PRECIA MOLEN™
WORLDWIDE WEIGHING

PRECIA S.A.
ANNUAL FINANCIAL REPORT

2017

SUMMARY

ANNUAL FINANCIAL REPORT

REPORT OF THE EXECUTIVE COMMITTEE

FISCAL YEAR ENDED DECEMBER 31, 2017

1. THE GROUP'S CURRENT SITUATION

The global economy grew more strongly in 2017, putting the years of crisis behind it, with some countries returning to pre-crisis growth rates.

France, and Europe in general, excluding the United Kingdom, saw their economic situation improve with an increase in product sales for the Group as well as in the provision of services.

Asia Pacific continued to perform well in terms of growth rates, particularly in India but also in South East Asia (Malaysia, Indonesia, Philippines) and in Oceania (Australia and New Zealand). The situation in North America remains positive for the moment.

Latin America is experiencing varying degrees of success, with Brazil emerging from two years of recession but experiencing significant political instability. Venezuela is in a state of collapse and no meaningful political solution is currently on the horizon. Argentina is recovering and its situation is gradually improving. Mexico continues to develop although its growth has slowed a little. Chile, for its part, is maintaining its momentum with a strong growth rate. The resolution of the conflict with FARC appears to have freed up the Colombian economy which is making strong progress. These three countries present attractive prospects for growth for the Precia Group.

Our activity in the African continent is developing at a steady pace with a considerable increase in projects, particularly in West Africa, thanks to our new facility in Ivory Coast.

However, we must remain alert to sources of geopolitical risk. Even if the fight against so called Islamic State seems to be won on the ground, this organisation remains a destabilizing factor for developed economies. The conflict in Syria is mobilizing the great powers and is symbolic of a return to the Cold War that had been buried with the fall of the Berlin Wall in 1989. This step backwards poses a risk of conflict on a wider scale. It is hoped that it will be limited to reciprocal economic retaliation.

A Soft Brexit would slow down trade but a Hard Brexit would have more serious consequences with a country of more than 60 million inhabitants at the heart of the European continent practising fiscal dumping and the competitive devaluation of its currency or transforming itself into a tax haven. Such a development would certainly be very destabilizing for the other European economies.

The tariff barriers that the Trump administration is imposing are a major factor in the rise of protectionism worldwide, which is set to increase further with the proliferation of nationalist governments, particularly in Europe (Poland, Hungary, Italy, Austria, Holland, etc.).

We anticipated this trend by creating local manufacture and assembly facilities in various regions of the world, in developing countries that are traditionally protective of their economies such as Brazil or India. We have recently adopted a similar format in the United States as well as in the United Kingdom. Such localized production also limits the impact of the strong Euro which can slow down exports.

Half of the group's growth in 2017 was attributable to new acquisitions (6). In France there was significant growth through acquisitions as well as organic growth, which validated our decision to strengthen our production capacity in France as well.

Outside Europe growth exceeded 80 % thanks to the acquisition of Capi at the beginning of 2017 and the substantial increase in our turnover in India, together with the significant expansion of our activities in Malaysia, Australia and New Zealand.

The Precia Molen Group, with its solid values, its women and men, its products but above all its customers, continues to grow in a sustainable and profitable manner. Growth in 2017 was achieved at a slightly higher operational profitability rate, with financing costs remaining low, which allows us to consolidate our economic model.

Business is very promising and we should be able to maintain progress on our internal business plan for 2020.

2. COMPANY ACTIVITY DURING THE YEAR 2017

2.1 Precia Molen Group

The Precia Molen Group's consolidated turnover in 2017 was € 124.1 M, a rise of 13.1 % from € 109.7 M in 2016. At constant scope and exchange rates, the increase is 6.6 %, the principal reason for the difference being the acquisitions of CAPI and Jac'Pesage, as well as the full-year effect of the acquisitions of Epona, and Weighpac (NZ) and Kaspo.
The Group achieved 64 % of its sales in France, 21 % in the rest of the European Union and 15 % in the rest of the world.

2.2. PRECIA S.A., parent company

PRECIA S.A.'s turnover in 2017 was € 49.7 M, an increase of 9.1 % compared with € 45.5 M in 2016.

3. INCOME

3.1 Precia Molen Group

Precia Molen Group's consolidated profits rose to € 6,176 K from € 5,717 K in 2016.
This figure breaks down as follows:

in K€	2017	2016
Operating income	**10,646**	**9,115**
Cost of net financial debt	(250)	271
Tax	(3,658)	(3,388)
Minority interests	562	281
NET GROUP CONSOLIDATED PROFIT	**6,176**	**5,717**
EARNINGS PER SHARE (in euros)	**11.2**	**10.4**

Operating income was € 10,646 K compared with € 9,115 K in 2016; it therefore increased by 16.8 % compared with last year and represented 8.6 % of sales, up from 8.3 % in 2016.
Net Group consolidated profit was € 6,176 K, against € 5,717 K in 2016; it was 8.0 % higher than last year and represented 5.0 % of sales (5.2 % in 2016).
Earnings per share rose from € 10.39 to € 11.2 in 2017.
Long term debt is € 11.9 M, compared to € 8.3 M at the end of 2016. It includes the restatement of financial leases of € 0.03 M.
In the short term, net cash as at 12/31/2017 was € 27.9 M compared to € 24.95 M at the end of 2016.
Cash net of debt amounted to € 9.7 M, down € 2.7 M, due to major investments (€ 9.7 M in external growth and fixed asset acquisitions), the increase in working capital (€ 1.2 M) and a dividend payment of € 1.3 M.

3.2 PRECIA S.A.

2017 PRECIA S.A. results were as follows:

in K€	2017	2016
Operating profit	**2,126**	**1,963**
Financial profit	3,634	3,817
Exceptional income/loss	161	(203)
Income taxes	245	249
NET RESULT	**5,676**	**5,327**

PRECIA S.A.'s operating income was up 8.3 % on 2016, representing 4.3 % of sales, compared with 4.3 % last year.
Net income remained stable at € 5,676 K, compared with € 5,327 K in 2016. It represented 11.4 % of sales, compared to 11.7 % last year. This net result also includes high dividends paid out by Precia Molen Service, Precia Molen Nederland, CAPI, and Precia Molen India. Medium term debt is € 12.9 M, compared to € 7.4 M at the end of 2016. The debt/equity ratio is 27.7 % compared to 17.6 % at the end of 2016. The group's principal financing in 2017 was arranged directly by Precia S.A. with its banks.

3.3. Allocation of income

We propose allocating net accounting income by paying a dividend of € 2.40 per share, and transferring the balance to the optional reserve.
In accordance with legal provisions, we remind you of the dividends paid for the last three financial years: (allowance 40 %).

In year 2016:	€ 2,20 per share	€ 1 210 K
In year 2015:	€ 2,10 per share	€ 1 156 K
In year 2014:	€ 1,80 per share	€ 1 005 K

4. ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the International Accounting Standards (IFRS) as adopted by the European Union.
There has been no change of accounting policy during the financial year.

