# PRECIA S.A.

FINANCIAL REPORT 2013

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# MESSAGE FROM THE CHAIRMAN OF THE SUPERVISORY BOARD

2013 was indisputably the year of "SAP".

The startup for PRECIA MOLEN SERVICE took place in January and for PRECIA it took place in February.

Despite the inevitable difficulties that have characterized this long process, our teams knew how to meet this critical and sensitive milestone. Once more, congratulations to everyone. I can only guess how much effort and what additional work load this meant for the Project Managers, the team leaders and for all the users.

The deployment of SAP is currently continuing internationally and our English subsidiary will be the first to "switch over". Startup should be taking place in England just as you are reading this.

Our group still continues its efforts in Research and Development to strengthen the competitive advantages of our products. New versions of our electronic indicators are coming out, especially with I410, which is more than a simple weight indicator; it is a true programmable terminal integrating many professional applications.

It is because we have a range that is relevant, competitive and always more tailored to the needs of our clients, that we can defend and maintain our position as a major player in the world of weighing in France and throughout the world.

It is certainly across the world that we continue our expansion, with the creation of new subsidiaries. 2013 saw the opening of our new office in Australia, where already, our teams are in place and promising contracts have been signed, notably with the quarries.

In a continually difficult context, we have ended 2013 with an operating profit that places us above that of 2012, despite slightly lower sales, which is a very good performance. We intend to continue our investments in export, in R&D and in the development of our service activities in France as well as internationally so as to continue to work all together for the growth and sustainability of our Group.

Anne-Marie PERIN ESCHARAVIL
Chairman of the Supervisory Board

# SUMMARY ANNUAL REPORT

# MANAGEMENT BOARD REPORT FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2013

Dear Shareholders,
We are gathered today for our Annual General Meeting, in accordance with legal and statutory requirements, to submit to your approval the statutory as well as the Group consolidated financial statements for the year ending 31 December 2013.

## 1 ECONOMIC SITUATION

In 2013, Europe experienced another year of subdued and uncertain growth. Indeed, despite the cooling of tensions concerning sovereign debt, in 2013 there was a very weak resumption of corporate investment, coupled with a very strong euro, which hindered growth in the export markets.

India underwent a currency devaluation and its growth suffered a serious blow in the uncertain pre-electoral environment. Morocco, which depends on the European and Indian (phosphates) markets a great deal, also saw a slow down in its economy.

Moreover, the sales of the Indian, British and Brazilian subsidiaries suffered a negative exchange rate impact due to the strength of the Euro.

Even so, the industrial companies of the entire world always have requirements for weight measurement solutions and the PRECIA MOLEN Group remains an essential player in this sector and retains its share of the market, while continuing to assert its presence in new markets (Australia, Brazil, etc.).

In this context, the PRECIA MOLEN Group saw it sales decrease by 3.8%.

## 2 MAJOR DEVELOPMENTS OF THE COMPANY IN 2012

### 2.1 PRECIA MOLEN GROUP

Consolidated sales of the PRECIA MOLEN Group represented 88.96 M€ in 2013, compared to 92.4 M€ in 2012, a decrease of 3.8%. At constant structure and exchange rates, the decrease is limited to 3%, because of strong variations in the exchange rates, mainly in the rupee.

The Group generates 71% of its revenues in France, 22% in the European Union and 7% in the rest of the world.

### 2.2. PRECIA SA, Parent Company

PRECIA SA annual turnover in 2013 was 39.9 M€ as compared to 42.0 M€ in 2012, a decrease of 5.0%.

## 3 RESULTS

### 3.1 PRECIA MOLEN Group

PRECIA MOLEN Group net consolidated profit represented 4,484 K€ as compared to 4,338 K€ in 2012.

This profit can be detailed as follows:

| In € thousand | 2013 | 2012 |
|---|---|---|
| **Current Operating profit** | **7,449** | **7,399** |
| Restructuring costs | - | (809) |
| Overall operating profit | 7,449 | 6,589 |
| Cost of net financial debt | 132 | 173 |
| Other financial expenses | - | - |
| Share of income from equity affiliates | 27 | 32 |
| Income tax | (2,915) | (2,198) |
| Minority interests | (210) | (258) |
| **Net Group consolidated profit** | **4,484** | **4,338** |
| **EARNINGS PER SHARE (in euro)** | **8.04** | **7.80** |

Operating profit was 7,449 K€ as compared to 7,398 K€ in 2012. It increased by 0.7% compared to last year and represented 8.4 % of net sales as compared to 8.0 % in 2012 (7.1% after restructuring costs).

During 2012, the technical and operating difficulties faced by PRECIA-WPL, with no prospect of improvement, led to significant restructuring measures which generated a 1,343 K€ non-recurring expense including 809 K€ restructuring costs (depreciation of assets). No additional costs were supported in 2013.

Net Group consolidated profit was 4,484 K€ as compared to 4,338 K€ in 2012; it increased by 3.4% as compared to last year and represented 5.0% of net sales, compared to 4.7% in 2012.

Earnings per share went from € 7.80 to € 8.04 in 2013.

Long term debt is 3.7 M€, compared to 4.8 M€ as at 12/31/2013. It includes restatement of financial leases of 0.8 M€.

Short term cash represented 14.9 M€ as at 12/31/2013 as compared to 15.6 M€ at the end of 2012.

The net cash position was 11.2 M€ and increased by 0.4 M€ after taking into account a 0.9 M€ dividend payment and 2.6 M€ Capital expenditure.

### 3.2 PRECIA S.A.

2013 PRECIA SA results were as follows:

| €. Thousand | 2013 | 2012 |
|---|---|---|
| **Operating profit** | **1,680** | **1,221** |
| Financial profit | 2,350 | 827 |
| Exceptional income/loss | (411) | (43) |
| Employee Profit sharing | 0 | 0 |
| Income taxes | 103 | (241) |
| **NET RESULT** | **3,515** | **2,246** |

PRECIA SA operating profit increased by 38 % as compared to 2013; it represents 4.2 % of net sales as compared to 2.9 % last year.

Net result was 3,515 K€ as compared to 2,246 K€ in 2012, a strong increase of 57 %; it represents 8.8% of net sales compared to 5.4% last year. This improvement in net result is due to improvement in the operating results mentioned above but is also explained by the recognition in 2012 of provisions of 1,320 K€ related to the difficulties of the subsidiary PRECIA-WPL (financial result).

Medium term debt is 4.0 M€, compared to 4.0 M€ at the end of 2012. The debt/equity ratio is 13.4 % compared to 14.8 % at the end of 2012.

### 3.3. Appropriation of the result

We suggest to allocate the net income by paying a €1.80 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 2012: | €1.60 per share | 892 K€ |
| In year 2011: | €1.90 per share | 1,059 K€ |
| In year 2010: | €1.40 per share | 781 K€ |

## 4 ACCOUNTING PRINCIPLES

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

## 5 SUBSIDIARIES

### 5.1 Change in the scope of consolidation

In 2013, there were no changes of the scope of consolidation, except for the opening of Precia Molen Australia, ad hoc created company. In 2012, changes in the scope of consolidation corresponded to the opening of PRECIA MOLEN Romania. The company PRECIA MOLEN Serviços De Pesagem Ltda (Brazil) began its industrial and sales operations during the first quarter of 2013.

### 5.2 Investments and subsidiaries as at December 31 2013

As at December 31, 2013 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...................... 90 %
PRECIA MOLEN Ro ............................. 100 %
PRECIA MOLEN Australia (*).................... 100 %
PRECIA MOLEN do Brasil (*).................... 100 %

*(share capital increase and fully paid up capital in 2013)

#### 5.2.2 Investments

**International :**
PRECIA MOLEN Ireland ..................40 %
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 weighing equipment, and
**c.** Mandatory periodic inspection of equipment used in retail spaces.

PRECIA MOLEN SERVICE net sales represented 36.7 M€ in 2013, as compared to 37.3 M€ in 2012, a decrease of 1.6%. No change in the scope occurred in 2013 or 2012. The net profit is 2,527 K€, that is, 6.8% 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 (Scandinavia, Morocco and India). In 2013, cumulative sales of these various entities were 26.8 M€, a decrease of 7.7% as compared to last year. Together, these entities represent 21% of the consolidated operating profit, as compared to 26% in 2012 and 31% in 2011.

## 6 CAPITAL EXPENDITURE AND RESEARCH & DEVELOPMENT

### 6.1 Capital Expenditure

2013 investments of the PRECIA MOLEN Group were as follows:

| ACQUISITIONS | € THOUSAND |
|---|---|
| Intangible assets | 761 |
| Tangible assets | 1,796 |
| Financial assets | 23 |
| **TOTAL** | **2,580** |

Investments were mainly in France (84% of the total).

PRECIA SA investments were the following:

| ACQUISITIONS | € THOUSAND |
|---|---|
| Intangible assets | 759 |
| Tangible assets | 1,117 |
| Financial assets | 275 |
| **TOTAL** | **2,151** |

### 6.2 Research and Development

Research and Development costs represent 1.05% of consolidated net sales and 2.35% of PRECIA S.A. net sales.

The main R&D programs were the following:

- development of a new version of a programmable electronic weight indicators,
- innovative integration of mechanical, electronic or software parts in different products, and
- development and improvement of business solutions.

In 2013, no research & development expenses were capitalized.

## 7 SIGNIFICANT EVENTS SUBSEQUENT TO CLOSING THE ACCOUNTS ON 12/31/2013

No event is noted.

## 8 HUMAN RESOURCES AND SOCIAL BENEFITS INFORMATION

### 8.1 Social impact of the activity of PRECIA SA

In 2013 the workforce at the end of the period was 254: 212 men and 42 women
82 managers: 6 women and 76 men
121 employees: 36 women and 85 men
and 51 laborers: 6 women and 45 men
Staff recruitment during the period was 26.
A layoff was noted.

# MANAGEMENT BOARD REPORT FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2013

The division by age grouping is as follows:

| Group | M | F |
|---|---|---|
| 16-24 | 10 | 0 |
| 25-45 | 49 | 7 |
| 46-59 | 148 | 34 |
| 60-75 | 5 | 1 |

The Company makes restrictive application of part time work and fixed term contracts (12 part time workers and 6 fixed contracts workers).

Employee incentives based on the Company outcomes represented 617 K€ in 2013 (2012- 548 K€). Absenteeism is stable, and the operating result of PRECIA is consequently improved. Absenteeism of less than 90D rose to about 5 days per person on average.

PRECIA's total payroll for 2013 increased to 9,953 K€ as compared to 9,369 K€ in 2012.

