ANNUAL
FINANCIAL
REPORT

PRECIA S.A. 2018

PRECIA MOLEN™
WORLDWIDE WEIGHING

MESSAGE FROM THE CHAIR
of the Supervisory Board

The Group has reached its sales target of €130 million in turnover, one year early.

The year was marked by significant property investments with the construction of a sheet metal workshop in Privas, on our historic industrial site, enabling us to increase our production using modern tools adapted to our rapid growth.

For the first time in its history, our Group has opened a shop for professionals. Our reputation demanded that we use the best location for our shop, and with the purchase of Jac'Pesage, we naturally chose RUNGIS – the biggest fresh produce market in the world with turnover of €9 billion and 18 million customers – to open a modern sales and repair site that truly reflects our brand.

As we are committed to improving our employees' quality of life at work, in a few days' time we will open the doors of our new recreational area for eating and relaxing, located at the heart of our Ardèche site. I know our staff have been waiting eagerly for this moment and I am sure this fun, warm and welcoming space will be the scene for colleagues to relax and share many friendly moments!

Because our international development strategy is still a key priority, we have acquired Adelaide Weighing Equipment. This gives us a third site in Australia, which is necessary to strengthen our position in this large country and enable us to manufacture weighbridges locally for the Australia – New Zealand market that meet our quality requirement standards.

For the last few months, the PRECIA MOLEN flag has also flown over Dubai, where we have recently established a site for the Middle East and the English-speaking part of East Africa.

Finally, we recently opened a representative sales office in Kiev, Ukraine.

Thanks to the trust of our customers, partners and shareholders and to the firm commitment of all Group employees, we are working together to make PRECIA MOLEN even more robust and resilient, in the face of the major changes that we are seeing in today's world.

Anne-Marie ESCHARAVIL
Chair of the Supervisory Board

SUMMARY

ANNUAL FINANCIAL REPORT 2018

PRECIA MOLEN GROUP CONSOLIDATED FINANCIAL STATEMENTS

OTHER INFORMATION

MANAGEMENT REPORT
as of 26 June 2019

1 | THE GROUP'S CURRENT SITUATION

World economic growth remained stable at 3.1 % in 2018. Stronger US growth boosted by fiscal policy offset the decline in some other economies.

France experienced lower growth than in 2017, which did not prevent Precia SA from achieving good performance with sales growth of 9.2 % for Precia and 4.5 % for PMS.

Economic growth in the Eurozone slowed sharply in 2018 to reach 1.8 % (against 2.4 % in 2017) partially explaining our stable sales in Europe (excluding France) which only increased by 0.2 % in 2018.

Asia Pacific continues to experience sustained economic growth of around 5 % on average. However, our growth in this area was only 1.72 % due to the unfavourable exchange rate effect in India, Australia, and New Zealand and an unfavourable basis for comparison, particularly in Malaysia.

The good economic trajectory of Morocco and Ivory Coast also partially explains our good performance in this area with sales up 6.8 %. Our business in other African countries of is steadily growing.

Our sales increased significantly in Brazil in an economic situation that was slightly recovering. The coming months will tell us if the new president is able to revitalise the country.

However, the sources of **geopolitical risk** remain significant. Although the fight against DAECH seems to be won on the ground, this organisation remains a destabilising factor for developed economies.

Brexit, which has been postponed several times, continues to fuel debates. It will cause a slower trading in its soft version but could also have more significant consequences in its hard version. We also took advantage of a recent reorganisation to lower our overheads to improve our profitability and anticipate a possible slowdown in the UK economy which could lead to a drop in demand from our customers.

The trade tensions generated by the increasing **worldwide protectionism** have escalated and are causing the global economy to falter even though stimulus and direct subsidies have largely offset negative effects on China and the United States. Experts predict very serious consequences for the world economic outlook should such a situation persist.

We anticipated this trend by creating **local manufacturing and assembly facilities** in various developing countries around the world that are traditionally protective of their economies, such as Brazil and India. We have recently reproduced this model in the United States and the United Kingdom. Localised production also limits the impact of the strong euro which can be a brake on exports.

The Precia Molen Group, through its values, employees, products, and most of all its customers, continues to grow in a sustainable and profitable manner. 2018's growth was at an operating profit rate slightly down over the year but with a very good second half. This trend was confirmed in early 2019 with order intake up sharply which should allow us to increase our lead on our 2020 business plan.

2 | BUSINESS IN 2018

2.1 PRECIA MOLEN GROUP

The Precia Molen Group's consolidated turnover in 2018 was €129.9 million against €124.1 million in 2017, up 4.7 %. At constant scope and exchange rates, the increase was 2.7 %, mainly due to the integration of Jac'Pesage and Salbreux, as well as an unfavourable currency effect, particularly regarding the Indian rupee.

The Group achieved 65 % of its sales in France, 20 % in the rest of the European Union, and 15 % in the rest of the world.

2.2 PRECIA S.A., PARENT COMPANY

PRECIA SA's turnover in 2018 was €54 million, up 8.6 % against €49.7 million in 2017.

3 | INCOME

3.1 PRECIA MOLEN GROUP

Precia Molen Group's consolidated profit was €6 091 k against €6 176 k in 2017.

This result breaks down as follows:

in K€	2018	2017 restated (*)	2017
Operating result	10,961	**10,856**	**10,646**
Financial result	(104)	(427)	(250)
Tax	(4,208)	(3,669)	(3,658)
Non-controlling interests	557	565	562
NET GROUP CONSOLIDATED RESULT	**6,091**	**6,196**	**6,176**
EARNINGS PER SHARE (in euros)	**11.1**	**11.3**	**11.2**

(*) See Accounting policies in section 4

Operating income was €10,961 k against €10 856 k in 2017 using the same method, up 1.0 % against last year and representing 8.4 % of turnover against 8.7 % in 2017.

Group consolidated profit was €6,091 k, against €6,196 k in 2017; down 1.7 % against than last year and representing 4.7 % of turnover (5 % in 2017).

Earnings per share decreased from 11.26 euros to 11.11 euros in 2018.

Long-term debt was €12.5 million against €16.6 million at the end of 2017. It includes the capitalisation of rental expenses for €3.9 million (see Accounting policies in section 4).

In the short-term, cash net of overdrafts as at 31/12/2018 was €24.2 million against €27.6 million at the end of 2017.

Cash, net of debt, was €4.6 million, up €1.8 million for the year, which allowed major investments to be funded (€5.3 million of external growth and fixed asset acquisition), purchases of company owned shares (€1.9 million), and dividend payments (€1.5 million).

3.2 PRECIA S.A.

In 2018, PRECIA SA's results were as follows:

in K€	2018	2017
Operating Income	**2,143**	**2,126**
Net Financial Income	4,352	3,634
Exceptional result	(681)	161
Income tax	42	245
NET RESULT	**5,771**	**5,676**

PRECIA SA's operating income was stable against last year (+0.8 %), representing 4 % of turnover against 4.3 % last year.

Net income was €5,771 k against €5,676 k in 2017, up 1.7 %. It represents 10.7 % of turnover against 11.4 % last year. Net income also includes high dividends paid out by Precia Molen Service, Precia Molen Nederlands, CAPI SA, and Precia Molen India.

Medium-term debt was €10.4 million against €12.9 million at the end of 2017. The debt/equity ratio was 20.4 % against 27.7 % at the end of 2017. No new loans were taken out in 2018.

3.3 ALLOCATION OF RESULT

We propose to allocate the net accounting profit by paying a dividend of €2.40 per share and transferring the balance to the optional reserve.

In accordance with legal provisions, please find a list of the dividends paid out in the previous three financial years: (allowance 40 %).

2017 :.	€2.40 per share	€1 321 K
2016 :	€2.20 per share	€1 210 K
2015 :	€2.10 per share	€1 156 K

4 | ACCOUNTING POLICIES

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

IFRS 16 lease standard was applied early on 1 January 2018 retrospectively on the 2017 financial year. The consolidated financial statements as at 31 December 2017 have been restated to allow comparison. The detailed impact of IFRS 16 is presented in Appendix 1.2.1 of the consolidated financial statements.

5 | SUBSIDIARIES

5.1 CHANGES IN THE GROUP'S CONSOLIDATION SCOPE

The Group founded the following companies:
- Ningbo Precia Molen Weighing System Company, located in Ningbo, China, and holds 90 % of the capital;
- Precia Molen South Australia, located in Adelaide, Australia, and holds 75 % of the capital.

Both companies are included in the scope of consolidation for the first time this year.

In February 2018, the Precia Molen Group, through its subsidiary Precia Molen Service SAS, acquired Telelabo, a company specialising in the sale, repair, and performance of legal metrological inspections on cereal moisture meters in the centre-west of France, for an annual turnover around €100 k. The company has subsequently been absorbed by Precia Molen Service.

Precia Molen Ro, located in Bucharest, Romania, was wound up.

JAC'PESAGE SAS, located in Corbeil-Essonnes, was merged and absorbed by the parent company PRECIA SA on 1 January 2018.

5.2 EQUITY INTERESTS AS AT 31 DECEMBER 2018

As at 31 December 2018, PRECIA SA directly or indirectly 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 MOLEN CZ	100 %
PRECIA MOLEN India	75 %
PRECIA MOLEN Maroc	60 %
PRECIA MOLEN Scandinavia	98 %
PRECIA MOLEN Australia	100 %
PRECIA MOLEN South Australia	75 %
PRECIA MOLEN do Brasil	100 %
PRECIA MOLEN Ireland	40 %
PRECIA MOLEN Asia Pacific	100 %
Weighpac	90 %
PRECIA MOLEN Ningbo	90 %
Kaspo Lab	100 %
Rowecon	100 %
PRECIA MOLEN Inc	100 %
J&S Weighing Solutions	85 %
CAPI	80 %
CAPI-BF	80 %
VAHOSERVIS	100 %

5.2.2 Investment in subsidiaries

International :

BACSA SA.. 19 %

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

The Group is organised as follows:

1) The PRECIA France industrial and commercial division is devoted to the design, manufacture, and sales of weighing instruments and solutions, and includes the two factories located in PRIVAS and VEYRAS (ARDECHE) and an IT research centre in WOIPPY, near Metz (Moselle).

2) The PRECIA MOLEN SERVICE division specialises in:

a. installing new equipment on behalf of PRECIA SA;

b. servicing, repair and maintenance contracts for all brands of weighing instruments;

c. mandatory periodic inspections of equipment used in business.

PRECIA MOLEN SERVICE achieved a turnover of €50.0 million in 2018, against €47.7 million in 2017, up 4.8 %. During the financial year, the company acquired then absorbed (by retroactive merger on 1 February 2018) Telelabo. In 2017, the company acquired and absorbed 3P Entreprise and acquired Salbreux's weighing division. Precia Molen Service's net profit was €2 928 k representing 5.9 % of turnover.

3) The international division includes the Group's commercial outlets in the European Union (the Netherlands, United Kingdom, Belgium, Poland, and the Czech Republic) and in the rest of the world (Brazil, China, Australia, New Zealand, Scandinavia, Morocco, India, Malaysia, the United States, Ivory Coast and Burkina Faso). In 2018, the cumulative consolidated turnover of these various entities was €45.2 million, up 1.9 % against the previous year. These entities represent 35 % of the consolidated operating income, against 36 % in 2017.

6 | INVESTMENTS AND RESEARCH AND DEVELOPMENT

6.1 INVESTMENTS

PRECIA MOLEN Group investments in 2018 were as follows:

Acquisitions	in K€
Intangible assets	234
Tangible assets	4,467
Financial assets	66
TOTAL	**4,766**

PRECIA S.A.'s investments were as follows:

Acquisitions	in K€
Intangible fixed assets	201
Tangible assets	1,110
Long-term investments	-
TOTAL	**1,310**

6.2 RESEARCH & DEVELOPMENT

Research and Development costs represent 1.3 % of consolidated turnover and 3.2 % of PRECIA SA's turnover.

R&D programmes were mainly focused on:

- the development of a new version of a programmable electronic weight indicator and of an electronic weight indicator for immediate use;
- the integration of specific mechanical, electronic, or software solutions into various products;
- the development and improvement of business solutions.

In 2018, no expenses were capitalised.

7 | SIGNIFICANT EVENTS SUBSEQUENT TO CLOSING OF ACCOUNTS ON 31/12/2018

No significant events have occurred since 31/12/2018.

8 | HUMAN RESOURCES AND EMPLOYEE BENEFITS INFORMATION

The majority of the PRECIA Group's employees are based in Europe (79 %), most notably in France (59 %). 21 % of the workforce is based outside of Europe.

8.1 EMPLOYMENT

ENTITY	TOTAL 2018
PRECIA S.A.	298
PRECIA MOLEN SERVICE	399
PRECIA MOLEN India	107
PRECIA MOLEN UK	55
PRECIA MOLEN Nederland BV	54
CAPI CI	46
PRECIA MOLEN Maroc	32
PRECIA MOLEN Ireland	29
PRECIA MOLEN Belgium	27
PRECIA Polska	23
KASPO LAB	22
WEIGHPAC	15
PRECIA MOLEN South Australia	15
PRECIA MOLEN Australia	10
PRECIA MOLEN Asia Pacific	9
VAHOSERVIS	7
ROWECON	7
CAPI BF	6
J&S WEIGHING SOLUTIONS	5
PRECIA MOLEN Scandinavia	4
PRECIA MOLEN Brazil	4
PRECIA MOLEN CZ	3
PRECIA MOLEN Ningbo	3
PRECIA MOLEN INC	1
TOTAL	**1,181**

The PRECIA Group is comprised of 16.5 % women and 83.5 % men.

ENTITY	W	M
PRECIA S.A.	60	238
PRECIA MOLEN SERVICE	64	335
PRECIA MOLEN India	3	104
PRECIA MOLEN UK	14	41
PRECIA MOLEN Nederland BV	8	46
CAPI CI	6	40
PRECIA MOLEN Maroc	1	31
PRECIA MOLEN Ireland	5	24
PRECIA MOLEN Belgium	5	22
PRECIA Polska	4	19
KASPO LAB	8	14
WEIGHPAC	3	12
PRECIA MOLEN South Australia	2	13
PRECIA MOLEN Australia	2	8
PRECIA MOLEN Asia Pacific	4	5
VAHOSERVIS	0	7
ROWECON	1	6
CAPI BF	1	5
J&S WEIGHING SOLUTIONS	1	4
PRECIA MOLEN Scandinavia	1	3
PRECIA MOLEN Brazil	1	3
PRECIA MOLEN CZ	0	3
PRECIA MOLEN INC	1	0
TOTAL	**195**	**986**

ENTITY	<26	26 - 44	>44
PRECIA S.A.	17	119	162
PRECIA MOLEN SERVICE	21	178	200
PRECIA MOLEN India	23	76	8
PRECIA MOLEN UK	2	12	41
PRECIA MOLEN Nederland UK	1	16	37
CAPI CI	1	25	20
PRECIA MOLEN Maroc	6	23	3
PRECIA MOLEN Ireland	5	13	11
PRECIA MOLEN Belgium	3	8	16
PRECIA Polska	-	20	3
KASPO LAB	-	19	3
WEIGHPAC	2	5	8
PRECIA MOLEN South Australia	3	4	8
PRECIA MOLEN Australia	-	8	2
PRECIA MOLEN Asia Pacific	2	5	2
VAHOSERVIS	1	4	2
ROWECON	2	-	5
CAPI BF	1	3	2
J&S WEIGHING SOLUTIONS	-	3	2
PRECIA MOLEN Scandinavia	1	1	2
PRECIA MOLEN Brazil	-	2	2
PRECIA MOLEN CZ	-	2	1
PRECIA MOLEN Ningbo	-	3	-
PRECIA MOLEN INC	1	-	-
TOTAL	**92**	**549**	**540**

At PRECIA MOLEN Group level, 174 people were employed over the period, mainly in France (92 out of 174). These new recruitments correspond to direct recruitment by existing structures and the integration of new companies and subsidiaries into the Precia Molen Group in 2018.