5. SUBSIDIARIES

5.1 Change in the scope of consolidation

In January 2017, Precia S.A. acquired CAPI S.A. and CAPI-BF SARL, companies specializing in the sale and servicing of weighing instruments based in Abidjan (IC) and Ouagadougou (BF), with total sales of € 4.0 M.
In April 2017, the Precia Molen Group, via its subsidiary Precia Molen Service S.A.S, acquired 3P Entreprise, a company specializing in the sales and servicing of weighing instruments based in the east of Lyon, with total sales of € 0.4 M. The company has subsequently been absorbed by Precia Molen Service.
In July 2017 the Precia Molen Group, via its subsidiary Precia Molen Service S.A.S, acquired the weighing division of Salbreux Pesage on 1 August 2017. Salbreux is a company that specializes in the sales and servicing of weighing equipment covering the Atlantic arc, with two facilities at La Rochelle and La Roche-sur-Yon, whose weighing division has sales of about € 2 M per year.
In November 2017, Precia S.A. finalized the acquisition of JAC'PESAGE, a company specializing in the sales and servicing of weighing instruments and cash registers in Rungis (MIN) and Corbeil-Essones, which has sales of € 2 M per year.

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In November 2017, the Precia Molen Group, through its subsidiary Precia Molen CZ s.r.o., acquired Vahoservis s.r.o., based in Brno in the Czech Republic, a company specialising in the sale and maintenance of scales and weighing solutions as well as in the calibration of instruments and weights in legal and voluntary metrology, with a total annual turnover of approximately € 270 K per year.

5.2 Investments as at December 31, 2017

As at December 31, 2017 PRECIA S.A. directly or indirectly held shares in the following companies:

5.2.1 Subsidiaries

France :

PRECIA MOLEN Service	99.99 %
JAC'PESAGE	100 %

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 Ro	100 %
PRECIA MOLEN Australia	100 %
PRECIA MOLEN do Brasil	100 %
PRECIA MOLEN Ireland	40 %
PRECIA MOLEN Asia Pacific	100 %
Weighpac	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 Investments

International:

BACSA S.A.	19 %

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

The Group is organised as follows:

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

2) The PRECIA MOLEN SERVICE division is dedicated to:

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

PRECIA MOLEN SERVICE net sales represented € 47.7 M in 2017, as compared to € 44.5 M in 2016, an increase of 7.2 %. During the financial year, the company acquired then absorbed (by retroactive merger on April 1, 2017) the 3P company. The company also acquired the weighing division of the Salbreux company. In 2016, the company acquired then merged with EPONA company. The net profit of Precia Molen Service is € 3,504 K, that is, 7.3 % of sales.

3) The international division consists of the Group trading establishments in the European Union (the Netherlands, United Kingdom, Belgium, Poland, the Czech Republic and Romania) and in the rest of the world (Brazil, Australia, New Zealand, Scandinavia, Morocco, India, Malaysia, the United States, Ivory Coast and Burkina-Faso). In 2017, consolidated cumulative sales of these various entities were € 44.4 M, an increase 20.8 % as compared to last year. Together, these entities represent 32 % of the consolidated operating profit, as compared to 29 % in 2016.

6. INVESTMENTS AND RESEARCH AND DEVELOPMENT

6.1 Investments

In 2017 Precia Molen Group's investments were as follows: (including new acquisitions)

ACQUISITIONS	in K€
Intangible assets	144
Tangible assets	5,192
Financial assets	256
TOTAL	**5,593**

PRECIA S.A. investments were as follows:

ACQUISITIONS	in K€
Intangible fixed assets	57
Tangible assets	1,383
Financial assets	5,554
TOTAL	**6,994**

6.2 Research & development

Research and Development represents 1.1 % of consolidated net sales and 2.8 % of PRECIA S.A. net sales.
R&D programs 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, and
- the development and improvement of business solutions.

In 2017, no expenses were capitalized.

7. SIGNIFICANT EVENTS SUBSEQUENT TO CLOSING THE ACCOUNTS ON 12/31/2017

In January 2018, the Precia Molen Group, via its subsidiary Precia Molen Service S.A.S, acquired the Humidimètres branch of the company Télé Labo SARL.

8. HUMAN RESOURCES AND EMPLOYEE BENEFITS INFORMATION

8.1 Employment

The majority of PRECIA Group's employees are based in Europe (80 %), most notably in France (60 %). The employees based outside of Europe represent 20 % of the workforce.

ENTITY	TOTAL AS AT 12/31/2017
PRECIA S.A.	279
PRECIA MOLEN SERVICE	393
PRECIA MOLEN India	99
PRECIA MOLEN BV	58
PRECIA MOLEN UK	57
CAPI CI	46
PRECIA MOLEN Ireland	29
PRECIA MOLEN Belgium	28
PRECIA MOLEN Maroc	26
KASPO LAB	21
PRECIA Polska	20
WEIGHPAC	18
PRECIA MOLEN Asia Pacific	10
PRECIA MOLEN Australia	8
PRECIA MOLEN Scandinavia	6
J&S WEIGHING SOLUTIONS	5
CAPI BF	4
PRECIA MOLEN Brazil	3
PRECIA MOLEN CZ	3
PRECIA MOLEN Ro	0
TOTAL	**1,113**

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The PRECIA Group is comprised of 16.6 % women and 83.4 % men.

ENTITY	F	M
PRECIA S.A.	54	225
PRECIA MOLEN SERVICE	63	330
PRECIA MOLEN India	3	96
PRECIA MOLEN BV	8	50
PRECIA MOLEN UK	19	38
CAPI CI	6	40
PRECIA MOLEN Ireland	4	25
PRECIA MOLEN Belgium	4	24
PRECIA MOLEN Maroc	1	25
KASPO LAB	9	12
PRECIA Polska	5	15
WEIGHPAC	2	16
PRECIA MOLEN Asia Pacific	2	8
PRECIA MOLEN Australia	1	7
PRECIA MOLEN Scandinavia	1	5
J&S WEIGHING SOLUTIONS	1	4
CAPI BF	1	3
PRECIA MOLEN Brazil	1	2
PRECIA MOLEN CZ	-	3
PRECIA MOLEN Ro	-	-
TOTAL	**185**	**928**

ENTITY	<26	26 to 44 years	>44
PRECIA S.A.	17	103	159
PRECIA MOLEN SERVICE	17	180	196
PRECIA MOLEN India	19	72	8
PRECIA MOLEN BV	3	16	39
PRECIA MOLEN UK	4	11	42
CAPI CI	1	36	9
PRECIA MOLEN Ireland	5	13	11
PRECIA MOLEN Belgium	1	11	16
PRECIA MOLEN Maroc	6	17	3
KASPO LAB	-	18	3
PRECIA Polska	-	17	3
WEIGHPAC	-	11	7
PRECIA MOLEN Asia Pacific	1	8	1
PRECIA MOLEN Australia	2	3	3
PRECIA MOLEN Scandinavia	2	1	3
J&S WEIGHING SOLUTIONS	1	2	2
CAPI BF	-	2	2
PRECIA MOLEN Brazil	-	1	2
PRECIA MOLEN CZ	-	2	1
PRECIA MOLEN Ro	-	-	-
TOTAL	**79**	**524**	**510**

At the PRECIA MOLEN Group level, 176 staff were hired over the period, mainly in France (88 out of 176). The increase in staff includes direct recruitment into existing structures and the integration of new companies and subsidiaries into the Precia Molen Group in 2017.
15 departures were recorded during the year.

For the year 2017, total remuneration in the PRECIA MOLEN Group amounted to € 53,918 K. This figure includes total payroll as well as company profit sharing plans.
PRECIA S.A.'s total payroll for 2017 increased to € 15,834 K compared to € 14,499 K in 2016.

8.2 Organization of working time

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

The organization of working time can therefore 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 5.9 days per person per year.

8.3 Labor relations

The companies in the Precia Molen Group 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 discussions and negotiations conducted over the past year have focused on collective and individual remuneration, as well as health and safety conditions, absenteeism, gender equality and the system for covering health expenses.