### 8.2 Employment and workforce of PRECIA MOLEN Group

| SUBSIDIARY | TOTAL 2013 | TOTAL 2012 |
|---|---|---|
| PRECIA S.A. | 254 | 246 |
| PRECIA MOLEN Service | 311 | 307 |
| PRECIA MOLEN BV | 61 | 59 |
| PRECIA MOLEN Belgium | 25 | 23 |
| PRECIA MOLEN UK | 30 | 30 |
| PRECIA MOLEN Poland | 15 | 14 |
| PRECIA MOLEN India | 60 | 58 |
| PRECIA MOLEN CZ | 2 | 2 |
| PRECIA MOLEN Scandinavia | 2 | 4 |
| PRECIA MOLEN Ro | 1 | 1 |
| PRECIA MOLEN Maroc | 12 | 9 |
| PRECIA WPL | - | 5 |
| PRECIA MOLEN Australia | 1 | - |
| PRECIA MOLEN Brazil | 2 | - |
| **TOTAL** | **776** | **758** |

The change in workforce is essentially due to the continued growth of the Group, terminations (resignations, layoffs) not being significant.

The average age of the employees of the Group is 44.8, and it is composed of 83.5% men and 16.5% women.

The internal compensation policies of the Group are essentially decided at a subsidiary level; they are designed to motivate the employees and allow them to profit from the growth in our activities, while improving our competitive position and the costs of producing our products and services.

### 8.3 Labor relations

The Group endeavors to maintain open relationships with the personnel and their representatives and of course to follow all procedures for informing the personnel and their representatives, notably in France.

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, and retirement and health insurance.

### 8.4 Health and safety

In terms of health and safety, the Group ensures that each new industrial equipment is assessed for its impact on the health of the operators, and that we evaluate the risk of work related accidents and factors for difficult working conditions. These evaluations are performed at the initial investment phase and then once implementation takes place.

The Group also has numerous technicians and engineers who are regularly sent to customers' sites. In this context, each technician and engineer receives regular safety training in the framework of his technical activities. To reduce the risk of travel accidents, the Group's fleet of vehicles is made up of new vehicles that are regularly maintained.

The rate and severity of workplace accidents has not been provided.

### 8.5 Training

The large number of training activities required for the development of the personnel have aimed to concretely prepare for the implementation of our new information system in the French entities and to reinforce the key competencies in the weighing sector.

The main focus of training for 2013 once again was to train users in the new ERP whose deployment was carried out in the various subsidiaries; to this, awareness of sorting and limiting waste was added. The total number of training hours in 2013 was 1,178 compared to 1,331 in 2012 (a year with a lot of ERP training).

### 8.6 Work organisation

The goal of the work organisation in PRECIA SA (main company for industrial operations) is to establish an efficient, competitive and reactive industrial organisation that respects the expectations of the personnel.

Organisation of working hours is scalable and changeable, depending on the limitations, capacities and volumes of each site and subsidiary. So some teams work 2x8, 3x8 overtime hours or even to the biweekly legal limit.

Absenteeism remains an essential issue for the company in that it can disrupt production plans and provision of services as well as the quality of service to our customers. The various efforts made in this area in partnership with the personnel representatives have allowed us to implement financial incentives (profit sharing) that will keep down the level of absenteeism.

### 8.7 Equal treatment

In 2013, the Group conducted several negotiations with the personnel representatives, especially in France, regarding gender equality, which led to the implementation of concrete measures concerning:

- Recruitment,
- Salary equality and internal promotion, and
- The link between professional life and the exercise of family responsibilities.

In addition, PRECIA SA belongs to Club Entreprise and Handicap Ardèche and is committed to:

- Participating in the improvement of conditions for the introduction and continuation of the employment of disabled workers,
- Paying close attention to the employment of the beneficiaries of the Law of 1987 in the context of their access to employment opportunities in the company and internships, and
- Implementing concrete actions on the prevention of situations that hinder disabled persons, especially the layout of work stations.

### 8.8 Fundamental conventions of the ILO:

There is no form of discrimination in the Group. The essential aspects of the rights of workers are managed by the policy of the Human Resources Department of the Group, which complies with the most stringent international standards such as those of the International Labor Organisation (ILO) which the Group used as a basis for its policy.

## 9 ENVIRONMENTAL INFORMATION

### 9.1 Environmental impacts of the activity

| PRECIA SA resource consumption (Veyras) | 2013 | 2012 |
|---|---|---|
| Water ($m^3$)........................... | 1,416 | 1,532 |
| Electricity (Kwh)..................... | 1,224,800 | 1,271,000 |
| Combustion gas..................... | 648,569 Kwh | 223Mwh |
| Welding gas(1)........................ | 5,744 $m^3$ | - |
| Domestic and diesel fuel (liters)..... | 178,714 | 98,571 |

(1) Mison, Argon, Oxygen, Inon, etc.

### 9.2 General environmental policy

The PRECIA MOLEN Group has a proactive approach to protecting the environment. Compliance with legal requirements and applicable standards, implementation of effective control procedures and the sustainable improvement of performance using targeted actions form the basis of this commitment.

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 collection 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).

### 9.3 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, to the maintenance of machine tools and to the use of equipment that respects the environment.

In order to control the environmental impact of the materials consumed and the waste generated, the PRECIA MOLEN Group complies with the applicable legal requirements and implements the best practices for the storage and use of chemical products, as well as for the recycling and reuse of waste.

One of PRECIA's main concerns is the control and reduction of V.O.C. in connection with a painting booth. The V.O.C. are systematically captured and treated.

Sorting of waste and recycling have been encouraged. In the first place with the addition of 10 recycling bins to improve the sorting of different types of waste (steel, stainless steel, aluminium, cables, WEEE, cells and batteries, aerosols, etc.) and facilitate their recycling. In addition, the company has installed a bin for the recovery of wood waste. Through this, it creates energy recycling of 20 tonnes/a year in the local wood burning boilers and saves 8,000 L of fuel oil. Finally, a new subsidiary has been established with a local provider for the recovery and recycling of computer material after use and printed circuit boards; this employs 2 local people and reduces $CO_2$ emissions related to the transportation of this waste (initially sent to the south of France).

Waste emissions as well as the portion recycled is measured annually. Significant effort has been expended over the last years. The improvement is visible, since wood and paper carton waste that comes from the activities of the production sites and taken to the recycling centers has been 100% recycled in 2013. This same year, the Non Hasardous Industrial Waste and Special Industrial Waste have been recycled at a level of 77% and 96% respectively.

The PRECIA MOLEN Group pays particular attention to the control of nuisances (sound and visual) and any other specific pollution connected with its activities that may have an impact on the local population and the relevant stakeholders around the premises of the company's activity. However, these nuisances are considered extremely small.

### 9.4 Sustainable use of resources

One of the priorities of the PRECIA MOLEN Group is the implementation of programs for the sustainable use of resources, since they 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.

In addition, the company has conducted many projects related to water, raw materials and energy.

The "sheet metal" workshop has itself recently benefited from new automated steel cutting tools which have allowed them to significantly reduce the quantity of rejected material.

The continually renewed fleet is now modern (each vehicle is less than three years old (cars) or less than five years old (trucks) and the factory rolling stock (carts) have been replaced (gas carts in place of diesel oil carts).

Finally, several investments are focused on the modernisation of the heating and air conditioning system with the replacement of old low output fuel oil boilers, the progressive replacement of space heaters by heat pumps (more reactive and more fuel efficient), centralised control of temperature and heating periods for the workshops, additional thermal insulation in the roof, windows and walls. In addition, a reactive electric energy audit (energy lost) has been implemented and will help us optimise our use.

# MANAGEMENT BOARD REPORT FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2013

### 9.4 Climate change

The PRECIA MOLEN Group is making an effort to control its greenhouse gas emissions. These are mostly related to the production of heat (heating the buildings) and the use of the automobile fleet. Their energy efficiency and their proper functioning are carried out and maintained by maintenance activity for the heating systems and by the use of new vehicles for the automobile fleet.

## 10 CORPORATE INFORMATION

### 10.1 Territorial, economic and social impact of the business

### 10.1 The Group and its social fabric

The PRECIA MOLEN Group 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:
- World weightlifting championship (supplying weighing equipment),
- Ardeche sports cycling (*),
- Privas duathalon (*), and
- the Privas jogging corpo (*).

(*) PRECIA MOLEN team and financial support

The teaching of weighing trades is very important for PRECIA MOLEN, which is one of the world leaders in this profession and the premier French manufacturer of weighing equipment. For this reason, PRECIA MOLEN supports many vocational high schools or technical colleges by subsidies as well as class presentations by some of our directors.
The PRECIA MOLEN Group has decided to improve the short term supply chain for our sub-contractors as well as for its raw materials and merchandise. Therefore, since fiscal year 2012, the Group has internalised the production of certain electronic weighing indicators that, prior to that, were manufactured in Asia; this internalisation was made possible by streamlining the line and an in depth value analysis.

In each of its subsidiaries, the Group continues to implement a policy of recruiting at a local level, and in this way promotes involvement in their local area. PRECIA SA has been a particularly major actor in its original economic environment, to which it is very attached and it concentrates most of its recruiting.
Finally, some subsidiaries participate in charitable acts of the employees (PM, UK, France) or in the initiative itself. For example, PRECIA MOLEN India has given financial assistance to the town of Uttarkhand (northern India) affected by heavy rains.

### 10.3 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.
The relative importance of the PRECIA MOLEN Group to sub-contractors remains limited; the PRECIA MOLEN Group and it sub-contractors enjoy very balanced business partner relationships. Most of the sub-contractors are chosen locally, in the economic environment of the various companies.

### 10.4 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 addition, once PRECIA has been informed that one of its suppliers is involved in the practice of undeclared labor, any business relationship is brought to a halt.

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

The scope of CSR indicators only covers the PRECIA SA company, except for the total workforce, whose number represents the workforce of the full group. As for the environmental indicators, they cover the heaviest industrial installations of the group (2 manufacturing facilities), and thus account for most of the industrial risks, discharge, use and waste.
Certain topics recommended by Grenelle II are not listed because there is no flow of information and (or) they are not relevant to PRECIA's activities.

## 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 services 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 System processes which are regularly audited by authorized agencies.

Given the operational importance of the IT Management of data, the Company is being extremely vigilant on 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 0.3 %, compared with a rate for the overall result of the industry of: 6.0%.

### 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 64 K€ in 2013.

### 13.2 Main Shareholders

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

| | SHAREHOLDING | VOTING RIGHTS |
|---|---|---|
| ESCHARAVIL S.A. Group | from 33,33 to 50% | from 50 to 66,67% |
| ESCHARAVIL Family | from 10 to 15% | from 10 to 15% |
| Amiral Gestion | from 5 to 10% | from 5 to 10 % |
| TOTAL NUMBER OF VOTES | | 831,667 |

The Amiral Gestion companies announced that its control had fallen below a threshold in terms of voting rights over the course of the year.