13 redundancies were recorded during the year.

In 2018, total remuneration in the PRECIA MOLEN Group amounted to €56,933 k. This figure includes total payroll as well as company profit sharing plans.

PRECIA SA's total payroll for 2018 increased to €17,618 k against €15,834 k in 2017.

8.2 WORKING TIME ORGANISATION

PRECIA Group's organisation of working time is intended to establish an efficient, competitive, and responsive industrial and commercial organisation while meeting employee expectations and complying with current regulations.

As such, working time organisation can vary according to manufacturing and market conditions and be adapted to local regulatory requirements.

Absenteeism remains a major concern for the PRECIA Group since it can disrupt production and service scheduling and consequently the quality of our customer service.

Absenteeism across the PRECIA Group is about 6 days per person per year.

8.3 LABOUR RELATIONS

Precia Molen Group companies endeavour to maintain relationships with employees and their representative bodies where they exist, in accordance with local requirements and undertake to comply with all mandatory procedures for providing information to employees and their representatives.

The various lines of thought and negotiation over the past year have focused on collective and individual remuneration as well as health and safety conditions.

Collective agreements or action plans can be concluded locally. Current collective agreements or action plans relate to the duration of working time, gender equality, profit-sharing and incentive schemes, employee savings plans (PEE PERCO), a mileage allowance for employees who cycle to work, and health insurance.

8.4 HEALTH AND SAFETY

With respect to health and safety at work, the PRECIA Group implements the organisation and resources to provide appropriate working and safety conditions for its employees. Special organisations and resources are in place on sites which pose the greatest risks (production sites, customer sites requiring health and safety (MASE) certification).

This entails identifying risk situations then implementing means to reduce the risk (material resources, training, working instructions).

The PRECIA Group also has numerous employees who regularly travel to its customers' sites. As such, these employees are provided with safety training to allow them to carry out technical operations safely.

There are currently no collective agreements to supplement this organisation with regard to safety and health at work.

The frequency and severity of occupational accidents are calculated at PRECIA Group level. These almost exclusively concern companies with production and service activities in France.

Severity rate	1.18
Frequency rate	19.25
Number of occupational diseases	4

8.5 TRAINING

Training initiatives covered knowledge of Precia Molen products, management techniques, use of IT tools, industrial production techniques, and health and safety at work.

At Group level, 14 993 hours of training were provided in 2018, 32 % of which was on safety and the environment.

8.6 EQUAL TREATMENT

Further to negotiations with employee representatives on gender equality, several concrete actions have been implemented regarding:

- recruitment;
- equal pay and internal promotion;
- work-life balance.

In addition, PRECIA SA has signed the Ardèche Club Entreprise et Handicap's charter (Business and Disability Club).

Furthermore, part of the manufacture of the new Ci5 and Ci20 products has been entrusted to a facility that enables disabled workers to continue their career. As such, the PRECIA MOLEN Group means to demonstrate its commitment to a greater awareness of disability in society by supporting values such as trust, cooperation, and solidarity.

8.7 PROMOTING AND COMPLYING WITH THE PROVISIONS OF FUNDAMENTAL INTERNATIONAL LABOUR ORGANISATION CONVENTIONS

The core principles of workers' rights are based on the highest international standards, such as those of the International Labour Organisation (ILO) which provide the foundation for local human resource management policies.

Each Precia Molen Group entity independently works on these issues.

9 | ENVIRONMENTAL INFORMATION

9.1 GENERAL ENVIRONMENTAL POLICY

Production sites are responsible for a most environmental pollution. The PRECIA MOLEN Group's largest production facilities belong to the parent company PRECIA SA. PRECIA SA has a proactive approach to protecting the environment. Implementation of means to meet legal requirements and applicable standards, implementation of effective control procedures, and sustainable improvement of performance through targeted actions are some of the actions taken to reduce the company's environmental impact.

Means have been provided to avoid environmental risks and pollution. These are technical (use of safety equipment, integration of risk control measures in the design of equipment and installations, management of a regrouping and waste safety zone), organisational (field visits, audits, improvement actions), and human (safety and environmental training, awareness of waste sorting, communication of good practices).

The PRECIA Group's production activities are the principal source of its environmental risks. To cover the cost of these risks, PRECIA SA's production site, which is the Group's main production site, has specific insurance cover which is valid for all its activities.

9.2 POLLUTION AND WASTE MANAGEMENT

In order to prevent and reduce air, water, and soil emissions, special attention is paid to pollutant capture equipment (selection of equipment, maintenance schedule), machine tool maintenance, and the use of more environmentally friendly equipment.

Waste emissions are mainly generated by PRECIA SA which is in charge of product manufacture. PRECIA SA generates almost all waste emitted by the companies the waste emissions of which are consolidated. The quantities of waste emitted by the other environmentally consolidated entities could not be consolidated (lack of reliable data).

For PRECIA SA, waste emissions and the proportion recovered (by weight) are measured annually. Significant efforts have been made in recent years to achieve a consistently high level of recovery for all waste from PRECIA SA's activities. However, the waste recovery rate for this entity is down in 2018 due to site renovation works that have generated a large quantity of non-recoverable waste.

PRECIA SA's waste recovery rate is therefore 79 % for 2018. The quantity of OIW (Ordinary Industrial Waste) is 65 tonnes for a total quantity of waste of 518 tonnes.

In order to control the environmental impact of the material used and waste generated by its activity, PRECIA SA focuses its efforts on implementing good practices the storage and use of chemicals as well as the separation and recovery of waste.

Waste is collected at various production locations in specially designed containers. Waste is grouped according to its category and sent to appropriate treatment channels that comply with the relevant regulations.

PRECIA SA pays particular attention to the selection of waste treatment channels in order to achieve a high level of recovery.

PRECIA SA also seeks to use local service providers for the collection, treatment, and recovery of certain types of waste in order to reduce the environmental impact associated with transport.

PRECIA SA's production sites are the main sources of environmental pollution (sound and visual). Special attention is paid to this issue in order to limit the impact of industrial activity on the local population and the stakeholders near the company's sites. To achieve this objective, technical (sound insulation) and organisational (operating schedules) measures have been implemented.

The PRECIA MOLEN Group does not have an in-house catering service and is therefore not directly involved in fight against food waste. However, a product has been developed to allow its customers to combat food waste by selectively weighing waste from the catering industry.

9.3 SUSTAINABLE USE OF RESOURCES

The implementation of programmes intended to allow sustainable use of resources is a line of work of the PRECIA Group because it makes it possible to reconcile a set of varied and important objectives, such as respect for the environment (global and local), reduction of costs, and teamwork on structuring projects that can relate to raw materials and energy.

For example, on production sites special attention is paid to reducing the quantities of discarded materials and increasing the proportion of waste recovered.

Year 2018	
Water (m^3)	7,635
Electricity (Kwh)	2,468,371
Fuel (L)	2,009,032
Combustible gas (kWh LVH)	1,647,201

N.B. The consolidation of water and electricity consumption for the Precia Molen Service offices is limited to the available data. For some offices, water consumption is included in rental charges and hence cannot be quantified (21 offices out of 59). This is also the case for electricity consumption (4 offices out of 59).

The environmental data presented in the table above relate to the environmentally consolidated entities (Precia SA, Precia Molen Service, Precia Molen UK, Precia Molen NL, Precia Molen Maroc, and Precia Molen India).

Most of the energy is consumed by PRECIA SA and PRECIA MOLEN SERVICE (85 % of electricity, 91 % of Fuels and Fuel Oil, and 57 % of Gas). These two entities also account for 80 % of water consumption on environmentally consolidated sites.

The PRECIA MOLEN Group's activities do not involve the use of land, other than the use of surface area required for administration or production buildings. In these cases, urban planning and environmental protection regulations are included in the design and planning of construction projects.

9.4 CLIMATE CHANGE

The PRECIA MOLEN Group's direct activities are not exposed to the consequences of climate change and do not have a significant impact on biodiversity.

Nevertheless, the PRECIA MOLEN Group is mindful of its greenhouse gas emissions. The main sources of GHG emissions are the production of heat (heating of buildings), the operation of industrial facilities, and use of the vehicle fleet by PRECIA SA and PRECIA MOLEN SERVICE. Emission sources are regularly monitored and controlled.

A balance of CO2 emissions is produced for the PRECIA MOLEN Group's activities that have been environmentally consolidated (see section 2). This applies to operations in France, Holland, India, and Morocco. The energy sources involved in this energy balance are electricity (process, lighting, heating, air conditioning), fuel (for vehicles and machinery), and gas (heating and process). Data on operations in the UK could not be included in this balance (no data).

Year 2018	
CO^2 emissions (tonnes)	6,585

Calculated using the Bilan Carbone ® v8.1 method

A life cycle analysis of one of the products in the range was carried out in 2018 to identify its potential impact on the environment and to deepen our knowledge on this subject.

10 | INFORMATION ON COMPANY COMMITMENTS TO SUSTAINABLE DEVELOPMENT

10.1 REGIONAL, ECONOMIC AND SOCIAL IMPACT OF THE BUSINESS: THE GROUP AND ITS SOCIAL FABRIC

Within the PRECIA Group, PRECIA SA supports the values of sport, such as team spirit and solidarity, as well as effort and reward. This support is illustrated by its involvement in various sporting events such as the Ardèche cycling event or women's sports events, such as the Angel Mud Race.
PRECIA SA also supports Privas's theatre, and the company and the theatre share many common values: creativity, community spirit, and an openness to the world.
Training professionals in the weighing industry is very important to PRECIA SA, one of the world leaders in this field and the leading French manufacturer of weighing instruments. For example, PRECIA SA supports numerous technical colleges and post-baccalaureate schools through the payment of apprenticeship tax and sponsorship programmes.
PRECIA SA has also opted for short supply chains for both its subcontractors and its raw materials and goods. For example, in 2012, the company internalised the production of certain electronic weighing instruments which were previously manufactured in Asia. This internalisation was made possible by streamlining the product range and carrying out a detailed value analysis.
PRECIA SA also invested in the construction of a new production building this year to strengthen the company's ability to meet its customers' needs, as well as the construction of a company restaurant for employees.
The wood waste from PRECIA SA's activity is collected by a company which converts it into pellets to fuel wood boilers.
PRECIA SA is a major stakeholder in its original economic region to which it has a strong and long-term commitment, notably through investments in production means.

10.2 SUB-CONTRACTORS AND SUPPLIERS

PRECIA SA occasionally uses subcontractors for partial or complete mechanical parts and certain machine installations. In most cases, a speciality, capacity to supplement available means of production, and premises for service provision can be subcontracted. This primarily concerns production sites.
PRECIA SA's relative importance to its subcontractors is limited. We have developed very harmonious business relationships with our subcontractors.
Most subcontractors are chosen locally to ensure that the social and environmental standards they are required to meet are at least equivalent to those of the production sites based in France.

10.3 FAIR TRADE PRACTICES

The PRECIA Group is committed to strict compliance with the law and regulations in its operations. In this respect, the fight against corruption, respect of trade embargoes, and the fight against tax havens are invariably part of its commercial action, especially on its international markets.
In designing its products, the PRECIA Group takes into account regulatory requirements related to the health and safety of end users in order to offer high-performance and safe products to its customers.

10.4 OTHER MEASURES TAKEN TO PROMOTE HUMAN RIGHTS

The Precia Group has not taken any additional actions regarding Human Rights.

11 | RISK FACTORS

11.1 RISKS RELATED TO MARKET CONDITIONS

We operate in a highly competitive sector. The company's market position is influenced by several factors, including its ability to innovate, its commercial range of comprehensive solutions, the quality of its products, its control over supplies, and the organisation of its sales and service networks.

Regulatory obligations are a specific feature of our profession and include Legal Metrology and regulations for products installed in hazardous areas (ATEX) to which we adhere through the implementation of our Quality System, which is subject to regular audits and certifications by authorised bodies.

The company understands the importance of computerised data management and has been particularly vigilant with regard to the security of its systems.

11.2 RISKS RELATED TO THE FINANCIAL ENVIRONMENT

The Group is exposed to credit, liquidity, and market risks, but to a modest extent; as such, the Group makes limited use of financial instruments to reduce its exposure.

As with any commercial company, the Group is exposed to customer risks which mainly involve the risk of non-payment by its customers and a more cyclical risk of customer concentration. The company has some key account customers with a low risk of non-recovery. The largest customer accounted for 2.3 % of sales in 2018 (2.2 % in 2017). The top ten customers account for approximately 6.5 % of sales (7.7 % in 2017). In addition, sales of equipment are covered by a retention of title clause. Past losses on customer receivables show no significant impact.

Regarding interest rates, Group policy generally favours fixed-rate loans (98 % of the Group's loans are at a fixed rate or floating swap rate).

The Group has very limited exposure to foreign exchange risks and uses futures contracts in case of significant risks. As at 31 December 2018, the fair market value of a futures currency sales contract (GBP and PLN) with a total nominal value of €2 202 k is +€80 k.

11.3 LIQUIDITY AND CASH FLOW RISKS

Liquidity risk relates to the Group's financial capacity to meet its commitments when they mature. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to pay its debts when due, under normal or "adverse " conditions, without suffering unacceptable losses or damaging the Group's reputation. Market risk refers to the risk of changes in interest rates and exchange rates.

The risk of being unable to honour its financial commitments is low; it is also subject to periodic evaluation by the Banque de France, which assigns us a probability of default within three years of 0.2 %, to be compared with the overall industry rate of 4.5 %.

11.4 FINANCIAL RISKS RELATED TO THE EFFECTS OF CLIMATE CHANGE

The exposure to financial risks related to short and medium-term climate change is low.

11.5 INSURANCE

The company insures its activities through a specialist broker under conditions that comply with industry standards.

12 | OTHER INFORMATION

12.1 SOMPTUAIRY EXPENSES

These expenses amounted to €103 k in 2018.

12.2 MAIN SHAREHOLDERS

In accordance with the law, we inform you that your company has the following main shareholders.

	Equity interests	Voting rights
ESCHARAVIL Group S.A.	33.33 - 50 %	50 - 66.67 %
ESCHARAVIL Family	0 - 5 %	5 - 10 %
Escharavil MC	5 - 10 %	5 - 10 %
Lazard Frères Gestion SAS	5 - 10 %	0 - 5 %
Invesco Advisers,Inc.	5 - 10 %	0 - 5 %
TOTAL NUMBER OF VOTING RIGHTS		831,958

There was no significant change in capital ownership during the financial year.