Collective agreements or action plans were agreed at a local level. Current collective agreements or action plans relate to working hours, gender equality, profit-sharing and incentive schemes, employee savings plans (PEE PERCO) and a mileage allowance for employees who cycle to work.

8.4 Health and safety

With respect to workplace health and safety, the PRECIA Group deploys the organization and resources that enable it to provide appropriate working and safety conditions for its employees. Special organizations and resources are in place at sites which pose the greatest risks (production sites, customer sites requiring health and safety (MASE) certification).

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

The PRECIA Group also has numerous employees who are called upon to regularly visit its clients' sites. These people are provided with safety training to enable them to carry out technical operations.

There are currently no collective agreements to supplement this structure with regard to occupational safety and health.

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

Severity rate	1.13
Frequency rate	15.83
Number of occupational illnesses	4

8.5 Training

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

At Group level, 17,347 hours of training were delivered in 2017.

8.6 Equal treatment

Following negotiations with employee representatives, in particular on gender equality, a number of concrete measures have been implemented and concern:

- recruitment,
- equal pay and internal promotion, and
- the balance between professional activity and family responsibility.

In addition, PRECIA S.A. has signed the charter of the Ardèche Business and Disabled Club (Club Entreprise et Handicap).

Furthermore, part of the manufacture of the new Ci5 and Ci20 products has been allocated to a facility that enables disabled workers to continue their professional career. The PRECIA MOLEN Group is thereby showing 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 the fundamental conventions of the International Labour Organization

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

Efforts to draw up a joint charter on labour law did not produce results in 2017 and this will be reviewed following implementation of the new regulatory requirements relating to social and environmental responsibility that will apply to financial years from 2018.

9. ENVIRONMENTAL INFORMATION

9.1 General environmental policy

The production sites are responsible for a large part of the environmental pollution. The largest production facilities of the PRECIA MOLEN Group belong to the parent company PRECIA S.A.. PRECIA S.A. has a proactive approach to protecting the environment. Among the steps taken to reduce the company's environmental impact are measures to comply with relevant legal requirements and standards, effective control procedures and sustainable performance improvement through targeted initiatives.
Measures have been put in place to avoid environmental risks and pollution. These include both technical (use of safety equipment, integration of risk control procedures into the design of equipment and facilities, establishment of a zone for collecting and securing waste), organisational (field visits, audits, improvement measures) and human (safety and environmental training, waste separation awareness, communication of best practices).
PRECIA Group's production activities are the principal source of its environmental risks. To cover the cost of these risks, PRECIA S.A.'s production site, which is the main production site of the group, has specific insurance cover which is valid for all of its activities.

9.2 Pollution and waste management

In order to prevent and reduce emissions of waste into the air, water and soil, 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 generated primarily by the activities of PRECIA S.A., which is responsible for product manufacture. PRECIA S.A. generates 98 % of the waste emitted by the companies whose waste emissions are consolidated.

NB: the quantitative data related to waste concerns only two of the six entities consolidated on an environmental level and for which there are reliable data for the year 2017 (Precia S.A. and Precia Molen NL). The other entities have no figures or reliable data for this year.

For PRECIA S.A., 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 S.A.'s activities (86 % in 2017).
In order to control the environmental impact of the materials used and waste generated by its activity, PRECIA S.A. focuses its efforts on implementing good practices for the storage and use of chemical products, as well as for the separation and recovery of waste.
Waste collection is carried out at various production locations, in specially designed containers. The waste is grouped according to its category and channelled into appropriate treatment processes that comply with the relevant regulations.
PRECIA S.A. pays particular attention to the selection of waste treatment processes in order to achieve a high level of recovery. PRECIA S.A. 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 S.A.'s production sites are the main sources of environmental nuisance (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 in the vicinity of the company's sites. To achieve this objective, technical (sound insulation) and organizational (operating hours) measures have been put in place.
The PRECIA MOLEN Group does not have an in-house catering service and is therefore not directly involved in the prevention of food waste. Nevertheless a product has been developed that enables its customers to combat food waste by selectively weighing waste from the catering industry.

9.3 Sustainable use of resources

The implementation of projects designed to enable the sustainable use of resources is a key focus of the PRECIA Group, because it makes it possible to balance a set of varied and very important goals such as respect for the environment (global as well as local), cost reduction and the coordination of teams involved in structural projects that may involve the use of raw materials and energy.
At production sites, for example, particular attention is paid to reducing the quantities of discarded materials and to increasing the proportion of waste recovered.

Year 2017	
Water (m^3)	3,888
Electricity (kWh)	2,161,423
Gas and fuel oil (L)	2,040,970
Combustible gas (kWh PCI)	1,245,896

NB: 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. Out of the company's 60 offices, 32 have been able to identify water consumption. The number of company offices for which water consumption can be isolated is 29 out of 60.
It was not possible to assess PM UK's water consumption and include it in the table above.

Most of the energy consumed is generated by PRECIA S.A. and PRECIA MOLEN SERVICE (87 % of electricity, 93 % of Fuels and Fuel Oil, 73 % of Gas). These two entities also account for 76 % of water consumption at the sites which have been environmentally consolidated.

The PRECIA MOLEN Group's activities do not involve the use of land, other than the use of areas necessary for the establishment of administrative or production buildings. In these instances, urban planning and environmental protection regulations are included in the design and framing of the construction projects.

9.4 Climate change

The activities of the PRECIA MOLEN Group are not exposed to the consequences of climate change and do not significantly affect biodiversity.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 these are the production of heat (heating of buildings), the operation of industrial equipment and the vehicle fleet used by PRECIA S.A. and PRECIA MOLEN SERVICE. Emission sources are regularly monitored and controlled.

A summary of CO^2 emissions is produced only for the PRECIA MOLEN Group activities which have been environmentally consolidated (see chapter 2). This applies to operations in France, the Netherlands, the United Kingdom, India and Morocco. The energy sources involved in this energy audit are electricity (processes, lighting, heating, air conditioning), fuel (for vehicles and machinery) and gas (heating and processes).

Year 2017	
Emissions of CO^2 (Tons)...........	7,079

Calculated according to the Bilan Carbone ® v8 method

A life cycle analysis of one of the products in the range will be carried out during the year in order to identify its potential impact on the environment and on climate change.

10. INFORMATION ON COMPANY COMMITMENTS TO SUSTAINABLE DEVELOPMENT

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

Within the PRECIA Group, PRECIA S.A. supports the values of sport, such as team spirit and solidarity, responsiveness and technique, as well as effort and reward.

This support is demonstrated by its active participation in various local sporting events, such as the Ardéchoise cyclo-sport race and the Ardèche rally.

PRECIA S.A. also supports the Privas theatre, and the company and the theatre share many common values: creativity, community and an open attitude towards the world.

The training of professionals in the weighing industry is very important to PRECIA S.A., one of the world leaders in this field and the leading French manufacturer of weighing instruments. For example PRECIA S.A. supports numerous technical high schools and post-baccalaureate schools through the payment of the apprenticeship tax and sponsorship programmes.

PRECIA S.A. has also opted for short supply chains for both its subcontractors and its raw materials and goods. For example since the 2012 financial year the company has internalized the production of certain electronic weighing instruments which were previously manufactured in Asia. This internalisation was made possible by a streamlining of the product range and an in-depth value analysis.

During the year PRECIA S.A. also invested in the construction of a new production building to strengthen the company's ability to meet its customers' needs.

The wood waste from PRECIA S.A.'s activity is collected by a company which converts it into pellets to supply wood heaters.

PRECIA S.A. is a major stakeholder in its original economic region to which it is has a strong and long term commitment, notably through investments in production capacity.