### 13.3 PRECIA SA shares held by the Compagny

At December 31 2012, PRECIA SA held 15,812 of its own shares, representing 2.76 % of the share capital for a total acquisition cost of 362 K€; market value at year end was 1,326 K€.

In addition, a liquidity contract with CIC existed since October 2010. During 2013, the company ended this liquidity contract and subscribed to a liquidity contract with Arkeon Finance. As at 12/31/2013, the market value of the 773 securities held was 65 K€.

### 13.4 Inventory of marketable securities

As at 12/31/2013, PRECIA and PRECIA MOLEN SERVICE no longer held 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, with a rate tied to the performance of a Money Market fund.

### 13.5 Supplier payment terms

As at 12/31/2013, the maturity allocation of the PRECIA SA supplier sub ledger was (in K€):

| | 2013 | 2012 |
|---|---|---|
| Overdue | 776 | 976 |
| Payment term below 30 days | 2,495 | 2,028 |
| Payment term from 30 to 60 days | 2,360 | 1,696 |
| Payment term above 60 days | 39 | 4 |
| **TOTAL** | **5,669** | **4,703** |

### 13.6. Employee shareholding

At 12/31/2013 employee shareholding under a collective management agreement represented 1.66%.

### 13.7. Managers mandates

See table on page 10

## 14 OUTLOOK

Since the beginning of 2014, the PRECIA Group noted an increase in its orders and the service sector is enjoying a good usage rate. The excellent quality of PRECIA MOLEN products, in particular the most recently updated lines, have allowed us to pursue this trend; the level of investment of the companies however remains weak and the Group continues to look for new avenues of growth.

The group is continuing its international growth with the opening of a representative sales office in Kuala Lumpur in Malaysia and the confirmation of its objectives in Brazil and in Australia. The level of international sales, however, is strongly dependent on the level of the Euro.

The Group will continue to redesign its computerised management systems with the global deployment of its ERP. More than ever, the Group remains open to opportunities for external growth in its service activities, for new products or for growth in 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 10 2014

Chairman of the Executive Board
René COLOMBEL

# MANAGERS MANDATES

## 13.7.1 MANAGEMENT

**Madame Anne-Marie PERIN-ESCHARAVIL**

| | |
|---|---|
| Chairman and<br>Member of the Supervisory Board | Chairman of S.A.S. BERGEROUX and LA FINANCIERE DE BENAT<br>Chairman and Managing Director of S.A.S GROUPE ESCHARAVIL<br>Member of the Management Board of S.A. LUC ESCHARAVIL S.A. |

**Madame Alice ESCHARAVIL**

| | |
|---|---|
| Member of the Supervisory Board | Member of the Management Board S.A. LUC ESCHARAVIL S.A. |

**Mademoiselle Marie-Christine ESCHARAVIL**
Member of the Supervisory Board

**Monsieur Luc ESCHARAVIL**

| | |
|---|---|
| Vice Chairman and<br>Member of the Supervisory Board | Member of the Manhagement Board - Chairman and Managing Director of S.A LUC ESCHARAVIL S.A.<br>Chairman of S.A.S. RAFFIN |

**Monsieur Georges FARVACQUE**
Represants 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<br>Member of the Management Board | Chairman of S.A.S. PRECIA MOLEN SERVICE<br>Member of the board of Directors of MOLEN BV, PRECIA MOLEN UK, PRECIA MOLEN SCANDINAVIA, PRECIA MOLEN IRELAND and PRECIA MOLEN INDIA<br>Member of the Management Board of MOLEN BELGIUM<br>Co-manager of PRECIA MOLEN MAROC |

## 13.7.2 AUDIT

**KPMG AUDIT**

51 rue de Saint-Cyr – CP 409 – 69338 LYON Cedex 09
represented by Mr Philippe MASSONNAT
Member of the Lyon Regional Compagny of Statutory Auditors

**CRMD**

105 rue des Mourettes – 26000 VALENCE
represented by Mr Jean-Jacques GAUDILLAT
Member of the Grenoble Regional Comagny of Statutory Auditors

The terms of office of the auditor in office having expired, the Ordinary General Meeting of Shareholders approved the accounts for 2013 and are required to approve the appointment of a statutory auditor for the company.

## 13.7.3 SITUATION OF THE TERMS OF THE MEMBERS OF THE SUPERVISORY BOARD

No term relating to the Supervisory Board expired during the fiscal year closing 12/31/2013.

# REPORT OF THE SUPERVISORY BOARD AT THE GENERAL MEETING OF 26 JUNE 2014

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 2013 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 2013 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 2013.

Anne-Marie PERIN ESCHARAVIL
Chairman of the Supervisory Board

# PRECIA MOLEN GROUP
# CONSOLIDATED FINANCIAL STATEMENTS

# STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2013

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended 31 December 2013, on:
- the audit of the accompanying consolidated financial statements of PRECIA S.A.;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

## 1. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2013 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

## 2. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L.823-9 of the French Commercial Code ("Code de commerce") relating to the justification of our assessments, we bring to your attention the following matters:
The company performs systematically at year-end, an impairment test of goodwill, as described in the notes 1.3.1 and 1.4.2 to the financial statements. We examined the implementation of this test, the projected cash flows and assumptions used, and we have verified that the notes to the financial statements provide appropriate information.
The note 1.4.9 of to the financial statements describes the methods of valuation of provisions for risks and charges and the note 2.12 to the financial statements describes the detail. Our work consisted in assessing the data and assumptions that contributed to the determination of these provisions and to ensure that the notes to the financial statements provide appropriate information.
These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

## 3. SPECIFIC VERIFICATION

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the group's management report.
We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

The statutory auditors

Lyon, 28 April 2014

KPMG AUDIT
Département de KPMG S.A.
French original signed by
Philippe MASSONNAT
Partner

Valence, 28 April 2014

C.R.M.D.

French original signed by
Jean-Jacques GAUDILLAT
Partner

# CONSOLIDATED INCOME STATEMENT 2013

In thousand euros

| | Notes | 2013 | 2012 |
|---|---|---|---|
| **SALES** | 3.1 | **88,959** | **92,457** |
| Purchases consumed | | (20,328) | (23,095) |
| Personnel expenses | | (38,700) | (38,638) |
| Bought in services | | (17,743) | (19,142) |
| Duties and taxes | | (1,474) | (1,489) |
| Depreciation | | (2,516) | (2,179) |
| Change in inventory in progress and finished goods | | (1,462) | (279) |
| Other operating income | | 982 | 586 |
| Other operating expenses | | (270) | (820) |
| **CURRENT OPERATING PROFIT** | | **7,449** | **7,399** |
| Restructuring costs | | - | (809) |
| **OVERALL OPERATING PROFIT** | | **7,449** | **6,589** |
| Cash income | | 450 | 494 |
| Cost of gross financial debt | | (318) | (321) |
| **COST OF NET FINANCIAL DEBT** | 3.2 | 132 | 173 |
| Other financial income | | - | - |
| Other financial expenses | | 0 | 0 |
| Share of the income from equity affiliates | | 27 | 32 |
| Income tax | 3.3 | (2,915) | (2,198) |
| **NET CONSOLIDATED INCOME** | | **4,694** | **4,597** |
| Non controlling interests | | 210 | 258 |
| Group share | | 4,484 | 4,338 |
| **BASIC AND DILUTED EARNINGS PER SHARE (IN EURO)** | 2.9 | **8.04** | **7.80** |

# NET INCOME AND ACCOUNTING AND LOSSES RECOGNIZED IN EQUITY CAPITAL

In thousand euros

| | Dec 31 2013 | Dec 31 2012 |
|---|---|---|
| Net consolidated income | 4,694 | 4,597 |
| Currency translation differences | (253) | (21) |
| Assets available for sale | 74 | - |
| Derivative hedging instruments | - | - |
| Gains and losses recognized directly in equity capital, Group share, exclusive of equity accounted entities | (178) | (21) |
| 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 | (178) | (21) |
| Net income and gains and losses directly recognized in equity capital share of non controlling interests | (47) | (15) |
| Net income and accounting gains and losses directly recognized in equity capital | (225) | (36) |
| **Total income and expenses for the period** | **4,469** | **4,561** |

CONSOLIDATED FINANCIAL STATEMENTS

# CONSOLIDATED BALANCE SHEET AT DECEMBER 31 2013

In thousand euros

| ASSET | NOTES | Dec 31 2013 | Dec 31 2012 |
|---|---|---|---|
| Goodwill | 1.3.1 | 7,308 | 7,317 |
| Other intangible assets | 2.3 | 834 | 480 |
| Tangible assets | 2.1 | 7,435 | 7,766 |
| Financial investments | | 422 | 949 |
| Investments in associates | 2.4.1 | 194 | 166 |
| Deferred tax assets | 2.8 | 1,253 | 1,599 |
| **NON-CURRENTS ASSETS** | | **17,446** | **18,276** |
| Inventory and work in progress | 2.5 | 12,916 | 12,278 |
| Trade and other receivables | | 32,764 | 31,036 |
| Taxes receivable | | 688 | 586 |
| Other receivables | 2.6 | 2,305 | 1,950 |
| Cash and cash equivalents | 2.7 | 17,758 | 18,756 |
| **CURRENTS ASSETS** | | **66,431** | **64,606** |
| **TOTAL** | | **83,877** | **82,882** |

| LIABILITIES | NOTES | Dec 31 2013 | Dec 31 2012 |
|---|---|---|---|
| Capital | 2.9 | 2,200 | 2,200 |
| Issue, merger and acquisition premiums | | 4,487 | 4,487 |
| Consolidated surplus | | 33,949 | 30,681 |
| Own shares | 2.9 | (363) | (365) |
| Net Group consolidated profit | | 4,484 | 4,338 |
| **SUB TOTAL EQUITY CAPITAL ATTRIBUTABLE TO THE GROUP** | 2.10 | **44,757** | **41,340** |
| Non controlling interests in reserves | | 724 | 558 |
| Non controlling interests in income | | 210 | 259 |
| **TOTAL SHAREHOLDER'S EQUITY** | | **45,691** | **42,157** |
| Long term provisions | 2.12 | 2,195 | 2,687 |
| Deferred tax liabilities | 2.8 | 700 | 636 |
| Long term financial debts | 2.11 | 3,652 | 4,825 |
| **NON-CURRENTS LIABILITIES** | | **6,547** | **8,148** |
| Short term financial debts | 2.11 | 2,821 | 3,158 |
| Trade notes and other debt | | 9,149 | 9,808 |
| Taxes receivable | | - | - |
| Other current liabilities | 2.13 | 19,670 | 19,611 |
| **CURRENTS LIABILITIES** | | **31,640** | **32,577** |
| **TOTAL** | | **83,877** | **82,882** |

