENTH RESOLUTION

After hearing the report referred to in Article L 225-82-2 of the French Commercial Code, the General Meeting approves the principles and criteria for the determination, distribution and allocation of the components comprising the total remuneration and benefits of the mandate of Chairman of the Board.

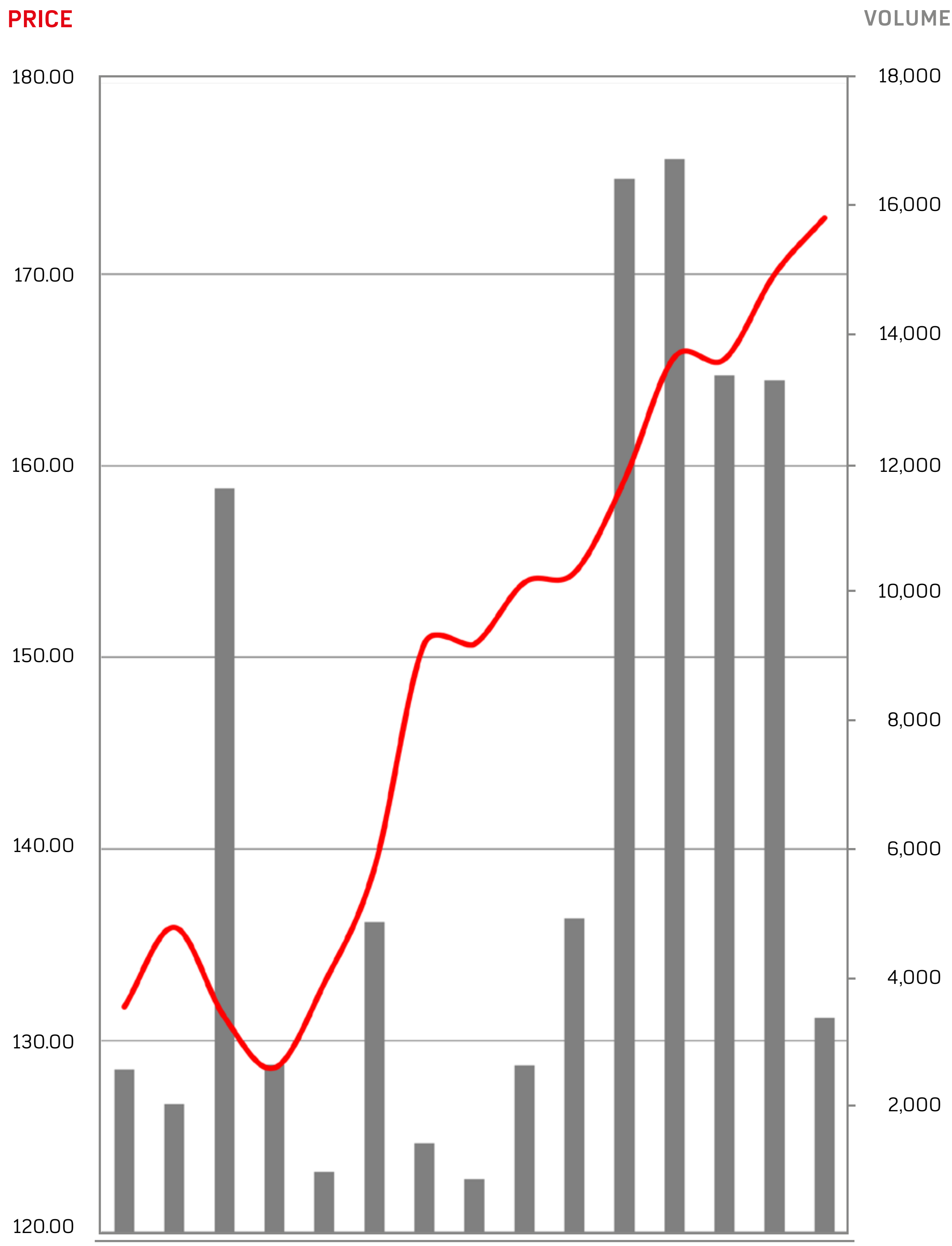
TWELFTH RESOLUTION

The General meeting gives all powers to the bearer of a copy or extract of these minutes to fulfil all legal formalities.

SHARE PRICE

AVERAGE CLOSING PRICE AND VOLUMES (January 2016 - March 2017)

in euros



	JAN 2015	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN 2016	FEB	MARCH
Average price (closing)	131.77	135.91	131.24	128.58	133.01	139.00	150.72	150.69	153.91	154.42	159.26	165.67	165.56	169.98	172.93
Volume	2,552	2,007	11,647	2,622	947	4,857	1,394	830	2,612	4,917	16,493	16,799	13,416	13,337	3,354

OTHER INFORMATION

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