10.2 Sub-contractors and suppliers

PRECIA S.A. occasionally uses subcontractors for partial or complete mechanical parts or even for certain machine installations. In most cases it involves subcontracting of a speciality, sometimes of capacity, with the aim of supplementing the available means of production or the places where services are provided. This primarily involves production sites.

The relative importance of the PRECIA S.A. to its subcontractors is limited. We have developed very harmonious commercial relationships with our subcontractors.

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

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10.3 Fair trade practices

The PRECIA Group is committed to strict compliance with the law and regulations. In this context, combatting corruption, respecting trade embargoes and opposing tax havens are routinely integrated into its commercial activities, in particular in its international operations.

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

Our business is in a highly competitive sector. The company's market performance 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 organization of its sales and service networks.

Regulatory obligations are a specific feature of our profession, whether it concerns Legal Metrology or regulations relating to 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 authorized bodies.

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

11.2 Risks related to the financial climate

The Group is exposed to credit, liquidity and market risks, but to a modest extent, and the Group therefore 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 for whom the risk of non-recovery is low. The largest customer accounted for 2.2 % of sales in 2017 (1.9 % in 2016). The top ten customers account for approximately 7.7 % of sales (8.1 % in 2016). In addition, sales of equipment are covered by an ownership reserve 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 meet 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.

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

The Group has only a very limited exposure to foreign exchange risks and has recourse to futures contracts for any large risks. As of December 31, 2017, the fair market value of a futures currency sales contract (GBP, PLN and USD) with a total nominal value of € 2,904 K is + € 74 K.

11.3 Liquidity and cash flow risks

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 0.8 %, compared with the overall industry rate: 5.7 %

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. MISCELLANEOUS INFORMATION

12.1 Sumptuary costs

These charges amounted to € 90 K in 2017.

12.2 Main Shareholders

In accordance with the law, we notify you that the main shareholders of your company are:

	Shareholding	Voting rights
ESCHARAVIL Group S.A.	from 33.33 to 50 %	from 50 to 66.67 %
ESCHARAVIL Family	from 10 to 15 %	from 10 to 15 %
Lazard Frères Gestion SAS	from 5 to 10 %	from 5 to 10 %
Invesco Advisers,Inc.	from 5 to 10 %	from 5 to 10 %
TOTAL NUMBER OF VOTES		840,111

No significant change in capital ownership has occurred during the financial year.

12.3 PRECIA S.A. shares held by the Company

As at 12/31/2017, PRECIA S.A. held 22,947 of its own shares, representing 4.0 % of the share capital for a total acquisition cost of € 1,296 K ; market value at year end was € 5.0 M.

12.4 Inventory of marketable securities

As of 12/31/2017, PRECIA and PRECIA MOLEN SERVICE held no investment securities. The short term liquidity position is in the form of Term Deposits and Call Accounts with large French banks but also in the form of an interest bearing current account with a bank.

12.5 Customer payment terms

As of 12/31/2017, the breakdown of maturities of the PRECIA S.A. customer sub ledger was: (in €K)

TOTAL	17,950
Payment terms of 91 days or more	128
Payment term from 61 to 90 days	1,566
Payment term from 31 to 60 days	4,368
Payment term from 1 to 30 days	3,784
0 to 30 days late	2,295
31 to 60 days late	1,155
61 to 89 days late	469
> 90 days late	4,284

The total for late payments is € 8,103 K, tax included, that is 16.3 % of sales, excluding tax, and represents a total of 1,924 invoices, which includes:

- 655 invoices corresponding to late payments from 0 to 30 days
- 277 invoices corresponding to late payments from 31 to 60 days
- 101 invoices corresponding to late payments from 61 to 89 days
- 891 invoices corresponding to late payments greater than 90 days

The payment deadline used is that indicated on the invoices.

12.6 Supplier payment terms

As at 12/31/2017, the breakdown of maturities of the PRECIA S.A. supplier sub ledger was: (in €K)

TOTAL	6,600
More than 91 days overdue	300
From 61 to 90 days overdue	269
From 31 to 60 days overdue	226
From 1 to 30 days overdue	391
Overdue on 12/31/2017	126
Payment term from 1 to 30 days	2,574
Payment term from 31 to 60 days	2,691
Payment term from 61 to 90 days	1
Payment terms of 91 days or more	22

REPORT OF THE EXECUTIVE COMMITTEE

FISCAL YEAR ENDED DECEMBER 31, 2017

The total late payments are € 1,312 K, tax included, that is 3.7 % of sales excluding tax, and represents a total of 357 invoices, which includes:

- 110 invoices corresponding to late payments of 91 days or more
- 23 invoices corresponding to late payments of 61 to 90 days
- 72 invoices corresponding to late payments of 31 to 60 days
- 105 invoices corresponding to late payments of 1 to 30 days
- 47 invoices corresponding to late payments as of 12/31/2017

The payment deadline used is that indicated on the invoices.

12.7 Employee shareholding

As of 12/31/2017 employee shareholding under a collective management agreement represented 2.60 %.

12.8 Information concerning transactions carried out by senior executives and their close relations in the company's shares over the past year

Over the course of the past year, the executive managers and their relatives have not conducted any of the following operations in the stock of the company: acquisitions, transfers, subscriptions, exchanges, transactions carried out on the stock through futures.

12.9 Information regarding internal control procedures and risk management

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

- Legal compliance with current laws and regulations,
- The implementation of the Management Board decisions, and
- The reliability of financial information.

In accordance with Article L225-100-3, the capital structure is disclosed in the management report.

The organization of internal control within our group is based on:

- A clear definition of the objectives,
- Knowledge and control of documentation,
- A coherent organization, and
- A process of supervision and improvement.

A risk analysis 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 analyzing these risks and defining and implementing the most appropriate preventive actions.
Our prevention process, recorded in a controlled documentary system, involves each member of our staff.

Fire risk

The nature of our activities and our premises are not particularly susceptible to fire risks. First of all, our commercial offices are small facilities, while 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.
Prevention measures are nevertheless taken.

For the industrial sites of Privas and Veyras:

- Flammable products are stored in an independent and adapted building on the Veyras site. This building is equipped with an automatic fire fighting system.
- Flammable waste is stored among special industrial waste in a covered area reserved for this purpose and equipped with a protective containment system.
- Vulnerable premises have an automatic detection and warning system. An on-call system has been organized to respond to alerts from this device.
- The quantity of flammable products in the workshops is reduced to the minimum level compatible with production requirements.

- The installation of fire extinguishers under the certification of Q4 29 March 2012 from APSAD (Assemblée Plénière des Sociétés d'Assurance de Dommages). Fire extinguishers are inspected regularly by employees of the company and by a certified organization.
- A fire permit is compulsory for all relevant operations.
- Training sessions on the use of fire extinguishers are organized.

For all the sites:
- Fire extinguisher installations meet the requirements of the French work code and are checked every year by a certified organization.
- Electrical installations are checked annually. Actions following this inspection are scheduled and carried out.

Environmental risks and impacts
In environmental matters, PRECIA is bound by the declaration regulations. The environmental impact of our industrial activities remains low.

Dangerous products and waste are stored in a site designed for this purpose. It has containment equipment. Waste is removed by a service provider who meets 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 centralized heating and air conditioning system. This system allows us to reduce the consumption of electricity and fuel.

The development of new manufacturing processes takes into account environmental issues and in particular the energy consumption of equipment. The exploitation of natural resources, in particular water, is also the focus of particular attention. Technical measures to reduce water consumption have been taken over recent years.