# SCHEDULE OF CHANGE IN CONSOLIDATED EQUITY CAPITAL

▸ In thousand euros ◂

| | Share capital | Issue premiums | Own shares | Consolidated surplus | Period result | Non controlling interests | TOTAL |
|---|---|---|---|---|---|---|---|
| **EQUITY CAPITAL AS AT 31 DEC 2011** | **2,200** | **4,487** | **(397)** | **26,863** | **4,897** | **670** | **38,720** |
| Dividends paid | | | | | (1,059) | (97) | |
| Allocation of prior income | | | | 3,838 | (3,838) | | |
| Own shares | | | 32 | | | | |
| Currency translation differences | | | | (21) | | (15) | |
| Change in scope | | | | | | | |
| Period result | | | | | 4,338 | 259 | |
| **EQUITY CAPITAL AS AT DEC 31 2012** | **2,200** | **4,487** | **(365)** | **30,680** | **4,338** | **816** | **42,157** |
| Dividends paid | | | | | (892) | (45) | |
| Allocation of prior income | | | | 3,446 | (3,446) | | |
| Own shares | | | 2 | | | | |
| Actuarial gains and losses | | | | 74 | | | |
| Currency translation differences | | | | (253) | | (47) | |
| Change in scope | | | | | | | |
| Period result | | | | | 4,484 | 210 | |
| **SHAREHOLDERS' EQUITY DEC 31 2012** | **2,200** | **4,487** | **(363)** | **33,949** | **4,484** | **934** | **45,691** |

# CONSOLIDATED STATEMENT OF CASH FLOWS

| | 2013 | 2012 |
|---|---|---|
| **Operating activities** | | |
| Result | 6,337 | 6,404 |
| Depreciation of capital assets | 2,516 | 2,629 |
| Allocation and write back on provision for risks and expenses | (418) | 753 |
| Income from sale of capital assets | (179) | (34) |
| Occurence of derivative instruments and other similar instruments | - | - |
| Tax expenses (change in deferred tax) | 410 | (511) |
| Cost of net financial debt | 215 | 220 |
| Change in Working Capital Requirement | (3,318) | (845) |
| Interest paid | (218) | (224) |
| Income tax paid | (1,955) | (2,121) |
| **NET CASH FLOW GENERATED BY THE ACTIVITY** | **3,390** | **6,271** |
| **Investment operations** | | |
| Acquisitions of intangible assets | (749) | (149) |
| Acquisitions of tangible assets | (1,850) | (2,975) |
| Acquisitions of financial assets | (51) | (606) |
| Income from sale of tangible assets | 246 | 189 |
| Reimbursements of financial assets | 551 | 21 |
| Change in minority interest | 118 | 147 |
| Acquisition of minority interests and subsidiaries, net of cash acquired | - | - |
| **NET CASH FLOW RELATED TO INVESTMENT ACTIVITIES** | (1,735) | (3,373) |
| **Financial operations** | | |
| Increase of capital in subsidiaries | - | - |
| Repurchase and resale of own shares | 2 | 32 |
| Receipts coming from new loans | 2,442 | 2,714 |
| Loan repayments | (3,615) | (3,090) |
| Dividends paid | (892) | (1,059) |
| **NET CASH FLOW RELATED TO FINANCING ACTIVITIES** | **(2,063)** | **(1,403)** |
| Impact of change in exchange rate | (253) | (21) |
| **TOTAL INCREASE (DECREASE) IN CASH** | **(661)** | **1,474** |
| Cash and cash equivalents at the opening of the fiscal year | 15,598 | 14,124 |
| Cash and cash equivalents at the closing of the fiscal year | 14,937 | 15,598 |
| **TOTAL INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | **(661)** | **1,474** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31 2013

In thousands of euros

The Financial statements were approved by the Executive Board and submitted to the Supervisory Board on April 10 2014. These accounts will only be final after their approval by the General Meeting of shareholders, planned for June 26 2014.

## SIGNIFICANT EVENTS

Opening of a new trade subsidiary in January 2013 in Australia, PRECIA MOLEN Australia Pty Ltd.

The company PRECIA MOLEN Serviços De Pesagem Ltda (Brazil) began its industrial and sales operations during the first quarter 2013.

**SUBSEQUENT EVENTS:**
No event after the closing is noted.

## NOTE 1 Consolidated accounting policies

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 Compagny |
| **PRECIA MOLEN SERVICE S.A.S** 07000 Privas | 349 743 179 | 99.99 |
| **MOLEN BV** - Breda | THE NETHERLANDS | 100.00 |
| **PRECIA MOLEN NEDERLAND BV** Breda (1) | THE NETHERLANDS | 100.00 |
| **MOLEN BELGIUM NV** - Puurs | BELGIUM | 100.00 |
| **PRECIA MOLEN UK Ltd** - Birmingham | THE UNITED KINGDOM | 100.00 |
| **PRECIA POLSKA Sp. z.o.o.** - Cracow | POLAND | 100.00 |
| **PRECIA CZ S.r.o.** - Prague | CZECH REPUBLIC | 100.00 |
| **PRECIA MOLEN MAROC SARL** Casablanca | MOROCCO | 60.00 |
| **PRECIA MOLEN SCANDINAVIA AS** - Asker | NORWAY | 90.00 |
| **PRECIA MOLEN INDIA Ltd** - Chennai | INDIA | 75.00 |
| **PRECIA MOLEN Ro S.r.l.** - Bucarest | ROMANIA | 100.00 |
| **PRECIA MOLEN Australia Pty Ltd.** Sydney | AUSTRALIA | 100.00 |
| **PRECIA MOLEN Serviços De Pesagem Ltda** Sao Paolo | BRESIL | 100.00 |

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

All these companies were fully consolidated and their closing date was December 31 2013.

| IDENTIFICATION | SIREN | % OWNED |
|---|---|---|
| **PRECIA MOLEN IRELAND** - Maynooth | IRELAND | 40.00 |

This company, closing date December 31 2013, has been accounted under the equity method.

#### 1.1.2. Change in the scope of consolidation

In January 2013, the Group created PRECIA MOLEN Australia Pty Ltd, a subsidiary in Sydney (Australia). PRECIA WPL BV company currently liquidated, and is not included in the consolidation. Neither PRECIA nor any of its subsidiaries have acquired the assets of this company.
The company PRECIA MOLEN Serviços De Pesagem Ltda (Brazil) began operations and is currently included in the consolidation.

### 1.2. COMPARABILITY OF FINANCIAL STATEMENTS

The accounting methods applied in the consolidated financial statements as of December 31, 2013, are the same as those of December 31, 2012.

The standards and interpretations are identical to those used and described in the financial statements of the Group as at December 31 2012. They have been backed by the IFRS standards as adopted in the European Union on December 31, 2013 and whose application is mandatory for the first time for the fiscal year 2013. These concern:

| Standards, Amendments or Interpretations | Date of the 1st mandatory application: fiscal year open from |
|---|---|
| Amendment to the IAS standard 1, concerning the presentation of other elements of the overall result, new disaggregation of other capital | 01/01/2013 |
| Amendment to the IAS standard 19 concerning retirement commitments (defined benefit plans) | 01/01/2013 |
| IFRS standard 13 concerning the fair value measurement | 01/01/2013 |
| Amendment to the IAS standard 12 for deferred taxes - Recovery of underlying assets | 01/01/2013 |
| Interpretation IFRIC 20 on stripping costs in the production phase of a surface mine | 01/01/2013 |
| Amendment to IFRS 1 on serious hyperinflation | 01/01/2013 |
| Amendments to IFRS 7 on disclosure of information about the compensation of financial assets and financial liabilities | 01/01/2013 |
| Amendment to IFRS standard 1 (public loans) | 01/01/2013 |
| Amendments concerning the annual improvements of IFRS, 2009-2011 cycle, modifying the following standards: IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34, IFRIC 2 | 01/01/2013 |

The application of this new legislation had no material impact on the period.
Moreover, it should be noted that since the anticipated application of the standards and interpretations adopted by the European Union was optional for a period, the option was not retained by the Group, except where specifically mentioned. In particular, this concerns:

| Standards, Amendments or Interpretations | Date of the 1st mandatory application: fiscal year open from |
|---|---|
| IFRS standard 10 – Consolidated financial statements | 01/01/2014 |
| IFRS standard 11 on partnerships | 01/01/2014 |
| IFRS standard 12 on disclosure of interests in other entities | 01/01/2014 |
| IAS standard 27 modifying individual financial statements | 01/01/2014 |
| IAS standard 28 modifying participation in related enterprises and joint ventures | 01/01/2014 |
| Amendment to IAS 32 on the presentation of offsetting financial assets and liabilities | 01/01/2014 |
| Amendments relative to the temporary provisions for IFRS standard 10: Consolidation of financial statements, IFRS 11: Partnership and IFRS 12: Disclosure of interests in other entities | 01/01/2014 |
| Amendment to IFRS standards 10 and 12 in relation to investment companies | 01/01/2014 |
| Amendment to IAS standard 36 on disclosure of information on the recoverable value of non financial assets | 01/01/2014 |
| Amendments to IAS standard 39 on financial instruments, in relation to the recognition and measurement of the conversion of derivatives and the maintenance of hedge accounting requirements | 01/01/2014 |

## 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 January 1, 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 January 1, 2010 had been treated according to the partial goodwill method, the only applicable method at that time.
As for business combinations prior to January 1, 2010, goodwill represented at the date of acquisition 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 January 1, 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 January 1, 2004 have not been modified for the preparation of the IFRS Group opening balance sheet as at January 1, 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 602 K€ as at December 31, 2013.

### 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 December 31, 2013.
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 253 K€ decrease of equity for the period.

### 1.3.3 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.

### 1.3.4 Related parties transactions

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

### 1.3.5 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 interests is recorded as a liability.
Rental payments under operating leases are expensed as incurred.

### 1.3.6 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31 2013

In thousands of euros

## 1.4. ASSESSMENT METHODS

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. 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:

### 1.4.1 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 | 20 years |
| Technical installations | 10 to 15 years |
| Machinery and equipment | 6 to 10 years |
| Transport equipment | 4 to 5 years |
| Computer equipment | 3 to 5 years |
| Office furniture and equipment | 5 to 15 years |

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 calculated on the basis of the discounted cash flow method expected from the use of the asset and the proceeds from its sale; the discount rate used is 10%.