12.3 PRECIA S.A. SHARES HELD BY THE COMPANY

As at 31/12/2018, PRECIA SA held 32 663 of its own shares, representing 5.7 % of the capital for a total acquisition cost of €3 154 k; market value at year-end was €5.5 million.

12.4 INVENTORY OF MARKETABLE SECURITIES

As at 31/12/2018, PRECIA and PRECIA MOLEN SERVICE held no marketable securities. Short-term liquidity investments are made in the form of Term Deposits and Term Accounts (D.A.T & C.A.T.) with major French banking institutions but also in the form of interest-bearing current accounts.

12.5 CUSTOMER PAYMENT TIMES

As at 31/12/2018, the maturity breakdown of PRECIA SA's customer balance was as follows: (€k)

TOTAL	17,688
Due in 91 days or more	250
Due in 61 to 90 days	316
Due in 31 to 60 days	3,914
Due in 1 to 30 days	4,931
0 to 30 days overdue	2,158
31 to 60 days overdue	769
61 to 90 days overdue	589
> 90 days overdue	4,760

The total of late payments is €8,276 k, tax included or 15.3 % of turnover, excluding tax, and represents a total of 3,707 invoices, of which:

- 1,252 invoices that are 0 to 30 days overdue
- 429 invoices that are 31 to 60 days overdue
- 268 invoices that are 61 to 89 days overdue
- 1,758 invoices that are over 90 days overdue

The payment deadline used is that indicated on the invoices.

12.6 SUPPLIER PAYMENT TIMES

As at 31/12/2018, the maturity breakdown of PRECIA SA's supplier balance was as follows. (€k)

TOTAL	6,840
91 days or more overdue	396
61 to 90 days overdue	21
31 to 60 days overdue	107
1 to 30 days overdue	288
Overdue on 31/12/2018	117
Due in 1 to 30 days	2,955
Due in 31 to 60 days	1,947
Due in 61 to 90 days	223
Due in 91 days or more	786

The total of late payments is €930 k, tax included, representing 2.5 % of purchases tax included, and represents a total of 447 invoices, of which:

- 164 invoices that are 91 days or more overdue
- 23 invoices that are 61 to 90 days overdue
- 63 invoices that are 31 to 60 days overdue
- 158 invoices that are 1 to 30 days overdue
- 39 invoices that are overdue on 31/12/2018

The payment deadline used is that indicated on the invoices.

12.7 EMPLOYEE EQUITY INTERESTS

As at 31/12/2018 employee equity interests under a collective management agreement represented 2.8 %.

12.8 INFORMATION CONCERNING TRANSACTIONS CARRIED OUT BY SENIOR EXECUTIVES AND THEIR RELATIVES ON THE COMPANY'S SHARES OVER THE PAST YEAR

Over the course of the past year, executive managers and their relatives did not carry out any of the following transactions on the company's shares: acquisition, transfer, subscription, exchange, transactions carried out on the shares through futures.

12.9 INFORMATION REGARDING INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

Internal control is a procedure implemented by Management to provide reasonable assurance that the following objectives are achieved:

- compliance with current laws and regulations;
- implementation of the Board of Directors's decisions;
- reliability of financial information.

In accordance with Article L. 225-100-3, the capital structure is disclosed in the management report.

The organisation of internal control within our Group is based on:

- clear definition of objectives;
- control of documentation;
- coherent organisation;
- a supervision and improvement process.

An assessment of the risks related to our activity was also added to this process. We identified six main types of risk:

- industrial risks
- technological risk
- supplier risk
- raw material risk
- customer risk
- IT risk

12.9.1 Industrial risks

The Director and the Quality-Safety-Environment Manager are responsible for assessing these risks and defining and implementing the most appropriate preventive actions.

Our prevention process, recorded in a controlled documentary system, involves all employees.

Fire risk

The nature of our activities and our premises are not particularly susceptible to fire risks. First, our sales offices are small premises, and the industrial sites of Privas and Veyras are made up of several dispersed buildings. By its nature, this dispersal contributes to a low fire risk.

Preventive measures are nevertheless taken.

For the industrial sites of Veyras and Privas:

- flammable products are stored in an independent and adapted building on the Veyras site. This building is equipped with an automatic fire extinguishing system.
- special Industrial Waste, including flammable waste, is stored in a covered area reserved for this purpose and having a protected containment system;
- sensitive premises have a detection and automatic alert system. An on-call service has been organised to respond to alerts from this system;
- the quantity of flammable products in the workshops is reduced to the minimum compatible with production requirements;.
- the fire extinguishing system is Q4 certified dated 29 March 2012 from the APSAD (plenary assembly of damage insurance companies). Fire extinguishers are inspected regularly by company employees and by a certified organisation;
- hot work permits are compulsory for all relevant operations;
- training sessions on the use of fire extinguishers are provided.

For all sites:
- fire extinguisher systems comply with the requirements of the French Labour Code and are inspected by a certified organisation every year;
- electrical installations are inspected annually. Actions following this inspection are scheduled and monitored.

Environmental risks and impacts
Regarding the environment, PRECIA is subject to the reporting regime. The environmental impact of our industrial activities remains low.

Hazardous products and waste are stored in a place designed for this purpose which includes containment equipment. Waste is collected by a service provider which complies with the regulatory requirements relating to its transport and disposal.

PRECIA takes measures to limits its energy consumption and, in particular, hydrocarbons. The Veyras industrial site is equipped with a centralised heating and air conditioning management system. This system allows us to reduce the consumption of electricity and fuel oil.

Changes in manufacturing processes take environmental issues into account including the energy consumption of equipment. The extraction of natural resources, including water, is also the focus of attention. Technical actions to reduce water consumption have been taken in recent years.

Health and safety risks for employees
Our occupational health and safety policy includes:

- Risk assessment:
  The risk assessment, compiled in a document for each site, is carried out and revised annually for each sales office and production site.
- Awareness and training:
  Awareness-raising initiatives are carried out in response to changes in regulations, the implementation of new working methods, situations encountered in workshops, and based on the annual risk prevention programme.
  Mandatory safety training is provided. Fork-lift drivers, mobile lifting platforms users, and employees working on electrical installations receive appropriate training. We also provide training on the use of fire extinguishers and on internal technical safety inspections. We have trained Workplace First Aiders. Additional training is provided as necessary.
- Promote the principle of collective protection:
  Air pollutant extraction devices are regularly inspected. They particularly relate to welding, painting, and concrete pouring activities.
- Substitution of hazardous products by less hazardous products:
  Although our company uses few hazardous products, we assess the chemical risk. Further to this assessment, we have substituted some of our products. Consequently, the most hazardous products (CMR products) cannot be used for activities carried out by PRECIA.
- Provide the most suitable Personal Protection Equipment:
  Personal protective equipment, such as work clothing, safety shoes, gloves, helmets, face and respiratory protection, and hearing protection must be worn at workstations.
- Ensure the suitability and maintenance of work equipment:
  On our Privas and Veyras sites, preventive maintenance is carried out on all equipment and facilities. Electrical installations, lifting and handling equipment, and accessories are regularly inspected.
- Provision of instructions and rules:
  On our production sites, internal rules of procedure and instructions regarding work accidents, smoking bans, the use of personal protective equipment, etc. are posted.

12.9.2 Technological risk

Regulatory risk is linked to our activity.
PRECIA's products are subject to two specific regulations: Legal Metrology (LM) regulations and the regulations relating to products installed in hazardous areas (ATEX).

In order to prevent the risks related to these regulations, PRECIA implemented the following measures:
- Implementation of the Quality Management System certified by Veritas, AFAQ (or equivalent organisations for foreign subsidiaries), and two organisations certified by the French government: LNE for Legal Metrology and LCIE for Explosive Atmospheres (ATEX).
- Appointment of two experts (one in each field) whose role is to maintain the level of knowledge required in these fields to design, manufacture, sell and test, or repair, if necessary, products that comply with these regulations.

- Qualification of specialised personnel (as well as the monitoring of their qualification) in certain tasks related to these regulations. These qualifications are subject to formal procedures:
    - Qualified auditors (LM)
    - Qualified repairers (LM) via PRECIA Molen Service
    - ATEX operators
- The inspection or calibration of measuring, monitoring, and inspection equipment affected by the regulations is guaranteed. The control weights, instruments for measuring electricity, length, etc. are periodically calibrated in COFRAC-certified laboratories.
- Documents relating to products subject to these regulations are backed up.

12.9.3 Supplier risk

Supplier risk is controlled.
We have a sufficient number of suppliers managed by the Purchasing Department. Our arrangements ensure that a defaulting supplier can be quickly replaced.

All suppliers are assessed twice a year on their ability to provide the service or product requested. This assessment is formalised in a procedure.

Some products are developed by our suppliers according to our specifications. We have a comprehensive file on these products which allows us to change suppliers quickly, if necessary.

12.9.4 Raw material risk

The weighing instruments we manufacture and sell are made from steel, plastic, and electronic components. These various components are subject to fluctuations in costs.

In order to manage material risk, cost and availability are monitored under the supervision of the Production and Purchasing Director, who may decide on precautionary storage measures.

12.9.5 Customer risk

Customer risk is also fairly low, given the spread of our customers: none of our customers exceeds 5 % of our sales.

12.9.6 IT risk

Hardware risk is reduced by two factors:
- IT equipment is from certified professional equipment sources;
- IT equipment is covered by appropriate maintenance contracts.

Software risk is minimised by the fact that only the IT Department is authorised to purchase, test, install, and update software. The source codes of software packages and their operating licences are stored securely by the IT Department.

Data risk:
- All IT resources are networked architectures.
- Data is centralised and secured. Backups are created in accordance with our Computer data control procedure.
- The organisation and the technical means implemented ensure a high level of security of our computer system.
- The identification of our main risks is supplemented by an analysis of the potential consequences and of steps taken to reduce our exposure.
- Risk management and monitoring are integrated in our Quality Management System.
- Awareness-raising, training (including qualification), and regulatory monitoring initiatives are regularly carried out.

However, we are aware that internal control is not an absolute guarantee against every malfunction.

13 | INTERNAL CONTROL PROCEDURES FOR THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION:

Financial Information is published under the control of the Chairman of the Board of Directors and may be in the form of press releases, management reports, annual or interim financial statements, or annual financial report.

13.1 THE GROUP'S ACCOUNTING STRUCTURE

The Finance and Administration Department is responsible for the preparation and auditing of the Group's accounting and financial data.

- it produces the Group's consolidated accounts and PRECIA SA's corporate accounts in compliance with legal deadlines;
- it manages the budgeting and forecasting process;

- it produces monthly management reports, while coordinating the various entities;
- it is in charge of accounting procedures and information systems.

Each subsidiary has its own accounting organisation tailored to its organisation; the main subsidiaries use an integrated information system. The consolidated accounts are prepared internally using specialist software under the supervision of the Finance Department.

13.2 ACCOUNTING REPORTING

All Group entities are involved in the annual budget process. Reporting frequency is monthly, and all subsidiaries are subject to regular operational reviews.

The company accounts of the main subsidiaries and the related information used for the interim and annual consolidations are certified by local external auditors. In addition, the directors of each subsidiary sign a letter of declaration every six months, for the auditors' attention, if any, binding them to full transparency.

13.3 THE GROUP'S ACCOUNTING STANDARDS AND METHODS

The Group prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).

Any change in accounting policies is approved in advance by the statutory auditors.

13.4 INTERIM ACCOUNTS SCHEDULE

To ensure the best possible coordination of the interim financial statements, the Group issues audit instructions, which include the Group consolidation procedure and the schedule for reporting the required information.

As part of their legal duties, the Statutory Auditors conduct a limited review every six months at the end of June and a full audit of the year-end financial statements. They thus provide an external assessment framework that complements the internal control process; the implementation of their recommendations is monitored by the Finance and Administration Department.

14 | OUTLOOK FOR THE FUTURE

The Group's order backlog had significantly increased in early 2019 despite the absence of a recent significant acquisition. As a result, the Group will continue to grow with turnover expected to exceed the target initially set at €135 million for 2019 and already exceeding the 2020 target set in the Group business plan.

The Group is also continuing to overhaul its computerised management systems with the international roll-out of its global ERP system.

Against the backdrop of low interest rates and with an improvement in its gross cash position, the Group remains very interested in external growth opportunities in services, new products, and development in new geographical areas.

Although the economic environment remains uncertain, with the potential for cyclical crises, 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 | STATEMENT

I certify that, to the best of my knowledge, the financial statements have been prepared in accordance with 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 appended management 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 describes the main risks and uncertainties they have encountered.

Prepared in Privas, 12 April 2019

Chairman of the Board of Directors
René COLOMBEL

COMPOSITION
of the Board

MANAGEMENT

Madame Anne-Marie ESCHARAVIL Member and Chairwoman of the Supervisory Board	Chairwoman of S.A.S. BERGEROUX and LA FINANCIERE DE BENAT Chairwoman and member of the Executive Board of the S.A. Groupe ESCHARAVIL Member of the Executive Board of the S.A. LUC ESCHARAVIL
Madame Alice ESCHARAVIL Member of the Supervisory Board	Chairwoman and member of the Supervisory Board of S.A. Groupe ESCHARAVIL Member of the Board of Directors of S.A. LUC ESCHARAVIL
Madame Marie-Christine ESCHARAVIL Member of the Supervisory Board	Member and deputy chairwoman of the Supervisory Board of SA GROUPE ESCHARAVIL up to the General Shareholders' Meeting on 30 August 2018
Monsieur Luc ESCHARAVIL Member and Deputy Chairman of the Supervisory Board	Member of the Board of Directors - Chairman and Managing Director of SA LUC ESCHARAVIL Chairman of S.A.S. RAFFIN Member of the Board of Directors and Managing Director of SA GROUPE ESCHARAVIL

Monsieur Georges FARVACQUE
Permanent representative of the company FIDUCIAIRE DE CONTROLE ET DE GESTION DE PATRIMOINE which is a member of the Supervisory Board

Monsieur François THINARD
Member of the Supervisory Board

Monsieur René COLOMBEL Chairman and member of the Board of Directors	Chairman of S.A.S. PRECIA MOLEN SERVICE Chairman of S.A.S. JAC'PESAGE up to the General Shareholders' Meeting on 3 December 2018 Member of the Management Committee of MOLEN B.V., PRECIA MOLEN UK Ltd, PRECIA MOLEN SCANDINAVIA A.S., PRECIA MOLEN (IRL) Ltd, and PRECIA MOLEN INDIA Ltd Member of the Board of Directors of MOLEN BELGIUM B.V. Co-manager of PRECIA MOLEN MAROC SARL Director of Precia Molen Australia Pty Ltd and Weighpac Ltd and Precia Molen Servicos de Pesagem Ltda Member of the Board of Directors of CAPI SA
Monsieur Jacques RAVEL Member of the Supervisory Board	Head of the Audit Committee Independent member of the board of directors

SITUATION OF THE TERMS OF THE MEMBERS OF THE SUPERVISORY BOARD
Georges FARVACQUE's term will end at the end of the Ordinary General Shareholders' Meeting on 26 June 2019.

INFORMATION CONCERNING TRANSACTIONS CARRIED OUT BY SENIOR EXECUTIVES AND THEIR RELATIVES ON THE COMPANY'S SHARES OVER THE PAST YEAR
Over the course of the past year, the executive managers and their relatives did not carry out any of the following transactions on the company's shares: acquisition, transfer, subscription, exchange, transactions carried out on the shares through futures.