Health and safety risks of our employee
Our occupational health and safety policy includes:

- Analysing the risks:
  The risk analysis, compiled in a document for each site, is carried out and revised annually for each commercial 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 on the basis of the annual risk prevention programme.
  Mandatory security training sessions are conducted. Drivers of fork-lift trucks, users of mobile lifting platforms and personnel working on electrical installations receive appropriate training. We also conduct training programmes on the use of fire extinguishers and on internal technical safety inspections. We have trained Workplace First Aid practitioners. Additional training sessions are organised when necessary.
- Promoting the principle of collective protection:
  Air pollutant extraction devices are regularly inspected. They particularly relate to welding, painting and pouring concrete.
- Substitution of hazardous products by less hazardous products:
  Although our company uses few hazardous products, we analyze the chemical risk. As a result of this analysis, we have substituted some of our products. Consequently, the most hazardous products (CMR products) cannot be used for activities carried out by PRECIA.
- Deploying the most suitable Personal Protection Equipment:
  Workstations are required to use personal protective equipment, such as work clothing, safety shoes, gloves, helmets, face and respiratory protection, hearing protection…
- Ensuring the suitability and maintenance of work equipment:
  On Privas and Veyras sites, preventive maintenance is performed on all equipment and installations. Electrical installations, lifting and handling equipment and accessories are regularly inspected.
- Communication of instructions and regulations:
  At our production sites, internal regulations and instructions are displayed regarding work accidents, smoking bans, the use of personal protective equipment, etc.

12.9.2 Technological risk

Our activity is subject to "regulatory" risks:

PRECIA's products are subject to two specific regulations: the regulation relating to Legal Metrology (ML) and the regulation relating to products installed in zones susceptible to explosion (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 organizations for foreign subsidiaries), as well as two organizations certified by the State, LNE for Legal Metrology and LCIE for explosive environments (ATEX).

REPORT OF THE EXECUTIVE COMMITTEE

FISCAL YEAR ENDED DECEMBER 31, 2017

- 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.
- The certificated training of specialized personnel (as well as the monitoring of their certification) in certain tasks related to these regulations. This certification is subject to formal procedures:
    - Qualified auditors (ML),
    - Qualified repairers (ML) via Precia Molen Service; and
    - ATEX operators.
- The verification 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 preserved and backed up.

12.9.3 Supplier risk

Supplier risk is contained.

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 evaluated twice a year on their ability to provide the service or product requested. This evaluation is formalized in a procedure.

Some products have been developed by our suppliers according to our specifications. We have a comprehensive file on these products which will allow us to change suppliers quickly if necessary.

12.9.4 Raw Materials Risk

The weighing instruments we manufacture and sell consist of steel, plastic and electronic components. These various elements 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 4 % of our sales.

12.9.6 IT risk

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

Software risk is minimized by the fact that only the IT department is authorized to purchase, test, install and update software.

The "source codes" of the software packages and their operating licences are stored securely by the IT department.

Data risk:
- All IT facilities are integrated into a network.
- Data is centralized and secured. Backups are created in accordance with our computer data control procedure.
- The structure and technical measures put in place ensure a high level of security for our IT 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 into our Quality Management System.
- Awareness-raising, training (including certification) and regulatory monitoring initiatives are undertaken on a regular basis.

We are aware however that internal control is not an absolute guarantee against every malfunction.

13. INTERNAL CONTROL PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION:

Financial Information is published under the control of the Chairman of the Management board; it consists of press releases, management board report, annual or semi-annual accounts or annual financial statements.

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 ensures the production of the group's consolidated accounts and PRECIA S.A.'s corporate accounts within deadlines that meet legal obligations,
- it manages the budgeting and forecasting process,
- it produces the monthly management reports, while ensuring the coordination of the various entities, and

- it is responsible for accounting procedures and information systems.

Each subsidiary has its own accounting organization tailored to its structure; 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 the Group's entities are involved in the annual budget process. The reporting frequency is monthly and all subsidiaries are subject to regular operational reviews. The reporting takes place monthly.
The company accounts of the main subsidiaries and the related information used for the half-yearly and annual consolidations are certified by local external auditors. In addition, the managers of each subsidiary sign a letter of declaration every six months, for the auditors' attention where there are any, which commits them to total transparency.

13.3 Frame of Reference and accounting methods of the Group

The Group prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS).
Any change in accounting policies is approved in advance by the statutory auditors.

13.4 The planning of the half-yearly accounts procedures

To ensure the best possible coordination of the half-yearly financial statements, the Group issues audit instructions, which notably 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 evaluation 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 order book of the company and its subsidiaries is increasing at the beginning of the financial year 2018. With modest organic growth and the contribution of 2017 full-year acquisitions (Jac'Pesage, Salbreux, etc.), the group will continue its growth with anticipated sales of around € 130 M.

The Group is also continuing the reorganization of its computerized management systems with the international deployment of its global ERP system.

Against the backdrop of interest rates that remain low and with an improvement in its gross cash position, the Group remains very interested in external growth opportunities, in the provision of services, new products or expanding into new locations.

While the economic climate 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. CERTIFICATION

I hereby 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, financial position and results of the company and of all the companies included in the consolidation, and that the accompanying management report presents a true and fair view of the development of the business, results and financial position of the company and of all the companies included in the consolidation and a description of the main risks and uncertainties with which they are confronted.

Prepared at Privas on April 05, 2018

The Chairman of the Management Board
René COLOMBEL

COMPOSITION

OF THE BOARD

ADMINISTRATION – MANAGEMENT

Madame Anne-Marie ESCHARAVIL
Member and
Chairman of the Supervisory Board

Chairman of the S.A.S. BERGEROUX and LA FINANCIERE DE BENAT
Chairman 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

Chairman and member of the Supervisory Board of the S.A. GROUPE ESCHARAVIL
Member of the Executive Board of the S.A. LUC ESCHARAVIL

Madame Marie-Christine ESCHARAVIL
Member of the Supervisory Board

Member and Vice-chairman of the Supervisory Board of the S.A. GROUPE ESCHARAVIL

Monsieur Luc ESCHARAVIL
Vice-chairman of the Supervisory Board
Representative of the S.A. GROUPE ESCHARAVIL
Member of the Supervisory Board

Administrator -Chairman and Managing Director of the S.A. LUC ESCHARAVIL
Chairman of the S.A.S. RAFFIN
Member of the Executive Board and Managing Director of the S.A. GROUPE ESCHARAVIL

Monsieur Georges FARVACQUE
Permanent representative of the company FIDUCIAIRE DE CONTROLE ET DE GESTION DE PATRIMOINE
Member of the Supervisory Board

Monsieur François THINARD
Member of the Supervisory Board

Monsieur René COLOMBEL
Member and
Chairman of the Executive Board

Chairman of the S.A.S. PRECIA MOLEN SERVICE
President of the S.A.S. JAC'PESAGE
Member of the board of Directors de MOLEN BV, PRECIA MOLEN UK Ltd, PRECIA MOLEN SCANDINAVIA AS, PRECIA MOLEN (IRL) Ltd et PRECIA MOLEN INDIA Ltd
Administrator of MOLEN BELGIUM BV
Co-manager of PRECIA MOLEN MAROC SARL
President of PRECIA MOLEN AUSTRALIA Pty Ltd
President of Weighpac Ltd
President of PRECIA MOLEN Servicos de Pesagem Ltda
Administrator of CAPI S.A.

Monsieur Jacques RAVEL
Member of the Supervisory Board

Head of the Audit Committee
Independent administrator

SITUATION OF THE TERMS OF THE MEMBERS OF THE SUPERVISORY BOARD

No term relating to the Supervisory Board expired during the fiscal year closing 12/31/2017.