### 1.4.2 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, recoverable amount is determined at the CGU (Cash Generating Unit) level.

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.

### 1.4.3. 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 the new and existing products.

When the long certification leads to uncertainties, the related development costs are recorded as charges by the Group.

### 1.4.4 Financial instruments

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.

### 1.4.5 Total inventory

Raw material inventories are valued using the weighted average cost method.
Gross value of merchandises 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.

### 1.4.6 Current debtors and creditors

Current debtors and creditors 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 debt recovery is uncertain. This provision is established to cover the risk of total or partial non-recovery using data available at year-end.
Current debtors and creditors in foreign currency are converted at year-end exchange rate.

### 1.4.7 Interest bearing liabilities

Interest bearing loans are initially recorded at fair 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.

### 1.4.8 Own shares

Own shares are recorded in deduction of Equity.
As at December 31, 2013, the Company held its own shares for a total of 362 K€.
In July 2012, the Group terminated a liquidity agreement with CM-CIC Securities that was implemented on October 6, 2012, and since has implemented a liquidity agreement with ARKEON Finance that is compliant with the AMAFI code of Ethics approved by Autorité des Marchés Financiers (Financial Markets Authority).
As at December 31, 2013, the market value of the 773 securities held was 65 K€.

### 1.4.9 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.

### 1.4.10 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.

### 1.4.11 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31 2013

In thousands of euros

## NOTE 2 Notes related to consolidated balance sheet

### 2.1 FIXED ASSETS

| | BEGINNING OF THE YEAR | INCREASE | DECREASE | END OF THE YEAR |
|---|---|---|---|---|
| Goodwill | 7,317 | - | 9 | 7,308 |
| Other intangible assets | 1,780 | 761 | 91 | 2,451 |
| Tangible assets | 26,901 | 1,796 | 2,567 | 26,130 |
| Financial investments | 1,012 | 23 | 551 | 485 |
| Investments in associates | 166 | 27 | - | 194 |
| TOTAL | 37,176 | 2,608 | 3,217 | 36,568 |

Main capital expenditures are related to production equipment (transport equipment) and ERP development costs (SAP).

### 2.2 DEPRECIATION

| | BEGINNING OF THE YEAR | INCREASE | DECREASE | END OF THE YEAR |
|---|---|---|---|---|
| Other intangible assets | 1,300 | 407 | 91 | 1,616 |
| Tangible assets | 19,135 | 2,060 | 2,500 | 18,695 |
| DEPRECIATION | 20,435 | 2,467 | 2,591 | 20,311 |

### 2.3 INTANGIBLE FIXED ASSETS

| | PURCHASING VALUE | DEPRECIATION | NET VALUE |
|---|---|---|---|
| Goodwill | 11,141 | 3,833 | 7,308 |
| Other intangible assets | 2,451 | 1,616 | 835 |
| INTANGIBLE FIXED ASSETS | 13,592 | 5,449 | 8,143 |

### 2.4 FINANCIAL INVESTMENTS

#### 2.4.1 Investments in associates

PRECIA MOLEN IRELAND in Maynooth: company consolidated by the equity method of accounting.

Group's share in the profits and reserves of this company: 194 K€

2013 sales ....................1,972 K€
Net profit ....................69 K€
Total shareholder's equity....................399 K€ (outside profit or loss of the period)
Total balance sheet ....................1,014 K€

#### 2.4.2 Non consolidated subsidiaries

BACSA S.A. ....................Held: 19% of capital 98
Miscellaneous investments .................... 84

Fair value of these investments correspond to the purchasing value, except for BACSA depreciated for 47 K€ and other miscellaneous investments depreciated for 16 K€.

## 2.5 INVENTORIES

| DETAIL | Dec 31 2013 | Dec 31 2012 |
|---|---|---|
| Supply and raw materials | 5,158 | 3,177 |
| Work In progress | 2,833 | 5,368 |
| Finished and semi finished products | 1,678 | 431 |
| Merchandise | 3,247 | 3,302 |
| **TOTAL INVENTORY** | **12,915** | **12,278** |

## 2.6 DETAIL OF MISCELLANEOUS DEBTORS

| | TOTAL | LESS THAN ONE YEAR | MORE THAN ONE YEAR |
|---|---|---|---|
| Sales tax | 1,012 | 1,012 | - |
| Suppliers advances and deposits | 294 | 294 | - |
| Prepaid expenses | 447 | 447 | - |
| Miscellaneous debtors | 552 | 552 | - |
| **TOTAL OF MISCELLANEOUS DEBTORS** | **2,305** | **2,305** | **-** |

## 2.7 CASH AND CASH EQUIVALENTS

| | Dec 31 2013 | Dec 31 2012 |
|---|---|---|
| OPCVM [1] - Collective investments | - | 1,904 |
| Bank Certificates (Certificats de dépôt) [2] | 10,500 | 11,787 |
| Investment securities | 10,500 | 13,691 |
| Cash | 7,258 | 5,063 |
| **TOTAL** | **17,758** | **18,754** |

(1) Money Market Funds

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

## 2.8 DEFERRED TAXES

| | Dec 31 2013 | Dec 31 2012 |
|---|---|---|
| Deferred taxes on temporary differences | 517 | 896 |
| Deferred taxes on consolidation adjustments | 706 | 671 |
| **DEFERRED TAX ASSETS** | 1,223 | **1,567** |

| | Dec 31 2013 | Dec 31 2012 |
|---|---|---|
| Deferred tax on depreciations | 627 | 584 |
| Deferred taxes on temporary differences | 72 | 52 |
| **DEFERRED TAX LIABILITIES** | 699 | **636** |

## 2.9. EQUITY

Share capital amounts to 2,200,000 € and is composed by 573,304 shares.

Own shares: 15,812 shares which represent 2.76% of the share capital. Market value is 362 K€.

Earnings per share are computed by dividing the net profit by the weighted average of the shares outstanding at the market value (i.e. 557,730).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31 2012

In thousands of euros

## 2.10. NON CONTROLLING INTERESTS

Minority interests are related to 25% of PRECIA MOLEN INDIA Capital, 40% of PRECIA MOLEN MAROC Capital, 10% of PRECIA MOLEN INDIA SCANDINAVIA Capital being held by third parties.

## 2.11 FINANCIAL DEBTS

| | TOTAL | LESS THAN 1 YEAR(*) | FROM 1 TO 5 YEARS | MORE THAN 5 YEARS |
|---|---|---|---|---|
| Credit Institution [1] | 5,396 | 2,165 | 3,231 | - |
| Financial lease agreements | 766 | 345 | 421 | - |
| Shareholders | 242 | 242 | - | - |
| S/Total Long term financial debts | 6,404 | 2,752 | 3,652 | - |
| Short term financial debts | 69 | 69 | - | - |
| TOTAL | 6,473 | 2,821 | 3,652 | - |

(1) of which 86% at fixed rates. Floating rates loans were 88% swapped.

| COMPARATIVE INFORMATION FINANCIAL YEAR 2012 | TOTAL | LESS THAN 1 YEAR(*) | FROM 1 TO 5 YEARS | MORE THAN 5 YEARS |
|---|---|---|---|---|
| Total Financial debts | 7,983 | 3,158 | 4,825 | - |

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

| GUARANTEES | GUARANTEED AMOUNTS | CAPITAL OUTSTANDING |
|---|---|---|
| Pledging of a business | 2,991 | 778 |
| Pledge of the PMS shares (21,430) | 500 | 33 |
| **TOTAL** | **3,491** | **811** |

## 2.12 PROVISIONS

| | BEGINNING OF THE YEAR | INCREASE | CONFIGURATION | REVERSED (NO LONGER NEEDED) | END OF THE YEAR |
|---|---|---|---|---|---|
| Litigations | 1,637 | 976 | 509 | 811 | 1,293 |
| Customer risks | 142 | 7 | 50 | - | 99 |
| Pensions | 56 | - | 18 | 38 | - |
| Length-of-service awards on retirement [1] | 741 | 118 | 128 | 76 | 655 |
| Provisions for taxes | - | 37 | - | - | 37 |
| Other employee benefits | 111 | - | - | - | 111 |
| Long term provisions | 2,687 | 1,138 | 705 | 925 | 2,195 |

| Comparative information financial Year 2012 | BEGINNING OF THE YEAR | INCREASE | CONFIGURATION | REVERSED (NO LONGER NEEDED) | END OF THE YEAR |
|---|---|---|---|---|---|
| Long term provisions | 1,934 | 1,669 | 127 | 788 | 2,687 |

(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: 3.5 %, revaluation rate: 2.5 %, retirement age: 60/65 years old; social security contributions: 42 %.
The value of asset plans deducted from the total commitment was 1,756 K€ (2012 – 1,702 K€).
Analysis of the sensitivity was performed on the discount rate: if this rate was increased by 0.5%, increase of the rate would lead to 5.4% decrease of the total commitment of the Group (before taking into account fair value of insurance contracts).
Changes in provision for retirement benefits were recorded through the profit and loss in the "personnel expenses" caption.

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 of the Company, weighted by the occurrence probability.
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. No details regarding current disputes are disclosed as the Group would consider such information as prejudicial.
Decrease in litigation provisions ranges from social disputes on the one hand, and from customer recovery risks on the other hand. Both are fully re-assessed at year-end.
Future costs for retirement benefits are partly covered by specific insurance contracts. The fair value represented 1,756 K€ at December 31 2013; the remaining amount of the commitment after deduction of the cover contract was 655 K€.
No contingent liabilities have been incurred by the Group.

## 2.13 OTHER CURRENT LIABILITIES

| | Dec 31 2013 | Dec 31 2012 |
|---|---|---|
| Tax & social security creditors | 13,342 | 12,574 |
| Advances and deposits from customers | 2,041 | 2,671 |
| Other debt | 2,580 | 2,399 |
| Deferred income | 1,706 | 1,967 |
| **TOTAL OTHER CURRENT LIABILITIES** | **19,670** | **19,611** |

## 2.14 OFF BALANCE SHEET COMMITMENTS

Commitments given: none
Commitments received: none

In addition, 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 at December 31 2013, these commitments represented 407 K€.

## 2.15 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 4% of net sales (3% in 2012). The top ten customers account for approximately 10% of sales (9% in 2012). In addition, sales of equipment are covered by an ownership reserve clause. Historical losses on customer receivable 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 does not hold any currency hedging contract.

**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 0.3 %, compared with a rate for the overall result of the industry of: 6 %.