REGULATED AGREEMENTS
The list of the current regulated agreements are as follows:
- financial and technical support under an existing contract through a guarantee of €600 k in favour of Precia Molen Maroc SARL;
- loan of €46 k to Precia Molen Maroc SARL;
- loan of €334 k to Precia Molen (IRL) Ltd;
- promotion and management agreement with Groupe Escharavil SA that gave rise to €384 k in services.

SUPERVISORY BOARD'S COMMENTS ON THE BOARD OF DIRECTORS'S MANAGEMENT REPORT AND THE ANNUAL ACCOUNTS FOR THE YEAR
Please note that the annual financial statements for the year ended 31 December 2018 and the management report were sent to the Supervisory Board in compliance with legal and regulatory deadlines.
Furthermore, the Supervisory Board acknowledges having read the consolidated financial statements.
In view of the foregoing, we have no particular comments to make both as regards the Board of Directors's management report and the financial statements for the year ended 31 December 2018.

COMPOSITION
of the Board

MIDDLENEXT GOVERNANCE CODE

The Supervisory Board, in its meeting on 5 April 2018, decided to refer to the middlenext Corporate Governance Code, as amended in September 2016.
This code may be consulted at the Company's head office.
To date, the Supervisory Board has not decided to waive the provisions of this code, which appeared to be more in keeping with the size of the company and its governance.

TABLE OF DELEGATIONS

Delegations regarding capital increase:
There are no delegations regarding capital increase.

Delegation of authority and power:
In accordance with the company's Articles of Association, the company's management is entrusted to the Board of Directors, under the Supervisory Board's control and within the limits set by the Articles of Association, particularly in terms of external growth and property acquisition.
In addition, the Board of Directors relies on a management team composed of Precia SA's senior executives and the managing directors of the various subsidiaries constituting the group.
It is specified that the Ordinary General Shareholders Meeting on 22 June 2018 granted a delegation for the purchase of equity for a maximum amount of 10 million euros within the limit of 10 % of the capital, namely 57 330 shares, for a period of 18 months from the holding of the meeting, the details of which are provided with the minutes of the said General Shareholders' Meeting, available at the company's head office.

SPECIFIC TERMS AND CONDITIONS OF SHAREHOLDER PARTICIPATION IN THE GENERAL SHAREHOLDERS' MEETING

The terms and conditions of shareholder participation in General Shareholder Meetings are detailed in the Precia SA's Articles of Association, which are available at the company's head office on request.

REMUNERATION AND BENEFITS-IN-KIND OF CORPORATE OFFICERS UNDER THEIR TERMS OF OFFICE

Anne-Marie Escharavil
For her role as corporate officer carried on in Groupe Escharavil SA, Anne-Marie Escharavil receives a gross remuneration of 70 020 euros per year.

Jacques Ravel
For his role as corporate officer carried on in Precia SA, Jacques Ravel issues an annual invoice for €6 000.

René Colombel
For his role as corporate officer carried on in Precia SA, René Colombel receives gross remuneration of €16 800 per year. It should further be noted that the terms of office held by René Colombel in the subsidiaries are not remunerated.

This remuneration and benefits were decided by the competent bodies at the time of the appointment and term renewal of each corporate officer concerned, and this with regard to the term of office entrusted within the company and in line with the company's place within the Group.

COMMITMENTS OF ANY KIND

Apart from the commitments mentioned in the consolidated and individual financial statements of the company, there are no other commitments.

WORK OF THE SUPERVISORY BOARD

The Supervisory Board met four times during the financial year on 5 April 2018, 22 June 2018, 25 September 2018, and 3 December 2018.

The Supervisory Board carried out the following work.

5 April 2018

- Review of annual accounts for the year ended 31 December 2017.
- Review of the Board of Directors' management report.
- Deliberation on company policy regarding gender equality at work and equal pay.
- Review of regulated agreements.
- Preparation of the report containing the Supervisory Board's observations.
- Preparation of the corporate governance report
- Loans and other investments, presentations and authorisations to be granted.
- Other issues.

22 June 2018	- Distribution of attendance fees, - Other issues.
25 September 2018	- Review of the interim financial statements from 1 January to 30 June 2018 and the interim - Business report prepared by the Board of Directors. - Update on acquisitions made during the year. - Update on the oodrive presentation. - JAC'PESAGE merger. - Authorisations to grant. - Other issues.
3 December 2018	- Australia - Acquisition project in progress - Malaysia - bond authorisation to grant and changes to bonds in progress. - Other issues.

ITEMS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A TAKEOVER BID

To the knowledge of the members of the Supervisory Board, in addition to the provisions of the company's Articles of Association and all regulations and legislation relating to the company in its current form, and taking into account the shareholding structure and voting rights, there are currently no items likely to have an impact in the event of a takeover bid.

AUDITOR'S REPORT ON THIS REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L. 226-10-1 OF THE FRENCH COMMERCIAL CODE

The Auditors will submit a report on the Corporate Governance report presented to you.

ADVERTISING

This report is made available to the public.

REPORT OF THE SUPERVISORY BOARD
at the General Meeting of June 26, 2019

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 December 31, 2018 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 December 31, 2018 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 December 31, 2018.

Anne-Marie ESCHARAVIL
Chairperson of the Supervisory Board

CONSOLIDATED FINANCIAL STATEMENTS

ANNUAL FINANCIAL REPORT 2018

PRECIA MOLEN GROUP CONSOLIDATED FINANCIAL STATEMENTS

AUDITOR'S REPORT
on the consolidated accounts

year ended 31 December 2018

In compliance with the assignment your general shareholders' meeting entrusted to us, we audited PRECIA SA's consolidated financial statements for the financial year ended 31 December 2018, as appended to this report.

We certify that the consolidated financial accounts are, prepared in accordance with the International Accounting Standards (IFRS) as adopted by the European Union, are fair and accurate and give an accurate view of the results of the transactions for the year and the financial position and assets, as at the end of the year, of all of the persons and entities within the scope of consolidation.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

1 | BASIS OF OPINION

Audit standard
We conducted our audit in accordance with the professional standards applicable in France. We believe that the elements we have collected are sufficient and appropriate to form a basis for our opinion.
Our responsibilities under these standards are set out in the 'Auditor's responsibilities for the audit of the consolidated accounts' section of this report.

Independence
We carried out our audit assignment in accordance with the independence rules applicable to us, between 1 January 2018 and the date of issue of our report, and, in particular, we did not provide any services prohibited by Article 5(1) of EU regulation 537/2014 or by the code of ethics of the auditing profession.

In addition, the services other than certification of accounts we provided to your company and the entities it controls during the financial year that are not mentioned in the management report or the appendix to the consolidated financial statements are the following:
- agreed procedures on the 2017 annual accounts of the Irish subsidiary;
- agreed procedures on the 2017 annual accounts of the Ivory Coast subsidiary.

2 | OBSERVATION

Without calling the opinion expressed above into question, we draw your attention to the following point in the note VI First application of IFRS 16 in the notes to the consolidated financial statements concerning the application of IFRS 16 on leases.

3 | GROUNDS FOR ASSESSMENT - KEY AUDIT POINTS

In application of the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the grounds for our assessment, we draw your attention key audit points regarding the risk of material misstatements which, in our professional opinion, were the most important in the audit of the year's consolidated accounts as well as how we have addressed these risks.
The appraisals are based on our audit of the consolidated accounts, taken as a whole, and the forming of our opinion expressed in the first part of this report. We do not express an opinion on the items of the consolidated accounts taken separately.

Changes to goodwill impairment testing methods: allocation to a group of CGUs
The explanatory notes on goodwill in the financial statements are as follows: 1.3.1 Business combinations and goodwill, 1.5.2 Goodwill and indefinite-life intangible assets, and 2.1.1 Goodwill.

4 | IDENTIFIED RISK

As part of its development, the group conducted targeted external growth transactions and recognised several goodwills. These goodwills correspond to the difference between the price paid and the fair value of the assets and liabilities acquired. Each goodwill is allocated to a cash-generating unit (CGU) or a group of CGUs.

The Management ensures, at the closing of each financial year, that the book value of goodwill shown on the consolidated balance sheet in an amount of 18.4 million euros are not higher than their recoverable value and do not present an impairment risk. An impairment risk deemed final will lead to the recognition of depreciation of the goodwills concerned.

Goodwill allocation to CGUs changed in 2018. They are now tested in two groups of CGUs and no longer at the 18 individual CGUs:
- A group (€17.5 million in goodwill) of CGUs linked by the marketing of the same products under the same brand, monitored jointly by the operational decision-maker and benefiting from the group's services,
- the other group (€0.9 million in goodwill) of CGUs linked by the marketing of products that are not those of the Precia brand.

The criteria for grouping CGUs for the purposes of goodwill impairment tests are largely based on the Management's judgement. Groups of CGUs were defined in accordance with the Group's management's view of its internal reporting. A group of CGUs was created each time business combination synergies are expected in this group of CGUs.

The recoverable value of goodwills corresponds to the discounted value of expected cash flows of the assets comprising the CGU or group of CGUs.

We considered that the change to the allocation of goodwills to groups of CGUs is a key audit point due to the Management's judgement in defining this allocation and the sensitivity of the goodwill impairment test to CGU definition.

Our response:
The work carried out mainly involved assessing:

- consistency, based on our knowledge of the group, of the documentation produced by the group's management to justify the allocation of goodwill to a CGU or group of CGUs;
- the consistency of the CGUs from which goodwill is tested by interview with the level of the Group's Management at which operational decisions are made;
- the relevance of the information provided in the appendix concerning the change to the allocation of goodwill to CGUs.

5 | SPECIFIC AUDIT OPERATIONS

We also carried out, in accordance with the accounting standards generally accepted in France, the specific audit operations required by law and regulations on the information about the group provided in the Board of Director's management report.

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

We certify that the consolidated non-financial performance declaration provided for in Article L. 225-102-1 of the French Commercial Code is included in the information about the group provided in the management report, it being specified that, in accordance with Article L. 823-10 of said Code, we have not verified the fairness or consistency with the consolidated financial statements of the information contained in this declaration which must be the subject of a report by an independent third party.

6 | INFORMATION RESULTING FROM OTHER LEGAL AND REGULATORY OBLIGATIONS

Appointment of auditors
We were appointed auditors for the accounts of PRECIA SA at the general meeting on 26 June 2014 for Pricewaterhouse Coopers Audit and RM Consultants.

On 31 December 2018, Pricewaterhouse Coopers Audit and RM Consultants were in the fifth consecutive year of their assignment.

7 | RESPONSIBILITIES OF THE MANAGEMENT AND MEMBERS OF CORPORATE GOVERNANCE WITH REGARDS TO THE CONSOLIDATED ACCOUNTS

It is the Management's responsibility to prepare consolidated accounts presenting a true and fair view in accordance with IFRS standards and to implement such internal control deemed necessary to ensure that the preparation of consolidated accounts does not contain any material misstatements whether resulting from any fraud or error.

When preparing the consolidated accounts, it is the Management's responsibility to assess the company's ability to continue its operations, to present in these accounts, where appropriate, the necessary information relating to the continuity of operations and apply the going concern accounting standard unless it is planned to wind up the company or cease trading.

The Audit Committee oversees monitoring the financial information preparation process and monitoring the effectiveness of internal control and risk management systems as well as, where applicable, the internal audit system, with respect to accounting and financial information preparation and processing procedures.

The consolidated accounts have been approved by the Board of Directors.

8 | RESPONSIBILITIES OF THE STATUTORY AUDITOR REGARDING THE AUDIT OF THE CONSOLIDATED ACCOUNTS

Audit objective and procedure
We are responsible for preparing a report on the consolidated accounts. Our objective is to obtain reasonable assurance that the consolidated accounts, taken as a whole, do not contain any material misstatements. Reasonable assurance corresponds to a high level of assurance but does not guarantee that an audit conducted in accordance with professional practices can systematically detect any material misstatements. Misstatements may result from fraud or error and are considered material where it can reasonably be expected that they, taken individually or cumulatively, influence the economic decisions that account users take based on the annual financial accounts.

As specified by Article L. 823-10-1 of the French Commercial Code, our task of certifying the accounts does not involve guaranteeing the viability or the quality of the management of your company.

As part of an audit conducted in accordance with the professional standards applicable in France, the statutory auditor exercises their professional judgement throughout this audit.

Moreover:
- they identify and assess the risks of material misstatement of the consolidated accounts, whether due to fraud or error, defines and implements audit procedures for such risks, and collects what they consider sufficient and appropriate information to form their opinion. The risk of not detecting a material misstatement from fraud is higher than that of a material misstatement resulting from an error, as fraud may involve collusion, falsification, voluntary omissions, misrepresentation, or circumventing internal control procedures;

- they review internal control procedures relevant to the audit to define appropriate audit procedures in the circumstances and not to express an opinion on the effectiveness of such internal control;

- they assess the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as the information pertaining to them provided in the consolidated accounts;

- they assess the appropriateness of Management's application of the going concern accounting policy and, based on the evidence gathered, the existence or otherwise of material uncertainty related to events or circumstances likely to jeopardise the company's ability to continue operations. This assessment is based on the information gathered as at the date of their report, but it is recalled that subsequent circumstances or events could jeopardise continuity of operations. If they conclude material uncertainty, they draw the attention of the readers of their report to the information provided in the consolidated accounts about this uncertainty or, if this information is not provided or is not relevant, they formulate a qualified certification or a refusal to certify;

- they assess the overall presentation of the consolidated accounts and assess whether they reflect the underlying transactions and events to give a true and fair view of them;

- regarding the financial information of individuals or entities within the scope of consolidation, they gather the information they deem sufficient and appropriate to form an opinion on the consolidated accounts. They are responsible for the management, supervision and performance of the audit of the consolidated accounts as well as the opinion expressed on these accounts.

Report to the audit committee
We submit a report to the audit committee that presents the audit scope and programme as well as the findings of our work. We also inform them, where appropriate, of any material weaknesses found in internal control with respect to accounting and financial information preparation and processing procedures.

Among the information included in the report to the audit committee are the risks of significant misstatements that we deemed to have the most impact on the audit of the consolidated accounts for the year and, as such, are key audit points that need to be described in this report.

We also provide the audit committee with the declaration provided for in Article 6 of (EU) rule 537-2014 confirming our independence, within the meaning of the rules applicable in France as determined by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the code of ethics of the auditing profession. If necessary, we talk discuss any risks to our independence and the safeguard measures implemented with the Audit Committee.