INFORMATION REGARDING THE OPERATIONS CONDUCTED BY EXECUTIVE MANAGERS AND THEIR FAMILIES IN THE STOCK OF THE COMPANY OVER THE COURSE OF THE PAST YEAR

Over the course of the past year, the executive managers and their families have not conducted any of the following operations in the stock of the company: acquisitions, transfers, subscriptions, exchanges, transactions carried out on the stock through futures.

REGULATED AGREEMENTS

The list of the current regulated agreements are as follows:

- Financial and technical support in the framework of an existing market by a guarantee of € 600 K in favor of Precia Molen Morocco SARL.
- Loan of € 284 K in favor of Precia Molen Maroc SARL.
- Loan of € 389 K in favor of Precia Molen (IRL) Ltd.
- Promotion and management agreement with Groupe Escharavil S.A. that gave rise to € 360 K in services.

OBSERVATIONS OF THE BOARD ON THE EXECUTIVE BOARD REPORT AND ON THE ANNUAL ACCOUNTS FOR THE FISCAL YEAR

We point out to you that the annual accounts of the fiscal year ending December 31, 2017 and the management report have been sent to the Supervisory Board within the time frame provided for by the legal and regulatory provisions.
Furthermore, the Supervisory Board acknowledges having read the consolidated financial statements.
In view of the above, we do not have any specific observations to disclose, as regards the management report of the Executive Board and the annual accounts for the fiscal year ending December 31, 2017.

MIDDLENEXT GOVERNANCE CODE

The Supervisory Board, in its meeting of April 13, 2017, decided to rely on the Corporate Governance Code of MiddleNext, as modified in September, 2016.
This code can be viewed at the Company's headquarters.
At this time, the Supervisory Board has not decided to deviate from the provisions of this code, which is in line with the size of the company and the method of governance.

TABLE OF DELEGATIONS

Delegations regarding capital increase:
There is no delegation regarding capital increase.

DELEGATION OF AUTHORITIES AND POWER:

In accordance with the company's By-Laws, the Management of the company is entrusted to the Executive Board, under the control of the Supervisory Board, and in the limits set by the By-Laws, especially regarding external growth or property acquisitions.

In addition, the Board relies on a management team composed of the senior managers of Precia S.A. as well the managers of the various subsidiaries that make up the Group.

It should be stated that the General Meeting of June 28, 2017 approved a delegation for the repurchase of own shares over 18 months; the details are provided in the minutes of said General Meeting, available at the Company's headquarters.

SPECIFIC PROCEDURES FOR SHAREHOLDER PARTICIPATION IN THE GENERAL MEETING

The procedures for the shareholders to participate in General Meetings are detailed in the By-Laws of Precia S.A., which are available upon request at the company's headquarters.

COMPENSATION AND NON CASH BENEFITS OF CORPORATE OFFICERS BY VIRTUE OF THEIR OFFICE

Anne-Marie Escharavil
For her role as company officer exercised in the Groupe Escharavil S.A., Anne-Marie Escharavil received an annual gross compensation of € 70,020.

Jacques Ravel
For his role performed as corporate office in Precia S.A., Jacques Ravel issues an annual invoice in the amount of € 7,000.

René Colombel
For his role as company officer exercised in Precia S.A., René Colombel received an annual gross compensation of € 16,800.
It should further be noted that the mandates held by René Colombel in the subsidiaries receive no compensation.

These compensations and non cash benefits have been decided upon by the relevant bodies during the nomination and renewal of each corporate officer concerned, and refer to the mandate entrusted within the company and in line with the place of the company within the Group.

COMMITMENTS OF ANY KIND

Outside of the commitments mentioned in the company's consolidated financial statements, there are no other commitments.

WORK OF THE SUPERVISORY BOARD

The Supervisory Board met three times during the fiscal year: April 13, 2017, June 28, 2017 and September 28, 2017.
The work of the Supervisory Board is a follows:

April 13, 2017

- Examine the annual accounts as of closing, December 31, 2016,
- Examine the report of the Executive Committee,
- Deliberate on Company policy regarding professional equality and equal pay,
- Examine regulated agreements,
- Prepare the report that contains the Board's observations,
- External growth, presentation of achievements and current projects,
- Sheet metal fabrication, presentation of the latest developments and return on investment,
- Loans and other investments, presentations and authorizations to be granted,
- Middlenext code 2016, presentation and decisions to be made,
- Audit Committee, agreement on a new member of the Supervisory Board,
- Bank guarantee in favor of our subsidiary PRECIA MOLEN ASIE PACIFIC, &
- Miscellaneous questions.

June 28. 2017

- Board Report,
- Group management report,
- Auditor's report on the accounts for the year and report on the consolidated accounts,
- Report by the Supervisory Board on the Executive Board report as well as the annual accounts,

COMPOSITION

OF THE BOARD

- Special report by the President of the Supervisory Board on internal control procedures as provided in Article L. 225-68 of the Commercial Code,
- Special report by the Auditors which are part of their comments on the President's report,
- Approval of the accounts for the fiscal year closing December 31, 2016, the consolidated accounts and discharge of the members of the Board and Supervisory Board,
- Approval of non deductible charges,
- Allocation of the annual income,
- Special report of the Auditors on the agreements covered under Articles L. 225-86 et. seq., of the Commercial Code and approval of said agreements,
- Authorization to be given to the Executive Board to acquire and sell the shares of the company,
- Renewal of the terms of the members of the Supervisory Board,
- Nomination of a new member of the Supervisory Board, in addition,
- Law No. 2016-1691 of December 9, 2016: principles and criteria for determination, distribution and allocation of the components of the total compensation of the mandate of the President of the Supervisory Board,
- Law No. 2016-1691 of December 9, 2016: principles and criteria for determination, distribution and allocation of the components of the total compensation of the mandate of the Chairman of the Executive Board,
- Powers to process formalities &
- Miscellaneous questions.

September 28, 2017

- Examine the semi-annual accounts of January 1 to June 30, 2017 and the semi-annual activity report prepared by the Executive Board,
- Update on the acquisitions performed during the fiscal year,
- Authorizations to be granted (JAC'PESAGE file, etc.) &
- Miscellaneous questions.

ITEMS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFER

To the knowledge of the members of the Supervisory Board, outside of the provisions of statuary requirements of the Company and all of the regulations and laws relating to the company in its current form, and taking into account the shareholder structure and voting rights, at this time, there are no items likely to have an impact in the event of a public offer.

AUDITORS REPORT PREPARED IN APPLICATION OF ARTICLE L. 226-10-1 OF THE COMMERCIAL CODE ON THIS REPORT

A report will be presented to you by the Auditors on the Corporate Governance of the company.

PUBLICITY

This report is made available to the public.

REPORT OF THE SUPERVISORY BOARD
AT THE GENERAL MEETING OF JUNE 22, 2018

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, 2017 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, 2017 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, 2017.

Anne-Marie ESCHARAVIL
Chairperson of the Supervisory Board

PRECIA MOLEN GROUP
CONSOLIDATED FINANCIAL STATEMENTS

AUDITORS' REPORT
ON THE CONSOLIDATED ACCOUNTS

Fiscal year ended December 31, 2017

To the Shareholders,

In accordance with our appointment by your General Meeting, we have conducted our audits on the consolidated accounts of Precia S.A. for the fiscal year ended December 31, 2017, which are attached to this report.

We certify that the consolidated financial statements are, in accordance with the International Accounting Standards (IFRS) as adopted by the European Union, regular and accurate, and give a true and fair view of the income of the operations of the past year, as well as the financial position and the assets, at the end of the year, of all of the persons and entities within the scope of consolidation.