**Capital management**
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.

## 2.16 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.

Impact on balance sheet as at December 31 2013:

| | | |
|---|---|---|
| Net fixed assets | 691 | |
| Financial debts | 765 | (Including 345 less than one year and 421 more than one year and less than five years) |
| Deferred tax assets | 25 | |
| Impact on reserves (outside profit or loss of the period) | (61) | |
| Impact on the income statement: | | |
| Profit before tax | 17 | |
| Result | (6) | |

CONSOLIDATED FINANCIAL STATEMENTS

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31 2013

In thousands of euros

## NOTE 3 Notes related to consolidated income statement

### 3.1 GEOGRAPHICAL BREAKDOWN OF ACTIVITIES

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

| ALLOCATION OF FIXED ASSETS: | | Dec 31 2013 | Dec 31 2012 |
|---|---|---|---|
| France | 12,868 | 80 % | 80 % |
| Outside of France | 3,324 | 20 % | 20 % |
| **ALLOCATION OF DEPRECIATION:** | | **Dec 31 2013** | **Dec 31 2012** |
| France | 2,054 | 81 % | 79 % |
| Outside of France | 461 | 19 % | 21 % |
| **ALLOCATION OF INVESTMENTS:** | | **Dec 31 2013** | **Dec 31 2012** |
| France | 2,180 | 84 % | 78 % |
| Outside of France | 417 | 16 % | 22 % |
| **ALLOCATION OF NON CURRENT LIABILITIES:** | | **Dec 31 2013** | **Dec 31 2012** |
| France | 6,289 | 96 % | 94 % |
| Outside of France | 258 | 4 % | 6 % |
| **ALLOCATION OF SALES:** | | **Dec 31 2013** | **Dec 31 2012** |
| France | 63,338 | 71 % | 71 % |
| Outside of France | 25,620 | 29 % | 29 % |
| **ALLOCATION OF OPERATING PROFIT:** | | **Dec 31 2013** | **Dec 31 2012** |
| France | 5,648 | 79 % | 74 % |
| Outside of France | 1,495 | 21 % | 26 % |
| **AVERAGE PERSONNEL NUMBERS:** | | **Dec 31 2013** | **Dec 31 2012** |
| France | 564 | | 553 |
| Outside of France | 202 | | 204 |
| Total | 766 | | 757 |

### 3.2 COST OF NET FINANCIAL DEBT

| | Dec 31 2013 | Dec 31 2012 |
|---|---|---|
| Exchange rate gains | 38 | 40 |
| Provisions reversals | - | - |
| Investment securities incomes | 206 | 244 |
| Miscellaneous financial income | 206 | 210 |
| Cash income | 450 | 494 |
| Interests | 214 | 219 |
| Exchange rate losses | 62 | 39 |
| Allocations to provisions | - | - |
| Interests on financial leases | 41 | 62 |
| Miscellaneous financial costs | - | - |
| Cost of gross financial debt | 318 | 321 |

In thousands of euros

## 3.3 INCOME TAX

### 3.3.1 Income tax

| | |
|---|---|
| Income tax | (2,506) |
| Change in deferred taxes [1] | (409) |
| Net (charge) | (2,915) |

(1) Detail for deferred taxes is presented at Note 2.8

### 3.3.2 Reconciliation between recorded income tax and theoretical income tax (tax proof)

| | | |
|---|---|---|
| Result | 4,694 | |
| Profit Before Tax | 7,608 | |
| Recorded income tax | (2,915) | Apparent tax rate: 32.35 % |
| Theoretical income tax | 2,620 | |
| Difference | (295) | |
| | | |
| Tax on non deductible charges | (71) | |
| Tax savings on non taxable profits | 329 | |
| Non previously capitalized deferred tax assets | 41 | |
| Non capitalized deferred tax assets | (143) | |
| Change in tax rate | (255) | |
| Tax savings on non taxable profits | (78) | |
| Miscellaneous | (118) | |
| Total | (295) | |

### 3.3.3 Tax consolidation (France)

PRECIA S.A. is the head company of the group taxation scheme with PRECIA MOLEN SERVICE SAS.

## 3.4 AUDITOR'S FEE

| Audit fees (€ Thousand) | KPMG | CRMD | SUBSIDIARIES AUDITORS |
|---|---|---|---|
| PRECIA S.A. | 49 | 19 | - |
| Subsidiaries | 17 | 12 | 68 |
| **TOTAL** | **67** | **31** | **68** |

## ▶ NOTE 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.

The components of the cash position are: cash and cash equivalents minus bank overdrafts and part due for less than one year of long term financial debts.

| | Dec 31 2013 | Dec 31 2012 |
|---|---|---|
| Cash and cash equivalents | 17,758 | 18,756 |
| Short term financial debts | (2,821) | (3,158) |
| **NET CASH POSITION** | **14,937** | **15,598** |

# OTHER INFORMATION

# TEXT OF THE RESOLUTIONS OF THE ANNUAL ORDINARY GENERAL MEETING OF SHAREHOLDERS

## FIRST RESOLUTION

The General Meeting, after having heard the management report of the Executive Board, the report of the Supervisory Board, the report of the Chairman of the Supervisory Board as provided for in Article L.225-68 of the Commercial Code, approves the annual accounts, that is, the balance sheet, the income statement and the appendix approved on December 31, 2013, as well as the operations shown in these accounts and summarized in these reports.
In application of Article 223 subparagraph 4 of the General Tax Code, it approves the disbursements and expenses provided for in Article 39-4 of said code, which was 63,491 €uros.
As a result, it discharges the members of the Executive Board from their duties for said year.

## SECOND RESOLUTION

The General Assembly, after having heard the management report of the Executive Board and the Auditor's report, approves the consolidated accounts, as they have been presented.

## THIRD RESOLUTION

The General Meeting approves the proposal of the Executive Board and decides to allocate the profit of the year of THREE MILLION, FIVE HUNDRED FIFTEEN THOUSAND TWO HUNDRED SIXTY ONE €uros and THIRTY NINE Cents (3,515,261.39 €uros) as follows:

- In dividends................................1,004,670.00 €uros
  that is, 1,80 € per share
- The balance................................2,510,591.39 €uros
  In full to optional reserves

Having stipulated that in this allocation, it took the dividend payment on the shares currently held by the Company into account as not having this purpose, the corresponding amounts have been allocated to optional reserves.
The shareholders have been informed that, in accordance with the provisions of Article 117 subparagraph 4 of the General Tax Code, physical entities domiciled in France for tax purposes who receive income eligible for an allowance of 40%, as provided for in Article 158-3 of the General Tax Code are subject to a mandatory withholding of 21%, without payment waiver performed in accordance with the time frame and form for eligible physical entities. This mandatory withholding is a tax payment on the income, chargeable to income tax, due for the current year and refundable if it exceeds the tax due.
The shareholders are moreover informed that, in accordance with the provisions of Article 136-7 of the Social Security Code, withholding for social security on the dividends for physical entities domiciled in France for tax purposes are withheld.
This dividend will be paid as of the date that will be set by the Executive Board, net of the withholding payment for social security payments that may relate to it.
In accordance with the law, the General Meeting duly notes that the dividends distributed for the last three fiscal years and the corresponding allowance were as follows:

| YEAR | DISTRIBUTION | | ALLOWANCE FOR |
|---|---|---|---|
| | TOTAL | UNIT | ELIGIBLE SHAREHOLDERS |
| Dec 31 2010 | 782,405.40 € | 1.40 € | 0.56 € |
| Dec 31 2011 | 1,058,803.50 € | 1.90 € | 0.76 € |
| Dec 31 2012 | 892,067.20 € | 1.60 € | 0.64 € |

## FOURTH RESOLUTION

The General Meeting, after having heard the special report of the Auditors on the agreements provided for in Article L. 225-86 of the Commercial Code and ruling on this report, successively approves the agreements related to Article 225-86 of this Code that are noted in fiscal year closing December 31, 2013 and duly notes that the prior agreements entered into and authorized continue.

## FIFTH RESOLUTION

The General Meeting, on the recommendation of the Executive Board, within the provisions of article L. 225-209 et. seq. of the Commercial Code, amended by Ordinances No. 2004-604 of June 24, 2004 and No. 2009-105 of January 20, 2009 - Article 1 and by Law No. 2005-842 of July 26, 2005, and in compliance with the new provisions of the European Regulation No. 2273/2003 of December 22, 2003 entered into effect as of October 13, 2004, authorises the Executive Board to acquire shares in the Company for a maximum amount of 5 million euros and within a limit of 10% of the capital, that is, FIFTY SEVEN THOUSAND, THREE HUNDRED (57,300) shares, under the following conditions:

Maximum purchase price per share: ONE HUNDRED FIFTY (150) €uros.
These shares may be acquired one or more times, by any means, including during a public offering, in accordance with the current regulations, and in descending order of priority:
- of the market activity of the stock by an investment service, under reserve that there is a liquidity contract in accordance with the ethics charter of the AMAFI, recognized by the Autorité des Marchés Financiers (Financial Markets Authority);
- of their retention or their transfer, by any means, especially by exchange or transfer of shares.

The implementation of this share buy-back program is conditional to the prior issuance of a description of the program, in accordance with the regulations of the Financial Markets Authority.

When the shares are repurchased to promote liquidity within the conditions defined by the general regulations of the Financial Markets Authority, the number of shares used for the calculation of the 10% limit cited above, corresponds to the number of shares purchased, deducting the number of shares resold during the authorisation period.

This authorisation is given for a period of eighteen (18) months from this day. It supersedes, for the unexpired period, the authorisation given by the Ordinary General Meeting dated June 27, 2013 in its fifth resolution.

## SIXTH RESOLUTION

The General Meeting decides to name the company "ESCHARAVIL GROUP", Company with an Executive Board and Supervisory Board with its headquarters at VEYRAS (Ardèche) – 456, voie Impériale, registered under AUBENAS R.C.S number 386 620 314 represented by Luc ESCHARAVIL, as new member of the Supervisory Board, in addition to the current working members, for a period of six years, which ends at the end of the Ordinary General Meeting of shareholders to be held in 2020 to approve the accounts of the fiscal year ending December 31, 2019.

## SEVENTH RESOLUTION

The terms of "KPMG" and "C.R.M.D." companies, current Statutory Auditors, and of Daniel FRIZOT and Fabrice DURRAFOURG, substitute Auditors, expiring with this Meeting, the General Meeting decides to renew their functions for a new period of six years, that is, until the end of the Ordinary General Meeting of shareholders called to approve the accounts of the fiscal year ending December 31, 2019.

## EIGHTH RESOLUTION

The General Meeting grants full powers to the holder of a copy or of an extract of these minutes to carry out all legal formalities.