The statutory auditors

Lyon, 30 April 2019	Valence, 30 April 2019
PricewaterhouseCoopers Audit Natacha PÉLISSON Partner	RMConsultantsAssociés Nicanor RICOTE Partner

CONSOLIDATED
financial statement

in thousands of euros

	Notes	2018	2017
TURNOVER	3.1	**129,932**	**124,088**
Purchases consumed		(30,541)	(29,339)
Staff costs	3.2.1	(56,933)	(53,918)
External costs	3.2.2	(24,965)	(23,943)
Taxes and duties		(1,493)	(1,789)
Depreciation	3.2.2	(5,841)	(5,641)
Change in inventory in progress and finished goods		51	610
Other operating income		947	859
Other operating expenses		(196)	(71)
OPERATING INCOME		**10,961**	**10,856**
Income from cash and cash equivalent		398	378
Cost of gross financial debt		(328)	(408)
COST OF NET FINANCIAL DEBT	3.3	70	(30)
Exchange rate gains and losses		(174)	(397)
Income tax	3.4	(4,208)	(3,669)
NET INCOME OF CONSOLIDATED COMPANIES		**6,649**	**6,760**
Non-controlling interests		557	565
Group share		6,091	6,196
BASIC AND DILUTED EARNINGS PER SHARE (EUROS)	2.10	**11.1**	**11.3**

CONSOLIDATED STATEMENT
of comprehensive income

in thousands of euros

	31/12/2018	31/12/2017
Net income of consolidated companies	6,649	6,760
Currency translation differences	(73)	(227)
Actuarial gains and losses	(1,282)	-
Available-for-sale assets	-	-
Derivative hedging instruments	-	-
Gains and losses recognised directly in equity capital, Group share, excluding equity accounted entities	(1,355)	(227)
Shares of gains and losses recognised directly in equity, Group shares, excluding entities accounted for by the equity method	-	-
Total gains and losses recognised directly in equity capital, Group share	(1,355)	(227)
Net income and gains and losses directly recognised in equity capital, share of non-controlling interests	(38)	(102)
Net income and accounting gains and losses directly recognised in equity	(1,392)	(329)
TOTAL INCOME AND EXPENSES FOR THE PERIOD	**5,256**	**6,431**

CONSOLIDATED BALANCE SHEET

as at 31 December 2018

in thousands of euros

ASSETS	Notes	31/12/2018	31/12/2017	01/01/2017
Goodwill	2.1	18,441	18,085	13,792
Other intangible assets	2.2 and 2.3	756	666	892
Right of use	2.2 and 2.3	5,691	6,628	7,361
Tangible assets	2.2 and 2.3	19,898	17,884	15,868
Financial assets		870	700	486
Investments accounted for by the equity method		-	-	-
Deferred tax assets	2.9	1,365	1,341	997
NON-CURRENT ASSETS		**47,022**	**45,304**	**39,395**
Inventory and work in progress	2.5	16,537	16,796	15,835
Trade receivables and other receivables	2.6	31,463	32,896	29,440
Tax receivable		1,061	1,195	971
Other debtors	2.7	3,361	2,513	2,283
cash and cash equivalents	2.8	25,986	27,869	24,950
CURRENT ASSETS		**78,407**	**81,269**	**73,479**
TOTAL		**125,429**	**126,573**	**112,874**

LIABILITIES	Notes	31/12/2018	31/12/2017	01/01/2017
Capital	2.10	2,200	2,200	2,200
Share, merger, and contribution premiums		4,487	4,487	4,487
Consolidated reserves		52,582	49,014	50,386
Treasury shares	2.10	(3,154)	(1,296)	(1,296)
Consolidated net income, Group share		6,091	6,196	-
S/TOTAL EQUITY CAPITAL ATTRIBUTABLE TO THE GROUP	2.11	**62,206**	**60,600**	**55,777**
Non-controlling interests in reserves		2,936	2,311	2,133
Non-controlling interests in income		557	565	-
TOTAL EQUITY		**65,699**	**63,477**	**57,910**
Non-current provisions	2.13	3,291	2,478	2,145
Non-current financial debts	2.12	8,642	11,851	8,233
Non-current lease liabilities	2.12	3,852	4,779	5,579
Other non-current liabilities		10	-	1
NON-CURRENT LIABILITIES		**15,795**	**19,109**	**15,958**
Current financial liabilities excluding finance leases	2.12	6,689	6,175	4,159
Current lease liabilities	2.12	2,225	2,242	2,212
Trade payables and other debts		9,961	10,899	10,753
Tax payables		238	363	-
Other current liabilities	2.14	24,823	24,309	21,882
CURRENT LIABILITIES		**43,936**	**43,988**	**39,006**
TOTAL		**125,429**	**126,573**	**112,874**

STATEMENT OF CHANGE
in equity

in thousands of euros

	Share capital	Share premiums	Treasury shares	Consolidated reserves	Profit for the year	Non-controlling interests	TOTAL
EQUITY AS AT 31/12/2016	**2,200**	**4,487**	**(1,296)**	**44,949**	**5,717**	**2,149**	**58,206**
IFRS 16 restatements				(280)		(16)	(296)
Allocation of prior income				5,717	(5,717)		
EQUITY AS AT 01/01/2017	**2,200**	**4,487**	**(1,296)**	**50,386**	**-**	**2,133**	**57,910**
Dividends paid				(1,134)		(53)	(1,187)
Treasury shares							
Actuarial variations				-			-
Exchange gains and losses				(227)		(102)	(329)
Change in scope				(54)		376	322
Other variations				42		(42)	
Profit for the year					6,196	565	6,760
EQUITY AS AT 31/12/2017	**2,200**	**4,487**	**(1,296)**	**49,014**	**6,196**	**2,876**	**63,477**
Dividends paid					(1,321)	(141)	(1,462)
Allocation of prior income				4,875	(4,875)		
Treasury shares			(1,859)				(1,859)
Actuarial variations				(1,282)		-	(1,282)
Exchange gains and losses				(73)		(38)	(110)
Change in scope				(10)		-	(10)
Other changes				59		239	297
Profit for the year					6,091	557	6,649
EQUITY AS AT 31/12/2018	**2,200**	**4,487**	**(3,154)**	**52,582**	**6,091**	**3,493**	**65,699**

CONSOLIDATED FREE CASH FLOW
statement

in thousands of euros

	2018	2017
Operating activities		
Income before taxes, dividends, interest, amortisation, depreciation, and asset disposal(*)	16,676	16,408
Changes in working capital requirements	(340)	(1,152)
Interest paid	(222)	(231)
Income tax paid	(4,226)	(3,973)
NET CASH-FLOW FROM OPERATING ACTIVITIES	**11,888**	**11,052**
Investment transactions		
Acquisitions of intangible assets	(234)	(116)
Acquisitions of tangible assets	(4,467)	(4,807)
Acquisitions of financial assets	(66)	(212)
Income from sale of intangible assets	19	-
Income from sale of tangible assets	357	294
Income from sale of financial assets	-	31
Income from sale of securities	163	-
Acquisitions of minority interests and subsidiaries, net of cash acquired	(1,115)	(4,911)
NET CASH FLOW FROM INVESTING ACTIVITIES	**(5,341)**	**(9,721)**
Financial activities		
Capital increase in subsidiaries	102	-
Repurchase and resale of own shares	(1,859)	-
Receipts from new borrowings	1,082	9,822
Repayment of lease liabilities	(2,565)	(2,536)
Repayment of borrowings	(5,236)	(4,058)
Dividends paid	(1,462)	(1,329)
CASH FLOW FROM FINANCING ACTIVITIES	**(9,938)**	**1,899**
Impact of exchange rate changes	(20)	(118)
TOTAL INCREASE (DECREASE) IN CASH	**(3,411)**	**3,112**
Cash and cash equivalents at the opening of the financial year	27,624	24,512
Cash and cash equivalents at the close of the financial year	24,213	27,624
TOTAL INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(3,411)**	**3,112**

(*)Details are presented in note 4

IFRS 16

first application

In the year under review, the Group applied IFRS 16 Leases (as issued by the IASB in January 2016) for the first time prior to its effective date.

IFRS 16 introduces new provisions or amends accounting provisions for leases. It introduces significant changes to the lessee's accounting by removing the distinction between operating leases and finance leases and adding the obligation to recognise a right-of-use asset and a lease obligation on the start date for all leases, except for short-term leases and leases with low-value underlying interest.

The impact of adopting IFRS 16 on the Group's consolidated financial statements is described below.

The date of first application of IFRS 16 for the Group was 1 January 2018.

The Group applied IFRS 16 in a comprehensive retrospective approach with restatement of comparative information.

IFRS 16 changes the way in which the Group recognises leases that were previously classified as operating leases under IAS 17 and the commitments of which were presented off-balance sheet.

By applying IFRS 16 to all leases, except those mentioned below, the Group:

a) recognises right-of-use assets and lease obligations in the consolidated financial statements, initially valued at the present value of future lease payments;

b) recognises depreciation allowances for right-of-use assets and interest on lease obligations in the consolidated income statement;

c) presents, in the cash flow statement, the repayment of principal of the lease liability in financing activities and the interest in operating activities.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Asset Impairment. This provision replaces the earlier rule of recognising a provision for loss-making leases.

The Group has chosen to recognise rental expense based on the straight-line method, as permitted under IFRS 16, for short-term leases, i.e. lease terms of 12 months or less, and for leases with low-value underlying interest (less than €5 000). This expense is presented under External Expenses in the consolidated income statement.

For assets previously held under a finance lease, the main difference between IFRS 16 and IAS 17 is the valuation of residual value guarantees given to a lessor by a lessee. Under IFRS 16, the Group is only required to recognise the amount it expects to pay under a residual value guarantee in its lease obligation, rather than the maximum guaranteed amount, as required by IAS 17. This change had no significant impact on the Group's consolidated financial statements.

1 | IMPACT ON THE 2018 AND 2017 INCOME STATEMENTS

in thousands of euros

IMPACT OF IFRS 16 ON THE INCOME STATEMENT	2018	2017
External expenses	2,731	2,630
Depreciation	(2,561)	(2,420)
OPERATING INCOME	**170**	**210**
Cost of gross financial debt	(168)	(177)
Income tax	(1)	(11)
NET INCOME OF CONSOLIDATED COMPANIES	**2**	**22**
Non-controlling interests	(1)	(2)
Group share	1	20
BASIC AND DILUTED EARNINGS PER SHARE (EURO)	**0,0**	**0,0**

The following rental expenses have not been restated:

	2018	2017
Expenses related to short-term contracts	908	851
Expenses related to contracts with low-value underlying interest	159	284
Expenses related to variable rent payments	748	789

2 | IMPACT ON ASSETS, LIABILITIES AND EQUITY AS AT 01/01/2017

	01/01/2017 (IAS 17)	Impact IFRS 16	01/01/2017 restated
Rights of use (*)	-	7,361	7,361
Tangible assets	15,980	(113)	15,868
Deferred tax assets	867	130	997
TOTAL NON-CURRENT ASSETS IMPACTED BY IFRS 16	**16,847**	**7,378**	**24,226**
Consolidated reserves	44,949	(280)	44,669
Non-controlling interests in the reserves	1,868	(16)	1,852
TOTAL EQUITY IMPACTED BY IFRS 16	46,817	(296)	46,521
Non-current financial debts	8,280	(47)	8,233
Non-current lease liabilities	-	5,579	5,579
TOTAL NON-CURRENT LIABILITIES IMPACTED BY IFRS 16	**8,280**	**5,531**	**13,811**
Current finance leasing liabilities	69	(69)	-
Current lease liabilities	-	2,212	2,212
TOTAL CURRENT LIABILITIES IMPACTED BY IFRS 16	**69**	**2,143**	**2,212**
TOTAL LIABILITIES IMPACTED BY IFRS 16	**55,166**	**7,378**	**62,544**

(*) Details on the breakdown of rights of use by underlying asset class are presented in note 2.2.

3 | IMPACT ON ASSETS, LIABILITIES AND EQUITY AS AT 31/12/2017

	31/12/2017	Impact IFRS 16	31/12/2017 restated
Rights of use	-	6,628	6,628
Tangible assets	17,976	(92)	17,884
Deferred tax assets	1,222	119	1,341
TOTAL NON-CURRENT ASSETS IMPACTED BY IFRS 16	**19,198**	**6,655**	**25,853**
Consolidated reserves	49,292	(279)	49,014
Consolidated net income, Group share	6,176	20	6,196
Non-controlling interests in the reserves	2,327	(16)	2,311
Non-controlling interests in income	562	2	565
TOTAL EQUITY IMPACTED BY IFRS 16	58,358	(272)	58,086
Non-current financial debts	11,883	(32)	11,851
Non-current lease liabilities	-	4,779	4,779
TOTAL NON-CURRENT LIABILITIES IMPACTED BY IFRS 16	**11,883**	**4,747**	**16,630**
Current finance leasing payables	62	(62)	-
Current lease liabilities	-	2,242	2,242
TOTAL CURRENT LIABILITIES IMPACTED BY IFRS 16	**62**	**2,180**	**2,242**
TOTAL LIABILITIES IMPACTED BY IFRS 16	**70,303**	**6,655**	**76,958**

IFRS 16
first application

Adoption of IFRS 16 had no impact on net cash flow, however, it had an impact on the presentation of the Group's consolidated cash flow statement. In accordance with IFRS 16, lessees must present:

- lease payments on short-term leases, lease payments for low-value underlying interest and variable lease payments that have not been included in the valuation of lease obligations in operating activities (the Group included these payments in payments to suppliers);
- cash outflows relating to the interest expense on the lease obligation either in operating activities or in financing activities, as permitted by IAS 7 (the Group has chosen to include interest paid in operating activities);
- cash outflows relating to the principal of the lease obligation in financing activities. Under IAS 17, all payments for operating leases were presented in cash flow related to operating activities. As a result, net cash from operating activities increased by €2 565 k (€2 536 k as at 31 December 2017) and net cash flows used in financing activities decreased by the same amount. The total amount of cash outflow related to leases is €2 733 k.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 Decembre 2018

in thousands of euros

The financial statements were approved by the Board of Directors and submitted to the Supervisory Board on 5 April 2019.

SIGNIFICANT EVENTS

In January 2018, the Precia Molen Group, via its subsidiary Precia Molen Service SAS, acquired the moisture meter division of Télé Labo SARL.

In October 2018, the Precia Molen Group, through its subsidiary Precia Molen Australia, acquired Adelaide Weighing, a company based in Adelaide, South Australia. Operations were integrated into a newly created subsidiary (Precia Molen South Australia), in cooperation with the current owner and managing director of Adelaide Weighing who owns 25 %.

SUBSEQUENT EVENTS

No major event occurred post-balance sheet.

1 | PRINCIPLES OF CONSOLIDATION AND ACCOUNTING METHODS

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.
The financial statements are presented in accordance with IAS 1.

1.1 SCOPE OF CONSOLIDATION

1.1.1 Scope of consolidation

Identification	SIREN	% owned
PRECIA S.A. 07000 Privas	386 620 165	Parent company
PRECIA MOLEN SERVICE S.A.S 07000 Privas	349 743 179	99.99
MOLEN BV Breda	HOLLAND	100.00
PRECIA MOLEN NEDERLAND BV Breda	HOLLAND	100.00
MOLEN BELGIUM NV Puurs	BELGIUM	100.00
PRECIA MOLEN UK Ltd Dunfermline	UK	100.00
Rowecon Sheffield	UK	100.00
PRECIA POLSKA Sp.z.o.o. Cracovie	POLAND	100.00
Kaspo Lab Gdansk	POLAND	100.00
PRECIA MOLEN CZ S.r.o. Prague	CZECK REPUBLIC	100.00
Vahoservis s.r.o Brno	CZECK REPUBLIC	100.00
PRECIA MOLEN MAROC S.A.R.L. Casablanca	MOROCCO	60.00
PRECIA MOLEN SCANDINAVIA A.S. Drammen	NORWAY	98.00
PRECIA MOLEN INDIA Ltd Chennai	INDIA	75.00
PRECIA MOLEN Asia Pacific Kuala Lumpur	MALAYSIA	100.00
PRECIA MOLEN Australia Pty Ltd. Sydney	AUSTRALIA	100.00
PRECIA MOLEN South Australia Pty Ltd. Adelaide	AUSTRALIA	75.00
Weighpac Hamilton	NEW ZEALAND	90.00
PRECIA MOLEN Ningbo Ningbo	CHINA	90.00
PRECIA MOLEN Serviços De Pesagem Ltda. Sao Paolo	BRAZIL	100.00
PRECIA MOLEN Inc Atlanta	USA	100.00
J&S Weighing Solutions Sabetha	USA	85.00
CAPI SA Abidjan	IVORY COAST	80.00
CAPI-BF SA Ouagadougou	BURKINA FASO	80.00
PRECIA MOLEN (IRL) Ldt Clane	IRELAND	40.00

All these companies were fully consolidated, and their closing date was 31 December 2018.