The opinion formulated below is consistent with the content of our report to the audit committee.

1. BASIS OF THE OPINION

Audit standards
We conducted our audits in accordance with auditing standards generally accepted in France. We believe that our audit has provided us with sufficient relevant information on which to base our opinion.
Our responsibilities under these standards are indicated in the section "Responsibilities of the auditors regarding the consolidated accounts" of this report.

Independence
We have performed our audit mission in accordance with the independence rules that are applicable to us, for the period from January 1, 2017 to the date of the issuance of our report, and we have especially not provided services that are prohibited by Article 5, paragraph 1 of the (EU) rule No. 537/2014 or by the ethics code of the auditing profession.

2. JUSTIFICATION OF OUR ASSESSMENTS - KEY POINTS OF THE AUDIT

In accordance with the provisions of Articles L.823-9 and R.823-7 of the Commercial Code regarding the justification of our assessments, we bring to your attention the key points of the audit regarding the risks of material misstatement which, according to our professional judgement, have been the most important for the audit of the consolidated accounts for the year, as well as the responses that we have provided to address these risks.

The assessments thus given are based on our audit of the consolidated accounts, taken as a whole, and the shaping of our opinion expressed in the first part of this report. We do not express an opinion on the elements of the consolidated accounts viewed in isolation.

Assessment of the Goodwill of the United Kingdom, Poland and Oceania CGUs
In the financial statements, the explanatory notes on goodwill are as follows: 1.3.1 "Business combinations and goodwill" 1.5.2 "Goodwill and indefinite life intangible assets" and 2.1.1 "Goodwill".

3. IDENTIFIED RISK

In the framework of its growth, the group has conducted targeted external growth transactions and recognized several goodwills, in particular in the United Kingdom, Poland and Oceania. These goodwills correspond to the difference between the price paid and the fair value of the assets and liabilities acquired. They were allocated to the cash generating units (CGUs).

Management ensures at the closing of each fiscal year, that the accounting value of goodwill shown on the consolidated balance sheet in an amount of 18,085 million Euros (of which € 1,573 K for CGU Oceania, € 1,371 K for CGU United Kingdom and € 940 K for CGU Poland) are not higher than their recoverable value and do not present an impairment risk. An impairment risk judged final will lead to the recognition of a depreciation of the goodwills.

The recoverable value of the goodwills correspond to the discounted expected cash value of the assets that comprise the CGU. Its relies very greatly on the judgement of management, notably on the rate of growth used in the cash flow projections, and the discount rate that is applied to them. Furthermore, each change in the assumptions may have a significant impact on the recoverable value of these goodwills and consequently may lead to the need to record an impairment for these assets.

Performances that are weaker than expected by the group have been recorded on the CGUs as follows:
- Poland, due to a general deterioration in market conditions;
- The United Kingdom, due to the macroeconomic environment;
- Oceania, due to internal reorganization.

Management estimates that there is significant potential for improvement for these CGUs.

Taking these various elements into account, we have considered the assessment of the goodwills of the United Kingdom, Poland and Oceania a key point of the audit.

Our response:
We have performed a critical examination of the methods of implementing impairment tests by management regarding the CGUs of the United Kingdom, Poland and Oceania and:
- We have involved valuation experts to proceed with the assessment of the assumptions used in these impairment tests, in particular the discount rate and the growth rate to infinity.
- We have verified the relevance of the various aggregates used in the impairment test (character and mathematical calculation).
- We have assessed the reasonable nature of the cash flow projections by examining, on the one hand, the justification for the differences between the forecasts and the actual achievements, and on the other hand, the growth assumptions and profitability gains used.
- We have assessed the relevance of the variations of the assumptions used in the sensitivity test to better understand the issues related to these impairment tests.

4. VERIFICATION OF THE INFORMATION REGARDING GROUP DATA IN THE MANAGEMENT REPORT

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

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

5. INFORMATION RESULTING FROM OTHER LEGAL AND REGULATORY OBLIGATIONS

Auditor's fee
We have been named auditors for the accounts of PRECIA S.A. by the general meeting of June 26, 2014 for the firm PricewaterhouseCoopers Audit for the firm RM Consultants.

As of December 31, 2017, the firms PricewaterhouseCoopers Audit and RM Consultants were in the 4th year of their mission continuously.

6. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH THE GOVERNANCE OF THE COMPANY, RELATIVE TO THE CONSOLIDATED ACCOUNTS

Management is responsible for establishing consolidated accounts that present a fair image, in accordance with IFRS standards as adopted by the European Union as well as implementing internal control that it deems necessary to establishing consolidated accounts that do not have any material misstatement, whether they arise from fraud or are the result of errors.

During the preparation of the consolidated accounts, management is responsible for evaluating the ability of the company to continue operations, to present in these account, when necessary, the information required for the continuation of operations and to apply the accounting standard for continuation of operations, unless it is planning to liquidate the company or cease its activities.

The audit committee is responsible for overseeing the process for the preparation of the financial information and to monitor the effectiveness of the internal control systems and management of risks, as well as in the case of the internal audit, that which concerns the procedures regarding the preparation and treatment of accounting and financial information .

The consolidated accounts have been approved by the Executive Board.

7. RESPONSIBILITIES OF THE AUDITORS REGARDING THE CONSOLIDATED ACCOUNTS

Audit objective and process
We are responsible for preparing a report on the consolidated accounts. Our objective is to obtain reasonable assurance that the consolidated accounts, taken in their entirety, do not contain any significant misstatements. Reasonable assurance corresponds to an elevated level of assurance, without, however, guaranteeing that an audit conducted in accordance with professional standards allows for the systematic detection of all significant misstatements. Misstatements may result from fraud or errors and are considered significant when one can reasonably expect that they could, taken individually or cumulatively, influence the economic decisions that the users of the accounts make founded on them.

As specified in Article L.823-10-1 of the Commercial Code, our mission of certifying the accounts does not consist of guaranteeing the viability or the quality of the management of your company.

Within the framework of an audit conducted in accordance with professional standards applicable in France, the auditor exercises his professional judgement throughout this audit.

Furthermore:
- he identifies and assesses that the risks that the consolidated accounts contain significant misstatement, whether they arise from fraud or result from errors, defines and implements audit procedures to address these risks, and gathers the elements that he considers sufficient and appropriate to found his opinion. The risk of non detection of a significant misstatement arising from fraud is higher than that of a significant misstatement resulting from error, since fraud may implicate collusion, falsification, voluntary omissions, false declarations or bypassing of internal controls;

AUDITORS' REPORT
ON THE CONSOLIDATED ACCOUNTS

Fiscal year ended December 31, 2017

- he becomes aware of the internal controls relative to the audit in order to define the audit procedures that are appropriate in the circumstances, and not to express an opinion on the effectiveness of the internal controls;

- he assesses the appropriateness of the accounting methods used and the reasonable nature of the accounting estimates used by management, as well as the information regarding them as contained in the consolidated accounts;

- he assesses that the standard accounting policy for a going concern remains appropriate and, according the information gathered, the existence (or not) of significant uncertainty related to events and circumstances likely to question the ability of the company to continue operations. This assessment relies on the collective information up until the date of his report, it being noted that later circumstances or events could question continued operations. If he concludes that significant uncertainty exists, he brings to the attention of the readers of the report the information contained in the consolidated accounts on the subject of this uncertainty or, if the information is not provided or is not relevant, he issues a certification with reserves or refuses to certify;

- he assesses the presentation of all of the consolidated accounts and evaluates if the consolidated accounts reflect the underlying operations and events in a manner that provides a fair image;

- regarding the financial information of persons or entities within the scope of consolidation, he gathers the information that he deems sufficient and appropriate to express an opinion on the consolidated accounts. He is responsible for the direction 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 extent of the audit work and the program of the work performed, as well as the conclusions arising from our work. We also bring to its attention, when necessary, the significant weaknesses of internal controls that we have identified on the procedures related to the preparation and processing of the accounting and financial inform.