# TEXT OF THE RESOLUTIONS OF THE EXTRAORDINARY GENERAL MEETING

## FIRST RESOLUTION

The General Meeting, after having heard the report of the Executive Board and noting that it has been 60 years since the registration of the Company, decides to extend the initial term from currently 39 years to bring it to 99 years from its start.
As a result, the Meeting modifies Article 3 of the by-laws as follows:

ARTICLE 3 - TERM
"The term of the Company is fixed at 60 years commencing from the date of its registration in the Register of Trade and Companies, except for early dissolution or extension.
The initial term of the Company has been extended by 39 years by the Extraordinary General Meeting of June 26, 2014 except for early dissolution or extension to bring it to 99 years commencing from the date of its registration."

## SECOND RESOLUTION

The General Meeting, after having heard the report of the Executive Board, decides to specify the activities developed by the Company and as a result to extend the corporate objectives, the sale, import-export, of any weighing and measuring instruments, equipment and software; and to draft a corporate objective as follows to replace the current corporate objectives of the first paragraph: The design, manufacturer, sales, import-export of any weighing and measurement instruments, equipment and software.
As a result, the Meeting modifies Article 4 of the by-laws as follows:

ARTICLE 4 -PURPOSE
"The purpose of the company is:
- The design, manufacturer, sales, import-export of any weighing and measurement instruments, equipment and software."

The rest of the article remains unchanged.

## THIRD RESOLUTION

The General Meeting, after having deliberated, duly notes the administrative change of the address of the headquarters according to the certification of the Mayor of VEYRAS dated May 14, 2014, the address of the headquarters is henceforth: VEYRAS (Ardèche) – 104, route du Pesage, from this day on.

As a result, the Meeting modifies Article 5 of the by-laws as follows:

ARTICLE 5 - HEADQUARTERS
"The corporate headquarters are set at VEYRAS (Ardèche) – 104, route du Pesage"

The rest of the article remains unchanged.

## FOURTH RESOLUTION

The General Assembly, after having heard the report of the Executive Board, decides to modify the by-laws to comply with the latest legislative changes and decides to proceed with a revision of the by-laws and adopt article by article, then in their entirety, the new by-laws which will from then on govern the Company, without resulting in the creation of a new moral entity.

## FIFTH RESOLUTION

The General Meeting grants full powers to the holder of a copy or of an extract of these minutes to carry out all legal formalities.

In accordance with legal and regulatory provisions, the shareholders establishing the holding of a sufficient portion of the share capital may call for the registration of additional resolution projects.

The requests for registration of the points or projects on the agendas must comply with Article R.225-71 et. seq. of the Commercial Code, be sent to the headquarters of the Company by registered letter with return receipt at the latest the 25th day before the general meeting without being able to be addressed more than 20 days after the date of publication of this meeting notice.

To be able to use this ability, the owners of bearer shares must, prior to their request, deposit a certification of account registration through an authorised intermediary that handles the management of their securities account.

Requests for registration of a point on the agendas must be legitimate and the requests for registration of projects must be accompanied by the text of the proposals for the resolution projects and possibly of an introductory statement brief. When the resolution project concerns the presentation of a candidate to the Supervisory Board, it is accompanied by the information cited in 5º of Article R.225-83 of the Commercial Code.

The examination of a point or a resolution is subject to the transmittal, by the authors of the request, for a new attestation explaining the accounting entry of the shares in the same accounts on the third business day before the meeting at midnight, Paris time.

If necessary, the points added to the agendas and the texts of the resolution projects presented by the shareholders will be published immediately on the internet site of the Company.

Moreover, in accordance with Article L.225-108 para 3, the shareholders who wish to may submit their written questions (attaching to them a certification of account registration) to the Executive Board by registered letter with return receipt to the headquarters of the Company, at the latest the third business day before the date of the general meeting. It is specified that (i), when necessary, the questions with the same content will receive a joint answer and (ii) the answers to the written questions will be posted to the internet site of the Company in the question and answer section.

All of the shareholders, regardless of the number of shares they hold, may take part in the deliberations of the general meeting.

In accordance with Article R.225-85 of the Commercial Code, participation in the meetings, proxy voting or the possibility of being represented, is reserved for shareholders who have proven this quality at the latest three business days before the date set for these meetings:

- for nominative shareholders: by registration in the nominative securities accounts held by the Company;
- for bearer shareholders: by registration in the securities accounts held by an authorized intermediary mentioned in Article L. 211-3 of the Monetary and Financial Code.

The accounting registration of the shares in the securities accounts of the bearer shares held by the authorized intermediary must be recorded by a participation certification delivered by said intermediary and attached to the proxy voting form or power of attorney or to the request for admission card established in the name of the shareholder or for the account of the shareholder represented by the registered intermediary. A certification is also delivered to the shareholder who wishes to physically participate in the meetings and who has not received an admission card by the third day before the meetings at midnight, Paris time.

The day of the general meetings, each shareholder must prove his qualification by registration formalities.

In the absence of personal attendance at these meetings, the shareholders may choose between the following three forms:

- send a power of attorney to the Company without indicating an agent;
- vote by proxy;
- or give a power of attorney under the applicable legal and regulatory conditions to any physical or moral entity of his choice. In accordance with the provisions of Article R. 225-79 of the Commercial Code, the notification of the designation and the revocation of an agent may also be performed by electronic means, in the following ways:
    - for nominative shareholders: by sending an e-mail signed with an electronic signature, obtained by them with an authorized third party certifier under current legal and regulatory conditions to the following email address: AG@preciamolen.fr, listing their last name, first name, address and identifier (shown on the upper right of the account statement) for purely nominative shareholders or their identifier with their financial intermediary for administrative nominative shareholders, as well as the last name and first name of the agent designated or being revoked;
    - for bearer shareholders: by sending an e-mail signed with an electronic signature, obtained by them with an authorized third party certifier under current legal and regulatory conditions to the following email address: AG@preciamolen.fr, listing their last name, first name, address and complete bank references as well as the last name and first name of the agent designated or being revoked, advising their financial intermediary who manages their securities account that it absolutely must send a written confirmation by email or fax to the headquarters of the Company.
      Only notifications of designation or revocation of agents duly signed, completed and received at the latest three days before the date of the meetings will be considered.

Shareholders wishing to be represented or to vote by proxy in the general meetings may, upon its convocation, obtain the proxy form by a request addressed to the headquarters of the Company.
Each request must be presented by registered letter with return receipt and reach the Company at least six days before the date of the meetings.
The forms for proxy voting or power of attorney duly completed and signed must, to be considered, reach the headquarters of the Company at least three calendar days before the general meeting.
It is noted that the proxy vote is distinct from a vote by power of attorney and vice-versa. Likewise, any shareholder who voted by proxy or gave a power of attorney can no longer participate directly in the meetings.

For these general meetings, voting by means of electronic telecommunication is not planned and consequently, no site referred to in Article R.225-61 of the Commercial Code will be constructed for this purpose.

In accordance with the law, all of the documents that must be communicated to these general meetings must be made available to the shareholders, under the conditions and within the time frames required by the regulations, on the internet site of the Company (www.preciamolen.com) and at the headquarters of the Company. These documents may also be sent to the shareholders upon a request sent to the Company.

# SPECIAL REPORT OF THE AUDITORS ON THE AGREEMENTS AND COMMITMENTS

Year ended 31 December 2013

To the shareholders,

As auditors of your company, we present to you our report on the agreements and commitments.

It is up to you to convey, on the basis of the information that has been given, the essential characteristics and methods of the agreements and commitments for which we have been advised or that we would have discovered during our work, without having to decide on their usefulness and their soundness nor to research the existence of other agreements and commitments. It is up to you, according to the terms of Article R.225-58 of the Commercial Code, to assess the relevance of the conclusion of these agreements and commitments in view of approving them.

Moreover, it is up to us, if necessary, to communicate to you the information referred to in Article R225-58 of the Commercial Code relative to the execution, over the course of the prior year, the agreements and commitments already approved by the general meeting.

We have performed the due diligence that we considered necessary in accordance with professional guidance issued by the national auditing body (Compagnie nationale des commissaires aux comptes) relating to this operation. This due diligence consisted of verifying the agreement of the information that we have been given with the source documents they came from.

## Agreements and commitments submitted for the approval of the general meeting

### Agreements and commitments authorised over the past year.

We inform you that we have been advised of no authorised agreement or commitment over the past year to be submitted for the approval of the general meeting in application of the provisions of Article L.225-86 of the Commercial Code.

## Agreements and commitments already approved by the general meeting

### Agreements and commitments approved over the prior year whose execution took place during the past year.

In application of Article R.225-57 of the Commercial Code, we have been informed that the execution of the following agreements and commitments, already approved by the general meeting during the prior year, took place during the past year.

**COMPANY CONCERNED: PRECIA MOLEN MOROCCO**

Your company agreed to give PRECIA MOLEN MAROC financial and technical support in a market context. This commitment is expressed in a comfort letter.

Your company became guarantor of PRECIA MOLEN MAROC for up to 600,000 €.

Your company granted financial support to PRECIA MOLEN MAROC by granting preferential rates on PRECIA products as well as preferential payment terms for its first years.

**COMPANY CONCERNED: PRECIA ROMANIA**

Your company granted financial support to PRECIA ROMANIA payable at a rate of 4% per year.
The balance of the debt at 12/31/2013 is 10,000 euros and no repayment was observed during the year.

**COMPANY CONCERNED: PRECIA MOLEN IRELAND**

Your company granted PRECIA MOLEN IRELAND a financial advance of 70,000 euros payable at a rate of 4% per year.
The balance of the debt at 12/31/2013 is 34,123 euros and no repayment was observed during the year.

**COMPANY CONCERNED: PRECIA MOLEN INDIA**

Your company granted PRECIA MOLEN INDIA a financial advance
at a rate of 4% per year.
At 12/31/2013, no advance had been made.

**COMPANY CONCERNED: PRECIA SCANDINAVIA**

Your company granted PRECIA SCANDANAVIA a financial advance payable at a rate of 4% per year.
The balance of the debt at 12/31/2013 is 155,447 euros and no repayment was observed during the year.

**COMPANY CONCERNED: PRECIA MOLEN UK**

Your company granted to one of its subsidiaries interest free financial advances under the condition that the reimbursement plan was adhered to. Otherwise, interest would be calculated at 4%.