1.1.2 Change in scope

The Group founded the following companies:
- Ningbo Precia Molen Weighing System Company, based in Ningbo, China, and holds 90 % of the capital.
- Precia Molen South Australia, based in Adelaide, Australia, and holds 75 % of the capital. Precia Molen South Australia acquired the activities of Adelaide Weighing.

Both companies are included in the scope of consolidation for the first time this year.
The Precia Molen Group, through its subsidiary Precia Molen Service SAS, acquired Telelabo. The company has subsequently been absorbed by Precia Molen Service SAS.
Precia Molen Ro, based in Bucarest, Romania, was wound up.
JAC'PESAGE SAS, based in Corbeil-Essonnes, was absorbed by the parent company PRECIA SA on 1 January 2018.

Consolidated Financial Statements

1.2 COMPARABILITY OF FINANCIAL STATEMENTS

The accounting principles applied for the closing of the accounts on 31 December 2018 are the same as those used on 31 December 2017, apart from the implementation of the new accounting standards.

1.2.1 New standards, amendments, and interpretations adopted by the European Union which entered into force on 1 January 2018

The following standards were adopted by the European Union and came into effect on 1 January 2018 but have no impact on the Group's accounts:
Amendment IAS40 – transfer of investment property: The Group has no transfer of investment property.
Amendment to IFRS 2 – share-based payments: The Group does not make share-based payments.
Amendments to IFRS 4 and IFRS 4 Insurance policies: This new standard has no influence on the Group's accounts.
IFRS 9 – Financial instruments: This application does not affect the valuation of the Group's financial instruments.
Application of IFRS 15 – income: Given the nature of the sales agreements used in the Group's various entities, this new standard has no influence on the income structure presented.
Improvement of IFRS 1 - removal of short-term exemptions for first-time adopters: This standard applies to companies adopting IFRS for the first time, which is not the case for the Group.
Improvement to IAS 28: Valuation of each interest, separately, in issuing entities at fair value through profit or loss: this new standard has no impact on the Group's accounts.
IFRIC 22: foreign currency transactions and anticipated consideration. This new standard has no influence on the Group's accounts.

1.2.2 Standards and interpretations adopted by the European Union applied early as of 1 January 2018

IFRS 16 – leases: The Group anticipated this new standard in advance. Details are presented in VI - First Application of IFRS 16.
The Precia Molen Group does not apply any of the following standards in advance as of 1 January 2018:
Amendments to IFRS 9, early redemption clauses with a symmetrical penalty. As things currently stand, this new standard should not have an impact on the Group's accounts.
IFRIC 23, Uncertainty on the treatment of income tax. As things stand, this new standard should not affect the Group's accounts.

1.2.3 The group did not anticipate and does not plan to anticipate, at this stage, the other new texts applicable in advance according to the IASB's decisions but which had not been adopted by the European Union as at the annual closing date.

1.2.4 Finally, the following standards, which have already been published by the IASB, are expected be adopted by the European Union shortly. They will not have an impact on the Group's accounts.

IFRS 14 Regulatory deferral accounts. This standard concerns companies adopting IFRS standards for the first time, which is not the case for the Group.
IFRS 17, Insurance policies. This standard applies to insurers, which is not the case for the Group.

1.3 CONSOLIDATED ACCOUNTING PRINCIPLES

1.3.1 Business combinations and goodwill

In compliance with IFRS 3, business combinations are recognised according to the acquisition method (business combination). The identifiable assets, liabilities, and contingent liabilities of the acquired entity are recognised at fair value at the acquisition date, after an assessment period of up to twelve months from the date of acquisition.

For business combinations effective as of 1 January 2010, the 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 valued at fair value. All costs directly attributable to acquisitions are recognised as expenses. At the date of acquisition and for each business combination, the Group may opt either for partial goodwill (limiting itself to the portion of net assets acquired by the Group) or for full goodwill. In the full goodwill method, non-controlling interests are valued at fair value and the Group recognises goodwill over all identifiable assets and liabilities. Business combinations prior to 1 January 2010 had been treated according to the partial goodwill method, which was the only applicable method at that time.

Regarding business combinations prior to 1 January 2010, as at the date of the acquisition, goodwill represented the excess of the cost of the acquisition over the buyer's share of interest in the net fair value of identifiable assets, liabilities, and contingent liabilities.

Regarding business combinations prior to 1 January 2004, goodwill was maintained at its supposed cost which represents the amount recognised according to the previous accounting principles. The classification and accounting methods applied to business combinations prior to 1 January 2004 were not modified for the preparation of the IFRS Group opening balance sheet as at 1 January 2004.

In all cases, the negative goodwill resulting from the acquisition is immediately recognised in profit or loss.

As of the date of acquisition, goodwill is allocated to each cash-generating unit (CGU) likely to benefit from the business combination. Subsequently, goodwill is valued at cost less accumulated impairment losses. Goodwill is not depreciated but is subject to impairment tests at each annual closing or more frequently when there are indicators of impairment losses. An impairment loss recognised for goodwill cannot be reversed. If impairment loss is identified, depreciation is recognised in profit and loss for the financial year in 'other operating expenses' or 'restructuring charges' if the impairment loss results from restructuring.

The cumulative amount of goodwill impairment recognised on 31 December 2018 is €572 k (2017 - €578 k).

1.3.2 Conversion of foreign subsidiary accounts

The method used is that of closing price.
Assets and liabilities, monetary and non-monetary, were converted at the rates in effect on 31 December 2018.
Income and expenses were converted, except for significant fluctuation, by the application of the average exchange rate for the period.
The difference is recognised in a reserve account; the effect was a negative change of €110 k in equity over the period.

1.3.3 Foreign exchange transaction processing

The recognition and valuation of foreign exchange transactions are defined by IAS 21 Effects of changes in foreign exchange rates. Transactions in currencies other than the Euro are recognised at the exchange rate in effect on the date of the transaction. Monetary assets and liabilities denominated in these other currencies are converted at the rate in force on the closing date. The gains and losses from the conversion are recognised in the income statement for the financial year.
However, for financial assets and liabilities that are not monetary, any change in their fair value, including exchange rate variations, is recognised according to the principles applicable to the financial asset category to which they belong.
To recognise foreign exchange losses and gains, monetary financial assets are recognised at depreciated cost in the original currency. The exchange differences resulting from the variation in depreciated cost are recognised in the income statement, other variations are directly recognised in equity.

1.3.4 Intra-group transactions

All intra-group transactions and balances are restated. Internal income and expenses, as well as intra-group receivables and liabilities are cancelled.
Profit margin included in inventories resulting from intra-group purchases and income made on intra-group fixed asset disposals are eliminated.

1.3.5 Transactions with related parties

Transactions with related parties are identified by direct questioning and then validated by direct confirmation.
These transactions are carried out at market value.

1.3.6 Leasing agreements

At the date of entering a contract, the Group assesses whether it is or contains a lease. The Group recognises a right-of-use asset and a corresponding lease obligation for all leases in which it is lessee, except for short-term leases (defined as leases with a term of 12 months or less) and leases with low-value underlying interest (less than €5 000). For these types of contracts, the Group recognises lease payments as operating expenses on a straight-line basis over the lease term. The lease obligation is initially valued at the discounted value of lease payments that are not paid on the contract start date, calculated using the lease's implicit interest rate. If this rate cannot be easily determined the Group uses its marginal borrowing rate, which is 2.10 %.

The cost of right-of-use assets includes the initial amount of the corresponding lease obligation, lease payments paid on or before the start date, and any initial direct costs. Right-of-use assets are subsequently valued at cost, less accumulated depreciation and accumulated impairment losses.

Regarding tenancy-atwill leases, which the lessor can terminate at any time, the Group estimated that the remaining term of current tenancy-atwill leases was six months as at the closing date.

When the Group incurs a liability relating to the costs of disassembling and removing a leased property, restoring the site on which it is located, or delivering the underlying interest in the condition required under the lease, it constitutes a provision that is recognised and measured in accordance with IAS 37. These costs are included in the cost of the related right-of-use asset unless they are incurred to produce inventories.

Right-of-use assets are depreciated over the shortest between the lease term and the useful life of the underlying interest. If the lease has the effect of transferring the ownership of the underlying interest or if the cost of the right-of-use asset takes into account the expected exercise of a call option by the Group, the related right-of-use asset must be depreciated over the useful life of the underlying interest. Depreciation begins on the lease start date. Right-of-use assets are presented as a separate item in the consolidated financial statements.

The Group applies IAS 36 to determine whether a right-of-use asset has depreciated and recognises any impairment loss as described in the tangible capital asset method (which is not included in this appendix).

in thousands of euros

Variable rents that do not depend on an index or rate are not considered in the valuation of the lease obligation and the right-of-use asset. The related payments are recognised in the period during which the event or the situation that resulted in these payments occurred and are included in External expenses in the statement of net income (see note 3.2.2).

As a simplification, IFRS 16 offers the lessee the option to not separate rental components from non-rental components but rather to recognise each rental component and related non-rental component as a single rental component. The Group chose not to apply this simplification measure.

1.3.7 Income tax

The income tax expense corresponds to the current tax of each consolidated tax entity, adjusted for deferred taxation. The liability method is used on all the differences between the book value and the tax value of the assets and liabilities appearing on the balance sheet.
Deferred tax assets are recognised only to the extent that it is likely that future taxable incomes will be sufficient to allow their use. Calculation of French deferred taxes is based on the actual tax rate.

1.4 USE OF ESTIMATES

In preparing financial information in accordance with generally accepted accounting principles, Group Management is required to make estimates and assumptions that affect the reported values of assets and liabilities and disclosures about assets and liabilities at the date that this financial information was prepared and the amounts presented as income and expenses for the year.

Management constantly reviews its estimates and valuations based on past experience and other assumptions that seem reasonable which constitute the basis of its valuations of net book value of assets and liabilities. The main estimates made by the Group for the financial statements mostly apply to the assumptions used for the calculation of provisions and especially pension liabilities and the valuation of non current assets, including goodwill. Additional information is provided 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 following main methods are used.

1.5 EVALUATION PRINCIPLES AND METHODS APPLIED

1.5.1 Assets

Tangible and intangible fixed assets are valued at cost less accumulated depreciation and any impairment losses recognised. Depreciation over useful lives is calculated on a straight-line basis. The main useful lives used are the following:

Type	Useful life
Software	3-5 years
Industrial buildings	30 years
Fixtures and fittings	15 years
Technical installations	10-15 years
Equipment & tools	6 years
Transport equipment	5 years
IT hardware	3 years
Office furniture and equipment	10-15 years

When events or changes in market environment or internal indicators indicate a risk of impairment of intangible and tangible assets, these are subject to a detailed review to determine whether their net book value is less than the recoverable value, which is defined as the higher of fair value (less selling costs) and value-in-use. Value-in-use is determined by discounting future cash flows expected from the use of the asset and its disposal. Over the course of the financial year, no indication of impairment loss was identified.

1.5.2 Goodwill and intangible assets with indefinite useful lives

Goodwill and intangible assets with indefinite useful lives 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 value.
Impairment tests consist in comparing an asset's net book value and its recoverable value which is the higher of fair value (less selling costs) and value-in-use.
The recoverable value is determined asset by asset unless the asset does not generate cash flow that is largely independent from cash flow generated by other assets. In this case, which mainly concerns goodwill, the recoverable value is determined at cash-generating unit (CGU) level.

Goodwill testing methods changed in 2018. Goodwill is now tested in two groups of CGUs:

- one corresponding to all subsidiaries marketing and operating on the same products, under the same brand, followed by the Group and benefiting from the Group's services;
- and the other corresponding to an independent CGU that operates on products that are not those of the Group.

Groups of CGUs were defined in accordance with the Group's management's view of its internal reporting. A group of CGUs was created each time business combination synergies are expected in this group of CGUs.

The method applied essentially consists of gathering realistic key assumptions on future operating conditions of the groups of CGUs and determining future cash flow on the following bases:

- Development of a five-year business plan,
- Determination of the normative free cash flow, sum of net income excluding depreciation and excluding financial income, of the change in working capital requirement and renewal investments,
- Average perpetual growth rate of 2.1 % for the Precia brand's group of CGUs and 3 % for the second group of CGUs.

Value-in-use is calculated by adding discounted values of expected cash flows from the use of the asset or a group of CGUs. 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 of money, and the risks specific to the asset (or group of CGUs).

When the recoverable value is less than the net book value of the group of CGUs, the loss is recognised in the profit and loss and is allocated to goodwill in priority.

A goodwill impairment loss cannot be reversed. An impairment loss recorded for another asset is reversed if there is an indication that the impairment loss recognised in previous years no longer exists or if there has been a change in the estimates used to determine the asset's recoverable value. An asset net book value increased through the reversal of an impairment loss must not exceed the carrying amount that would have been determined net of depreciation if no impairment loss had been recorded.

As at 31 December 2018 the tests on the various groups of CGUs affected by goodwill to validate the value of goodwill have shown no need for depreciation. These tests were carried out with an average weighted average cost of capital (WACC) of 9.5 %, corresponding to that of the Group, calculated as being the average weighted cost of equity, which stood at 11.7 %, and the cost of debt, which stood at 1.9 %. Each of the tests, carried out with a higher WACC (+0.5 point) and a slightly lower long-term growth (-0.5 points) also show a lower recoverable value of respectively 6 % and 4 % and the absence of the need for depreciation.

Regarding the goodwill of the independent CGU, which amounts to €913 k, the impairment test which was based on WACC assumptions of 9.5 %, and long-term growth of 3.0 % concludes a recoverable value of respectively €2 119 k, higher than the economic assets of €1 893 k, and therefore the absence of any need to depreciate. In the event of a WACC increase of 0.5 % or a decrease in the long-term growth rate of 0.5 %, the recoverable value would decrease by 6.9 % in one case and 5.7 % in the other and would remain systematically higher than the economic asset, and, therefore, would not lead to any depreciation.

The terminal value of these goodwill has been determined based on a long-term growth rate defined above, a generation of cash in relation to the profitability of industrial and commercial group entities, and a stable profitability rate between year 4 and the terminal value.

1.5.3 Development costs

According to IAS 38, development costs must be capitalised if the technical and commercial feasibility of the product is established. However, given the regulatory approval times in legal metrology, the marketing phase of new products may be significantly delayed. This increases the difficulty of predicting future economic benefits, as well as the cannibalisation effect between sales of new products and existing products.
In the event of uncertainties related to these approval times, the Group recognises development costs incurred in expenses, which amounted to €1,724 k in 2018.

1.5.4 Financial instruments

Hedging instruments
In accordance with its policy, the Group does not hold or use any financial instrument intended for speculation. However, given the lack of documentation and the lack of fair value revaluation monitoring at each date of use of the hedging instruments, such hedging instruments are not eligible for hedge accounting and their fair value changes are directly recognised in the income statement.

1.5.5 Inventory

Inventories of raw material and supplies are valued using the weighted average cost method.
The gross values of commodities and supplies include the purchase price and incidental expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 Decembre 2018

in thousands of euros

Work in progress and finished products are valued at production cost, including:
- raw materials and supplies consumption,
- direct labour costs,
- ldepreciation of production assets,
- indirect production costs.

Financial expenses are still excluded from inventory valuation.
Inventories are valued at the lower of their cost or net realisable value. This corresponds to the estimated selling price in the normal course of business, less the expected costs for completion or sale, considering inventory turnover as well as obsolescence and technical developments.

1.5.6 Current receivables and payables

Current receivables and payables are initially valued at their historical value.
A depreciation is booked to cover the risk of expected credit losses as soon as the turnover is recognised. Expected credit losses represent an probability-weighted estimate of credit losses. These losses are not significant within the Group. Therefore, the application of IFRS9 has no impact on the valuation of trade receivables.
Current receivables and payables in foreign currency are valued using the year-end exchange rate.

1.5.7 Interest-bearing liabilities

Interest-bearing borrowings are initially recognised at fair value less related transaction costs. After initial recognition, these are valued at the depreciated cost; the difference between the cost and the redemption value is recognised in the income statement over the duration of the loan, according to the effective interest method.

1.5.8 Company owned shares

Company owned shares are recognised deducted from equity.
As at 31 December 2018, the company held its own shares for a total of €3 154 k.

1.5.9 Provisions

A provision is recorded on the balance sheet when the Group has a current legal or implicit obligation resulting from a past event 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 determined by discounting the expected cash flow using a pre-tax discount rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

1.5.10 Employee benefits

The Group has identified all long-term employee benefits. In France, the Group has commitments regarding retirement benefits, defined by collective bargaining agreements. The Group uses the projected unit credit method to determine the discounted value of its defined benefit obligation.

1.5.11 Recognition of turnover

Under this standard, revenue recognition now reflects the transfer of control of premium goods and services to customers for an amount equal to the consideration that the entity expects to receive in exchange for such goods and services. IFRS 15 introduces a new five-step general income recognition procedure:
- identify contracts with customers;
- identify separate performance obligations (or items) to be accounted for individually;
- determine the overall transaction price;
- allocate the transaction price to the various separate performance obligations;
- recognise revenue when performance obligations are satisfied.

The following have been identified by the Group:
- delivery of manufactured goods;
- maintenance services.

Revenue is recognised when products are entered into service and when carrying out maintenance for the second revenue stream. Note that income components are only at fixed and non-variable prices.

2 | NOTES ON THE BALANCE SHEET

2.1 GOODWILL

	Start of year	Increases	Exchange rate differences & other	End of year
Goodwill	18 085	547	(191)	18 441

	31/12/2018	31/12/2017
Group of CGUs corresponding to all subsidiaries marketing and operating on the same products, under the same brand, followed by the Group and benefiting from the Group's services	17,528	17,146
Independent CGU for non-group products	913	940
TOTAL	**18,441**	**18,085**

2.1.1 Business combinations

The Group founded Precia Molen South Australia, in which it holds 75 % of the capital, which acquired the non-current assets and inventories of Adelaide Weighing Equipment. The total net cash consideration paid for the acquisition of these assets was €819 k. Goodwill is €501 k.
The Group acquired the moisture meter division of Télé Labo SARL. The total net cash consideration paid was €46 k and resulted in the recognition of goodwill for the same amount.

2.2 CAPITAL ASSETS

	Start of year	Increases	Decreases	Other	End of year
Other intangible assets	2,728	234	(29)	160	3,093
Rights of use on real estate	17,102	964	(1,020)	(61)	16,985
Rights of use on vehicles	2,823	704	(532)	(8)	2,987
Rights of use on other tangible assets	70	-	-	-	70
Tangible assets	42,418	5,467	(1,255)	(160)	46,470
Financial assets	829	343	(168)	(4)	1,000
TOTAL	**65,970**	**7,711**	**(3,003)**	**(72)**	**70,605**

The main acquisitions of the year are related to Precia SA (new sheet metal works), Precia Molen Service, and Precia Molen Nederlands (mainly rolling stock).
Increases in tangible assets include €286 k from entries into the consolidation scope.
Increases and decreases in property rights-of-use mainly come from the relocation of a Precia Molen Service office.
The increase in vehicle rights-of-use mainly comes new vehicle leases at Precia SA.

2.3 STATUS OF DEPRECIATIONS AND IMPAIRMENTS

	Start of year	Increases	Decreases	Exchange rate differences and other	End of year
Other intangible assets	2,062	243	(10)	43	2,337
Rights of use on real estate	11,861	1,747	(1,020)	(20)	12,568
Rights of use on vehicles	1,475	789	(532)	(4)	1,729
Rights of use on other tangible assets	30	25	-	-	54
Tangible assets	24,534	3,038	(969)	(32)	26,572
Financial assets	130	-	-	-	130
TOTAL	**40,092**	**5,841**	**(2,531)**	**(13)**	**43,389**

2.4 FINANCIAL ASSETS

	31/12/2018	31/12/2017
Non-consolidated companies	298	48
Other financial assets	573	652
TOTAL	**870**	**700**

in thousands of euros

2.4.1 Non-consolidated companies

BACSA S.A.	19,00 % of capital held	98
Banque Populaire		250
Miscellaneous interests		75

Fair value of these interests corresponds to the market value, except for BACSA depreciated by €98 k and other miscellaneous investments depreciated by €28 k.

2.4.2 Other financial assets

Other financial assets are essentially advances and long-term deposits, deposits, and guarantees.

2.5 CHANGE IN INVENTORY

BREAKDOWN OF INVENTORY	31/12/2018	31/12/2017
Raw materials and procurement	6,637	6,851
Work-in-process	2,472	2,505
Intermediate and finished products	3,399	3,347
Merchandises	4,030	4,092
INVENTORY	**16,537**	**16,796**

2.6 TRADE RECEIVABLES

Trade receivables are €31 463 k against €32 896 k at end-2017. This decrease is explained by Precia SA.

	31/12/2018	31/12/2017
Trade receivables overdue	11,231	13,299
Due in 1-30 days	12,041	8,277
31-60 days	4,862	8,230
61-90 days	1,884	1,497
90 days or more	1,445	1,593
TOTAL TRADE RECEIVABLES	**31,463**	**32,896**

2.7 BREAKDOWN OF SUNDRY DEBTORS

	Total	Short-term	Medium-term
Value Added Tax (VAT)	1,740	1,740	-
Suppliers advances and deposits	387	387	-
Deferred income	614	614	-
Sundry debtors	621	621	-
SUNDRY DEBTORS	**3,361**	**3,361**	-

2.8 CASH AND CASH EQUIVALENTS

	31/12/2018	31/12/2017
Bank Certificats (1)	17,941	17,691
Cash and cash equivalents	8,044	10,178
TOTAL	**25,986**	**27,869**

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

2.9 DEFERRED TAX

	31/12/2018	31/12/2017
Deferred taxes on margins on inventory	499	539
Deferred taxes on retirement benefits	651	379
Deferred tax on employee profit sharing	170	173
Deferred tax on tax losses carried forward (1)	375	501
Deferred tax on accelerated tax depreciation	(349)	(422)
Other deferred tax	18	171
DEFERRED TAX NET ASSETS	**1,365**	**1,341**

(1) Tax losses carried forward are used when the company is profitable over the long-term.

2.10 EQUITY

Share capital amounts to €2,200,000 and is composed of 573,304 shares.
Company-owned shares: 32,663 shares representing 5.7 % of the share capital with a market value of €3,154 k.
Earnings per share are determined by dividing the net worth by the average number of shares outstanding during the year (548 149), i.e. excluding treasury shares.
Precia SA's main shareholder is Group Escharavil SA, Precia Group's lead holding company.

2.11 NON-CONTROLLING INTERESTS

Non-controlling interests are as follows:

- 60 % of Precia Molen Irl Ltd
- 25 % of Precia Molen India Ltd
- 40 % of Precia Molen Maroc SARL
- 2 % of Precia Molen Scandinavia AS
- 0.01 % of Precia Molen Service
- 10 % of Weighpac
- 10 % of Precia Molen Ningbo
- 15 % of J&S Weighing Solutions is held by third parties
- 20 % of CAPI-SA and CAPI-BF is held by third parties
- 25 % of Precia Molen South Australia is held by third parties.

Non-controlling interests represent 3.7 % of equity.

2.12 BORROWINGS AND FINANCIAL LIABILITIES

	Total	Short-term	Medium-term	Long-term
Credit institutions [1]	8,642	-	8,625	17
Lease liabilities	3,852	-	3,286	567
Other	-	-	-	-
S/total non-current financial debts	12,494	-	11,910	584
Current financial debt	8,914	8,914	-	-
TOTAL	21,408	8,914	11,910	584

(1) of which 100 % at fixed rates. Bank borrowings mainly include loans taken out with French banks for five years, repayable in instalments, at an average rate of between 0.2% and 1.0 %.

COMPARISON WITH 2017	Total	Short-term	Medium-term	Long-term
Credit institutions [2]	11,851	-	11,851	-
Lease liabilities	4,779	-	3,731	1,048
Other	-	-	-	-
S/total non-current financial debts	16,630	-	15,582	1,048
Current financial debt	8,417	8,417	-	-
TOTAL	25,047	8,417	15,582	1,048

(2) of which 100% at fixed rates. Bank borrowings mainly include loans taken out with French banks for five years, repayable in instalments, at an average rate of between 0.2% and 1.0 %.

2.13 BREAKDOWN OF PROVISIONS

	Start of year	Increase in depreciation	Decrease in depreciation - used	Decrease in depreciation - unused	Exchange rate difference	End of year
Risks and costs	983	123	(241)	(192)	0	674
Retirement benefits [1]	1,495	2,015	(860)	(33)	-	2,617
Tax provision	-	-	-	-	-	-
Non-current provisions	2,478	2,137	(1,101)	(224)	0	3,291

Comparative information financial year 2017	Start of year	Increase in depreciation	Decrease in depreciation - used	Decrease in depreciation - unused	Exchange rate difference	End of year
Non-current provisions	2,145	1,208	(290)	(582)	(4)	2,478

(1) French employees receive retirement benefits based on seniority and other terms in accordance with the applicable collective bargaining agreements. The Group valued its commitments using an actuarial method based on projected credit units. The following assumptions have been used: discount rate: 1.57 %, revaluation rate: 1-2 %, retirement age: 60/67 years old, rate of employer contributions: 42 %.
The value of asset plans deducted from the total commitment was €3,239 k (2017: €2,646 k).
Discount rate sensitivity was analysed: if this rate was lowered by 0.5 %, the Group's total commitment (before considering the fair value of insurance policies) would increase by about 7.0 %.
The medium-term outlook for payment of retirement benefits is 13.5 years.
The increase of €622 k corresponds to expenses for the year, comprised of € 168 k annual costs for services provided and € 1 825 k financial costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 Decembre 2018

in thousands of euros

In the ordinary course of its business, the Group is exposed to various litigations. Litigation provisions are assessed at year-end on a case-by-case basis, and their amounts represent the best estimate of the financial risk incurred, weighted by the most likely occurrence factor.
As at 31 December 2018, no provision for litigation is individually significant.
In the case of legal proceedings with unfounded claims from the opposing parties; the Group considers that no provision need be booked as the risk has not been proven.
Future retirement benefit expenses are partly covered by specific insurance contracts. The fair value of funds as at 31 December 2018 was €3,239 k (2017: €2,646 k); the remaining amount of the commitment post-hedging was €2,617 k.
The Group has no contingent liabilities.

2.14 BREAKDOWN OF OTHER CURRENT LIABILITIES

	31/12/2018	31/12/2017
Tax and social security liabilities	18,252	17,091
Advances and payments on account from orders	1,455	2,030
Other liabilities	1,103	772
Deferred income	4,013	4,416
TOTAL OTHER CURRENT LIABILITIES	**24,823**	**24,309**

2.15 OFF-BALANCE SHEET COMMITMENTS

2.15.1 Export sureties

The Group has received commitments from several banks, mainly for export commercial contracts, in favour of its customers regarding advance payment bonds, performance bonds, and warranty bond. As at 31 December 2018, these commitments represented €1 460 k.

2.16 FINANCIAL RISK MANAGEMENT

The Group is exposed to credit, liquidity, and market risks, but to a modest extent; as such, the Group makes limited use of financial instruments to reduce its exposure.
As with any commercial company, the Group is exposed to customer risks which mainly involve the risk of non-payment by its customers and a more cyclical risk of customer concentration. The company has some key account customers with a low risk of non-recovery. The largest customer accounted for 2.3 % of sales in 2018 (2.2 % in 2017). The top ten customers account for approximately 6.5 % of sales (7.7 % in 2017). In addition, sales of equipment are covered by a retention of title clause. Past losses on customer receivables show no significant impact.
Liquidity risk relates to the Group's financial capacity to meet its commitments when they mature. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to pay its debts when due, under normal or "adverse " conditions, without suffering unacceptable losses or damaging the Group's reputation. Market risk refers to the risk of changes in interest rates and exchange rates.
Regarding interest rates, Group policy generally favours fixed-rate loans (98 % of the Group's loans are at a fixed rate or floating swap rate).
The Group has very limited exposure to foreign exchange risks and uses futures contracts in case of significant risks. As at 31 December 2018, the fair market value of a futures currency sales contract (GBP and PLN) with a total nominal value of €2 202 k is +€80 k.

Liquidity and cash flow risk

The risk of being unable to honour its financial commitments is low; it is also subject to periodic evaluation by the Banque de France, which assigns us a probability of default within three years of 0.2 %, to be compared with the overall industry rate of 4.5 %.

Capital management

Group policy is to maintain a sound capital base to retain the confidence of investors, debtors and the market, and to support future business development. The Board of Directors controls the return on equity ratio which is calculated as follows: operating income divided by total equity. It also controls the level of dividends paid to the shareholders.

3 | NOTES ON THE CONSOLIDATED INCOME STATEMENT

3.1 GEOGRAPHICAL DISTRIBUTION OF ACTIVITIES

The Group and its financial reporting are mono-activity and is based on a geographical organisation.