Data in thousands of euros

| Subsidiaries | Debit balance 12/31/2013 | Income financial invoicing |
|---|---|---|
| PRECIA MOLEN UK | 70,000 | 0 |

**CONCERNED COMPANIES: PRECIA MOLEN SERVICE, PRECIA MOLEN MOROCCO, PRECIA SCANDINAVIA, SAS GROUP ESCHARAVIL**

## 1 FINANCIAL AGREEMENTS WITH SUBSIDIARIES

For fiscal year 2013, the financial advances and loans led to the interest mentioned above, at 4%, except the Moroccan subsidiary, repaid at the maximum interest allowed in Morocco, while your company lent or borrowed from its subsidiaries:

Data in thousands of euros

| Subsidiaries | Debit balance 12/31/2013 | Income financial invoicing |
|---|---|---|
| PRECIA MOLEN SERVICE | 4,075,836 | 5,047 |
| PRECIA MOLEN MAROC | 149,706 | 4,496 |
| PRECIA MOLEN SCANDINAVIA. | 185,000 | 0 |

OTHER INFORMATION

# SPECIAL REPORT OF THE AUDITORS ON THE AGREEMENTS AND COMMITMENTS

Year ended 31 December 2013

## 2 AGREEMENT FOR TAX INTEGRATION

Your company entered into an integration agreement with PRECIA MOLEN SERVICE SAS on December 29, 1997.

## 3 CHARGES FOR ORGANISATION AND MANAGEMENT

For 2013, the GROUP ESCHARAVIL SAS has invoiced organisation and management charges of 200,000 € exclusive of tax.

Done at Valence and Lyon, June 10, 2014

For C.R.M.D.

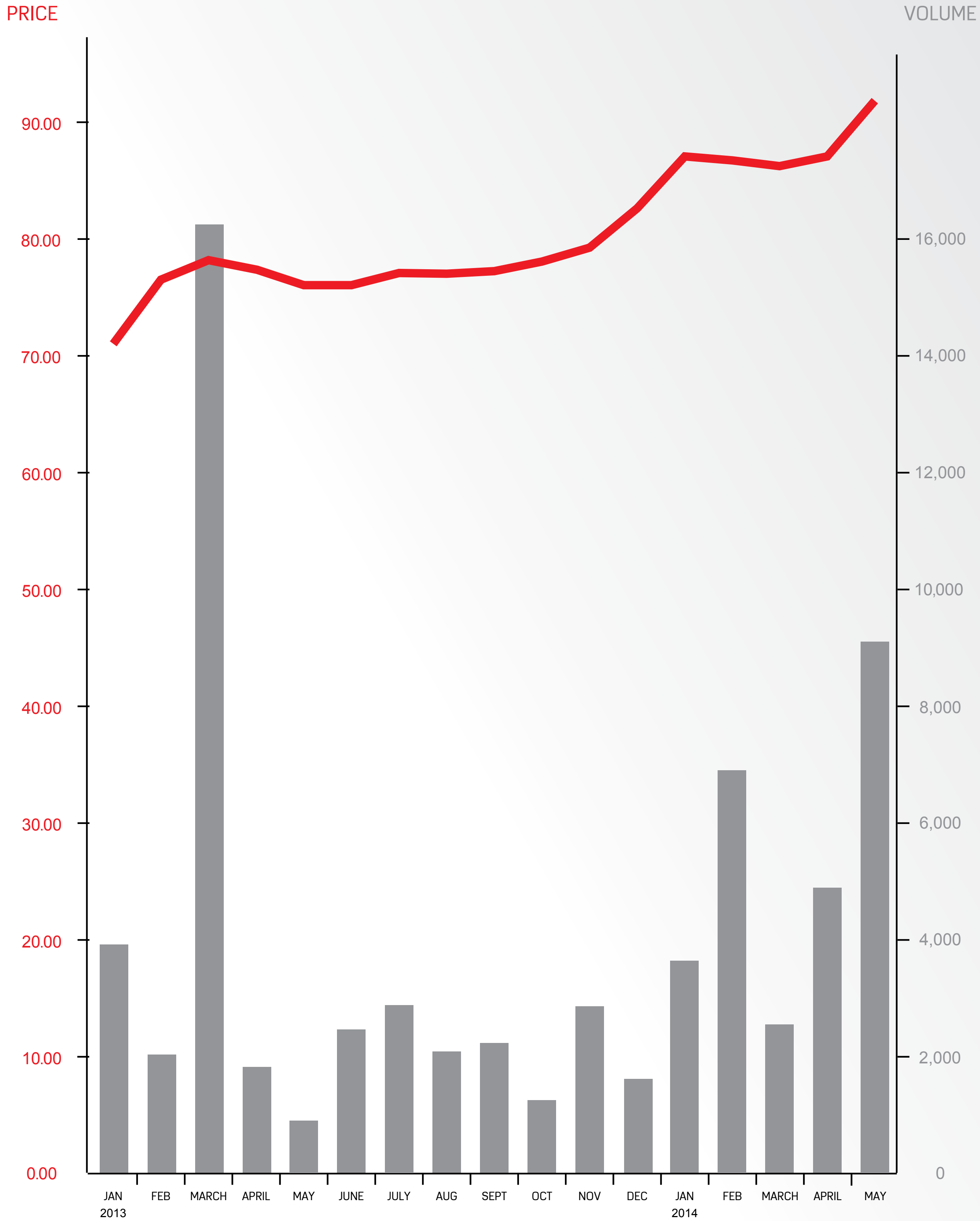
Jean-Jacques GAUDILLAT
Partner

For KPMG AUDIT
Division of KPMG SA
Philippe MASSONNAT
Partner

# SHARE PRICE

## AVERAGE CLOSING PRICE AND VOLUMES (January 2013 - May 2014)

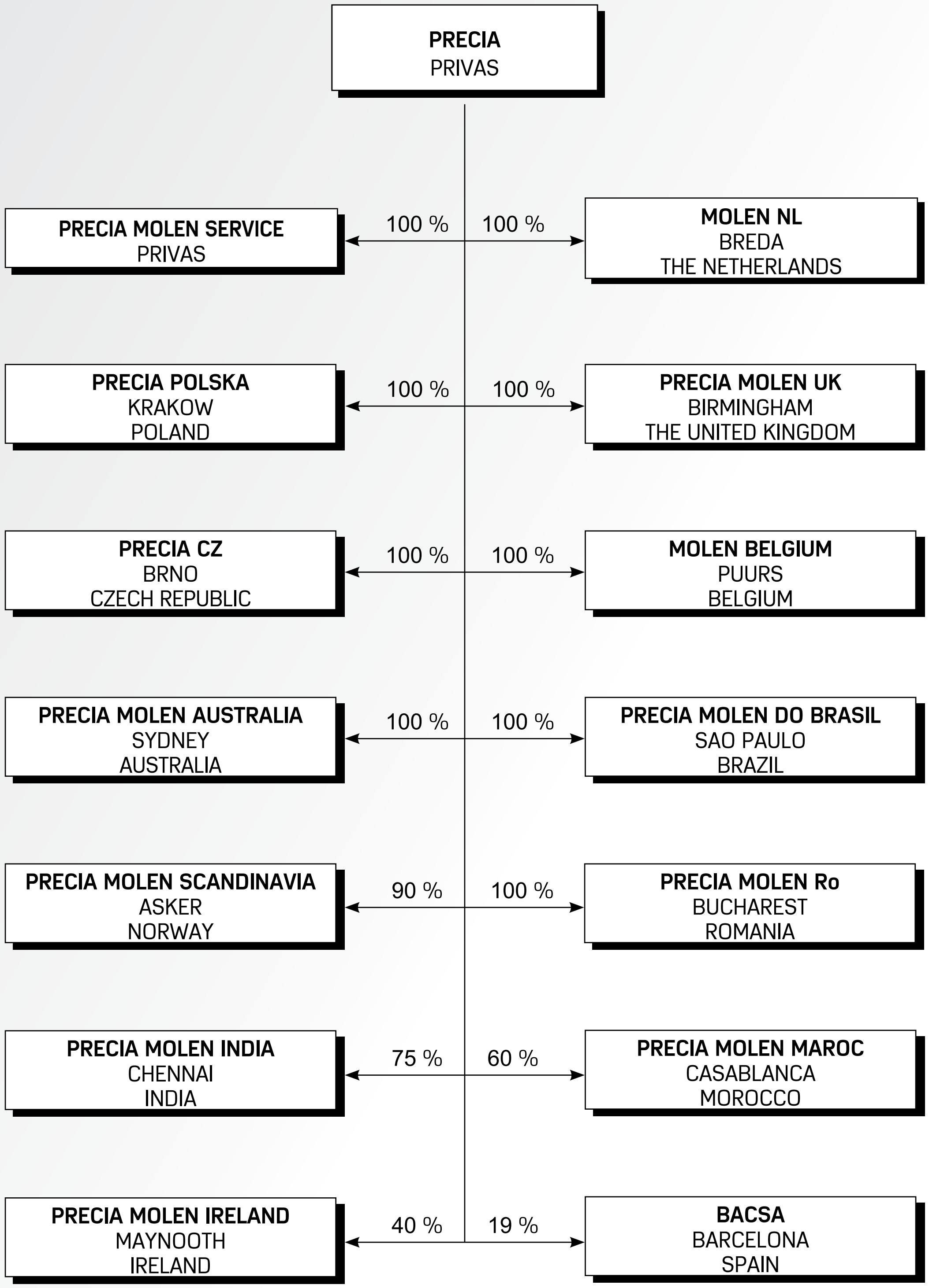
in euros




| | JAN 2013 | FEB | MARCH | APRIL | MAY | JUNE | JULY | AUG | SEPT | OCT | NOV | DEC | JAN 2014 | FEB | MARCH | APRIL | MAY |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Higher | 77.20 | 78.00 | 79.50 | 79.48 | 77.60 | 79.50 | 80.00 | 80.00 | 82.00 | 80.01 | 89.99 | 89.40 | 89.40 | 87.30 | 87.40 | 88.00 | 88.00 |
| Lower | 68.76 | 72.01 | 75.99 | 75.90 | 74.50 | 75.30 | 75.20 | 75.80 | 75.50 | 78.50 | 78.87 | 82.01 | 83.00 | 83.20 | 85.00 | 86.00 | 83.50 |
| Average price (closing) | 70.96 | 76.45 | 78.12 | 77.30 | 75.98 | 77.02 | 76.96 | 77.18 | 78.00 | 79.19 | 82.56 | 87.00 | 86.66 | 86.17 | 86.63 | 87.00 | 86.74 |
| Volume | 3,905 | 2,018 | 16,233 | 1,807 | 893 | 2,450 | 2,871 | 2,072 | 2,219 | 1,239 | 2,846 | 1,606 | 3,626 | 6,891 | 2,535 | 4,877 | 9,094 |

# FUNCTIONAL ORGANIZATION CHART OF THE PRECIA MOLEN GROUP

Dec 31 2013



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