BREAKDOWN OF FIXED ASSETS:		**31/12/2018**	**31/12/2017**
France	26,751	59 %	58 %
Outside of France	18,905	41 %	42 %
BREAKDOWN OF DEPRECIATION ALLOWANCES:		**31/12/2018**	**31/12/2017**
France	3,632	62 %	65 %
Outside of France	2,210	38 %	35 %
BREAKDOWN OF INVESTMENTS:		**31/12/2018**	**31/12/2017**
France	3,314	70 %	72 %
Outside of France	1,452	30 %	28 %
BREAKDOWN OF NON-CURRENT LIABILITIES:		**31/12/2018**	**31/12/2017**
France	13,382	85 %	84 %
Outside of France	2,413	15 %	16 %
BREAKDOWN OF TURNOVER:		**31/12/2018**	**31/12/2017**
France	84,687	65 %	64 %
Outside of France	45,246	35 %	36 %
BREAKDOWN OF OPERATING INCOME:		**31/12/2018**	**31/12/2017**
France	7,848	72 %	67 %
Outside of France	3,113	28 %	33 %
AVERAGE WORKFORCE:		**31/12/2018**	**31/12/2017**
France		730	694
Outside of France		465	429
Total		1,195 [2]	1,123 [3]

[2] of which 35 temporary workers / [3] of which 32 temporary workers

3.2 PAYROLL COSTS, EXTERNAL EXPENSES, AND DEPRECIATION

3.2.1 Staff costs

	31/12/2018	**31/12/2017**
Wages	41,730	39,483
Net social security contributions	13,090	12,103
Incentive schemes and profit sharing	573	542
Temporary workers	1,686	1,494
Provision for retirement benefits and asset plan	(146)	296
PAYROLL COSTS	**56,933**	**53,918**

3.2.2 Impact of IFRS 16 on operating income

	31/12/2018	**31/12/2017**
Cancellation of vehicle lease	835	662
Cancellation of industrial and commercial property lease	1,896	1,968
IMPACT ON EXTERNAL EXPENSES	**2,731**	**2,630**
Depreciation of vehicle	(814)	(705)
Depreciation of industrial and commercial premises	(1,747)	(1,714)
DEPRECIATION IMPACT	**(2,561)**	**(2,420)**
IMPACT ON OPERATING INCOME	**170**	**210**

3.3 COST OF NET FINANCIAL DEBT

	31/12/2018	**31/12/2017**
Interest	123	109
Reversals of provisions	31	-
Income from investment securities	200	206
Miscellaneous financial income	44	62
INCOME FROM CASH AND CASH EQUIVALENT	**398**	**378**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 Decembre 2018

in thousands of euros

	31/12/2018	31/12/2017
Interest on rental debt	168	177
Other interest	129	146
Provision allowance	6	53
Miscellaneous financial expenses	25	32
COST OF GROSS FINANCIAL DEBT	**328**	**408**

3.4 INCOME TAX

3.4.1 Income tax expense

Due	3,783
Deferred	425
Net (expense)	4,208

3.4.2 Reconciliation between recognised and theoretical income tax expenses

Net result	6,649	
Net result before tax	10,856	
Recognised income tax expense	(4,208)	nominal tax rate 38.76 %
Theoretical income tax expense	(3,738)	
Difference	(469)	
Tax on permanent differences *(of which employment competitiveness tax credit (CICE) : €381 K)*	386	
Use of previous uncapitalized tax losses carried forward	15	
New uncapitalized tax losses carried forward (*)	(513)	
Company Value-Added Contribution (CVAE) re-classified in taxes	(534)	
3 % tax-deduction on intra-group dividends	108	
Differences due to tax rates and others	69	
Total	(469)	

(*) The amount of tax losses not used due to their probability of non-recovery was €6,177 K on 31/12/2018.

3.4.3 Group tax relief (France)

PRECIA S.A. is the Group's parent company for tax consolidation with PRECIA MOLEN Service S.A.S.

3.5 FEES PAID TO AUDITORS

Audit fees	PWC	RM Consultants	SUBSIDIARY AUDITORS
Auditors, certifications, examination of individual and consolidated financial statement			
Issuer	42	32	-
Fully consolidated subsidiaries	9	9	35
Services other than certification of accounts			
Other audit-related services	33	-	-
TOTAL	**84**	**41**	**35**

4 | NOTES ON THE CONSOLIDATED CASH FLOW STATEMENT

The indirect method has been used to present the consolidated cash flow statement, based on the net income of consolidated companies calculated as follows:

	31/12/2018	31/12/2017
Net income of consolidated companies	6,649	6,760
Deduction of corporate income tax	4,208	3,669
Deduction of revenue from dividends	-	-
Deduction of interest costs and revenues	175	266
Deduction of depreciation	5,841	5,641
Deduction of allowances and reversal of provisions for depreciation of fixed assets	-	(18)
Deduction of allowances and reversal of provisions for depreciation of current assets	7	10
Deduction of allowances and reversal of provisions for risks and liabilities	(470)	212
Deduction of gains and losses on disposal of assets	86	(132)
Deduction of foreign exchange gains and losses on intra-group debts and receivables	181	-
Net income from cash flow statement	**16,676**	**16,408**

Cash items relate to available cash less bank overdrafts.

	31/12/2018	31/12/2017
Cash and cash equivalents	25,986	27,869
Bank overdrafts	(1,773)	(245)
CASH AND CASH EQUIVALENTS	**24,213**	**27,624**

5 | STATEMENT

I certify that, to the best of my knowledge, the financial statements have been prepared in accordance with 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 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 describes the main risks and uncertainties they have encountered.

Chairman of the Board of Directors
René COLOMBEL

OTHER INFORMATION

ANNUAL FINANCIAL REPORT 2018

GROUPE PRECIA MOLEN OTHER INFORMATION

TEXT OF THE RESOLUTIONS
of the Annual Ordinary General Meeting

1 | FIRST RESOLUTION

The General Shareholders' Meeting, after reading the Board of Directors' management report and the Supervisory Board's report as provided for in Article L.225-68 of the French Commercial Code, approves the annual accounts for the year ended 31 December 2018 as presented as well as the transactions shown in these accounts and summarised in these reports.

In particular, it agrees with the statements in the appendix relating to the first-time application of IRFS 16.

In application of Article 223c of the French General Tax Code, it approves the disbursements and expenses provided for in Article 39-4 of said code which were €89 951, resulting in a tax of €29 984.

As such, it discharges the members of the Board of Directors for the performance of their duties for the year.

2 | SECOND RESOLUTION

The General Shareholder's Meeting, after reading the Group's management report and the Auditors' report, approves the consolidated accounts, as they have been presented.

3 | THIRD RESOLUTION

The General Shareholders' Meeting approves the Board of Directors' proposal and decides to allocate the profit of €5 771 434.33 for the year ending 31 December as follows:

- Profit for the year.......................................€5 771 434,33
- Shareholder dividends..................................€1 297 538,40
  namely €2.40 per share
- Balance €4 473 895,93
  Fully to "other reserves"

It should be noted that, in this allocation, the shares held by the Company on the day of the payment of the dividend are not remunerated. The corresponding sums are allocated to 'other reserves'.

The General Shareholders Meeting acknowledges that the shareholders have been informed that:

- as of 1 January 2018, distributed income, as of their payment, carries a flat tax of 30 %, corresponding to 12.8 % for income tax and 17.2 % for social security contributions;
- individuals linked to a tax household with a reference fiscal income for the year before last is under 50 000 euros (single, divorced, or widowed taxpayers) or 75 000 euros (taxpayers subject common taxation) may request exemption from this levy; the exemption request must be made, under the responsibility of the shareholder, before 30 November of the year preceding the payment of the dividend;
- progressive dividend taxation is an option and is indicated on the tax return; in this case, the flat tax of 12.8 % will be deducted from the tax due. The 40 % deduction will be maintained, but social security contributions will be calculated on the amount before the deduction.

Note that the amount of income distributed for the year ended 31 December 2018 eligible for the 40 % tax deduction provided for in Article 158 3-2º of the French General Tax Code is €1 297 876.80, namely the totality of the dividends paid out.

Shareholders were also reminded that, in accordance with Article L. 136-7 of the French Social Security Code, social security contributions on dividends paid to individuals resident for tax purposes in France are subject to the same rules as the levy mentioned in Article 117c of the French General Tax Code, namely, they are deducted at source by the paying establishment when the latter is established in France and paid to the Treasury in the first fifteen days of the month following that of the payment of dividends.

In accordance with the law, the General Shareholders' Meeting duly notes that the following dividends were paid out for the previous three financial years.

Year	Payment	
	Total	Unit
31/12/2015	€1 155 750.00	€2.10
31/12/2016	€1 210 785.40	€2.20
31/12/2017	€1 320 856.80	€2.40

Other information

4 | FOURTH RESOLUTION

After having read the Corporate Governance report presented by the Supervisory Board, the General Shareholders' Meeting approves the terms of said report, and approves the principles and criteria for determining the distribution and allocation of the fixed, variable, and exceptional items constituting the total compensation and the benefits of all kinds of the corporate officers in consideration of their terms of office.

5 | FIFTH RESOLUTION

The General Shareholders' Meeting, after having read the Statutory Auditors' special report on the agreements referred to in Article L. 225-86 of the French Commercial Code and ruling on this report, notes that the agreements entered into and previously authorised were continued and that no agreement referred to in Article L. 225-86 of said Code was entered into during the financial year.

6 | SIXTH RESOLUTION

The General Meeting acknowledging that the term of office of the Supervisory Board member FIDUCIAIRE DE CONSEIL ET DE GESTION DE PATRIMOINE ends today, notes the wish of Mr Georges FARVACQUE, permanent representative of said company, to not to request the renewal of his term of office and decides to not replace him.

7 | SEVENTH RESOLUTION

The General Shareholders' Meeting sets the total annual amount of attendance fees payable to the Supervisory Board at €6,000.

This decision applies to the current financial year and for subsequent years, until a new decision by the General Shareholders' Meeting.

8 | EIGHTH RESOLUTION

Upon the proposal of the Board of Directors, in accordance with Articles L. 225-209 et seq. of the French Commercial Code and Regulation (EC) 2273/2003 of the Commission of the European Communities of 22 December 2003, the General Shareholders' Meeting authorises the Board of Directors to acquire Company shares for a maximum amount of €10 million, within the limit of 10 % of the capital, namely 57 330 shares, under the following conditions:

Maximum purchase price per share: €265

These shares may be acquired in one or more times, by any means, including during a public offering, in accordance with the current regulations, in descending order of priority:

- making a market of company shares by an investment service provider subject to there being a buyback programme in accordance with the AMAFI's Code of Ethics recognised by the Autorité des Marchés Financiers;
- of their retention or their transfer, by any means, including by exchange or transfer of shares.

The implementation of this share buyback programme is subject to the prior issuance of a description of the programme in accordance with the regulations of the Autorité des Marchés Financiers.

When the shares are redeemed to favour liquidity under the conditions defined by the AMF General Regulation, the number of shares used to calculate the 10 % limit provided for above, corresponds to the number of shares purchased less the number of shares sold during the authorisation period.

This authorisation is given for a period of eighteen (18) months from as of today. It supersedes, for the remaining term, the authorisation given by the Ordinary General Shareholders' Meeting on 22 June 2018.

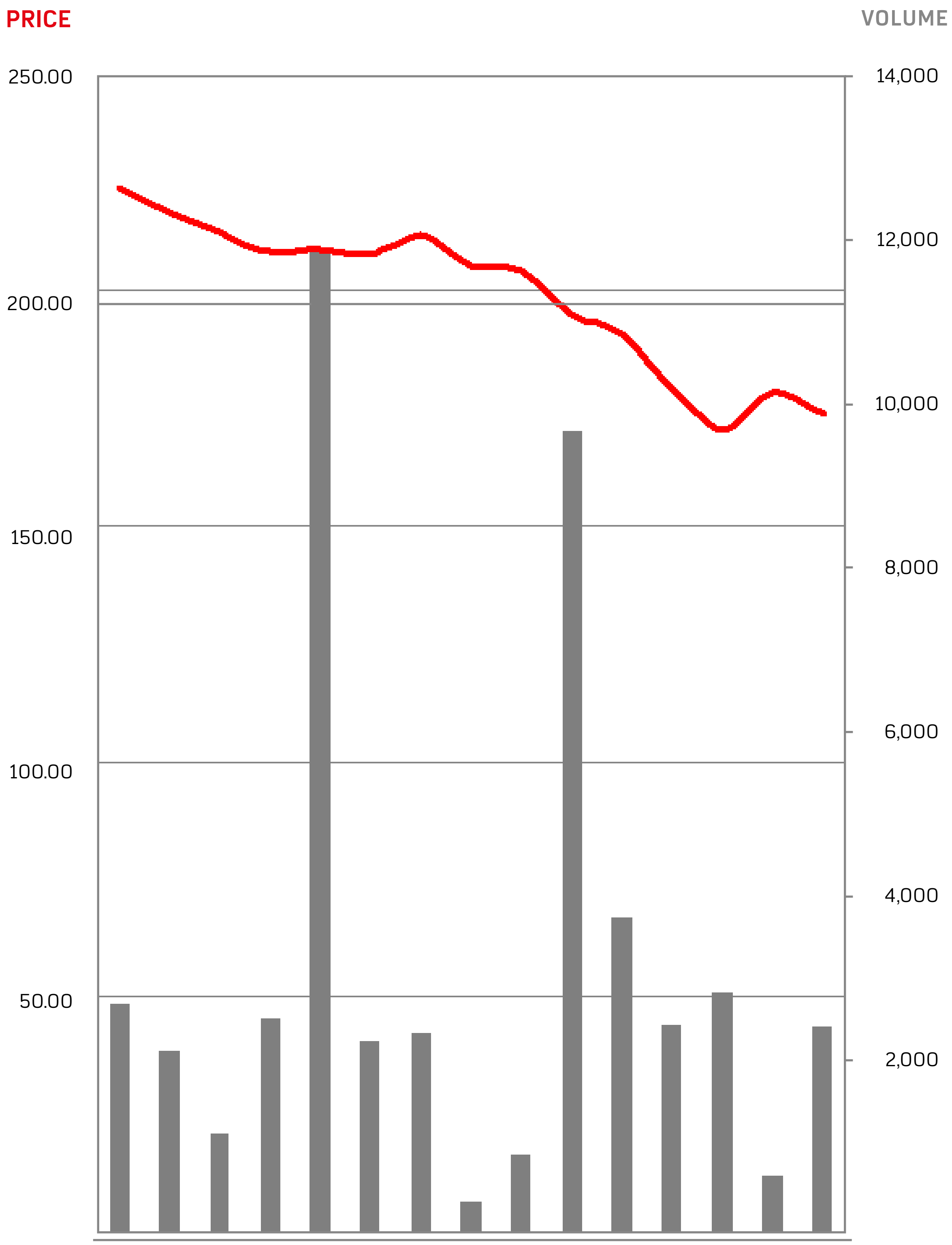
9 | NINTH RESOLUTION

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

SHARE PRICE

AVERAGE CLOSING PRICE AND VOLUMES (January 2018 - March 2019)

in euros



	JAN 2018	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN 2019	FEB	MARCH
Average price (closing)	222.0	216.8	212.5	208.1	208.5	207.5	211.7	205.4	204.1	194.8	190.6	179.2	170.4	178.2	173.7
Volume	2,719	2,159	1,184	2,547	11,651	2,276	2,367	370	918	9,544	3,763	2,487	2,870	692	2,468

B.P. 106 - 07001 PRIVAS CEDEX
Tel. +33 (0)4 75 66 46 00
pmcontact@preciamolen.com
www.preciamolen.com