Among the elements communicated in the report to the audit committee are the risks of significant misstatements that we have judged to have been the most important for the audit of the consolidated accounts for the fiscal year and which make up the key points of the audit that it is incumbent to describe in this report.

We also provide to the audit committee the declaration provided for in Article 6 of (EU) rule No. 537-2014 confirming our independence, in the meaning under the rules applicable in France as contained in Articles L.822-10 to L.822-14 of the Commercial Code and in the ethics code of the auditing profession. If necessary, we have a discussion with audit commit regarding the risks to our independence and the measures applied to safeguard it.

The statutory auditors

Lyon, on April 30, 2018	Valence, on April 30, 2018
PricewaterhouseCoopers Audit Natacha PÉLISSON Partner	RM Consultants Associés Nicanor RICOTE Partner

CONSOLIDATED
INCOME STATEMENT

In thousands of euros

	Notes	2017	2016
SALES	3.1	**124,088**	**109,687**
Purchases consumed		(29,339)	(25,951)
Personnel expenses	3.2	(53,918)	(47,801)
Bought in services		(26,573)	(23,728)
Duties and taxes		(1,789)	(1,444)
Depreciation		(3,221)	(2,837)
Change in inventory in progress and finished goods		610	354
Other operating income		859	1,079
Other operating expenses		(71)	(243)
OPERATING INCOME		**10,646**	**9,115**
Cash income		378	530
Cost of gross financial debt*		(231)	(251)
COST OF NET FINANCIAL DEBT	3.3	147	279
Foreign exchange gains and losses*		(397)	(8)
Income tax	3.4	(3,658)	(3,388)
NET CONSOLIDATED INCOME		**6,738**	**5,998**
Non controlling interests		562	281
Group share		6,176	5,717
BASIC AND DILUTED EARNINGS PER SHARE (IN EURO)	2.10	**11.2**	**10.4**

** In 2016, the gains and losses on exchange rates was recorded in cash income as € 611 K and in the cost of gross financial debt as € 620 K. In the interest of the readability of the accounts, the foreign exchange gains and losses were re-classed as foreign exchange gains and losses.*

STATEMENT OF NET PROFIT AND GAINS AND LOSSES
RECOGNIZED DIRECTLY IN EQUITY

In thousands of euros

	31/12/2017	31/12/2016
Net consolidated income	6,738	5,998
Currency translation differences	(228)	(134)
Actuarial gains and losses	-	(207)
Assets available for sale	-	-
Derivative hedging instruments	-	-
Gains and losses recognized directly in equity capital, Group share, exclusive of equity accounted entities	(228)	(341)
QP gains and losses recognized directly in equity capital exlusive of equity accounted entities	-	-
Total gains and losses recognized directly in equity capital share of the Group	(228)	(341)
Net income and gains and losses directly recognized in equity capital share of non controlling interests	(102)	47
Net income and accounting gains and losses directly recognized in equity capital	(331)	(294)
TOTAL INCOME AND EXPENSES FOR THE PERIOD	**6,408**	**5,704**

CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 2017

In thousands of euros

ASSETS	Notes	31/12/2017	31/12/2016
Goodwill	2.1.1	18,085	13,792
Other intangible assets	2.2 and 2.3	666	892
Tangible assets	2.2 and 2.3	17,976	15,980
Financial investments		700	486
Investments in associates		-	-
Deferred tax assets	2.9	1,222	867
NON CURRENT ASSETS		**38,649**	**32,017**
Inventory and work in progress	2.5	16,796	15,835
Trade and other receivables	2.6	32,896	29,440
Taxes receivable		1,195	971
Other receivables	2.7	2,513	2,283
Cash and cash equivalents	2.8	27,869	24,950
CURRENT ASSETS		**81,269**	**73,479**
TOTAL		**119,918**	**105,495**

LIABILITIES	Notes	31/12/2017	31/12/2016
Capital	2.10	2,200	2,200
Issue, merger and acquisition premiums		4,487	4,487
Consolidated surplus		49,292	44,949
Own shares	2.10	(1,296)	(1,296)
Consolidated profit Group share		6,176	5,717
S/TOTAL EQUITY CAPITAL ATTRIBUTABLE TO THE GROUP	2.11	**60,859**	**56,057**
Non controlling interests in reserves		2,327	1,868
Non controlling interests in income		562	281
TOTAL SHAREHOLDER'S EQUITY		**63,749**	**58,206**
Long term provisions	2.13	2,478	2,145
Deferred tax liabilities	2.9	-	-
Long term financial debts	2.12	11,883	8,280
Other non current liabilities		-	1
NON CURRENT LIABILITIES		**14,361**	**10,426**
Short term financial obligations excluding finance leases	2.12	6,175	4,159
Short term financial obligations for finance leases		62	69
Trade notes and other debt		10,899	10,753
Tax receivable		363	0
Other current liabilities	2.14	24,309	21,882
CURRENT LIABILITIES		**41,807**	**36,863**
TOTAL		**119,918**	**105,495**

CONSOLIDATED STATEMENT
OF CHANGE IN EQUITY

In thousands of euros

	Share capital	Issue premiums	Own shares	Consolidated surplus	Period result	Non controlling interests	TOTAL
EQUITY CAPITAL AS AT 12/31/2015	**2,200**	**4,487**	**(1,296)**	**41,303**	**5,285**	**1,520**	**53,500**
Dividends paid					(1,300)	(82)	(1,382)
Allocation of prior income				3,986	(3,986)		
Own shares							
Actuarial gains and losses				(207)			(207)
Currency translation differences				(134)		47	(87)
Change in scope						249	249
Other changes						134	134
Period result					5,717	281	5,998
EQUITY CAPITAL AS AT 12/31/2016	**2,200**	**4,487**	**(1,296)**	**44,949**	**5,717**	**2,149**	**58,206**
Dividends paid					(1,134)	(53)	(1,187)
Allocation of prior income				4,583	(4,583)		
Own shares							
Actuarial gains and losses							
Currency translation differences				(228)		(102)	(331)
Change in scope				(54)		376	322
Other changes				42		(42)	
Period result					6,176	562	6,738
EQUITY CAPITAL AS AT 12/31/2017	**2,200**	**4,487**	**(1,296)**	**49,292**	**6,176**	**2,890**	**63,749**

CONSOLIDATED STATEMENT
OF CASH FLOWS

	2017	2016
Operating activities		
Income before taxes, dividends, interest, amortization, depreciation and asset disposal(*)	13,778	11,423
Change in Working Capital Requirement	(1,152)	(1,151)
Interest paid	(54)	(96)
Income tax paid	(3,973)	(3,788)
NET CASH FLOW GENERATED BY THE ACTIVITY	**8,599**	**6,388**
Investment operations		
Acquisitions of intangible assets	(116)	(423)
Acquisitions of tangible assets	(4,807)	(5,936)
Acquisitions of financial assets	(212)	(276)
Income from sale of intangible assets	-	90
Income from sale of tangible assets	294	129
Income from sale of financial assets	31	67
Income from sale of securities	-	19
Acquisitions of minority interests and subsidiaries, net of cash acquired	(4,911)	(4,344)
NET CASH FLOW RELATED TO INVESTMENT ACTIVITIES	**(9,721)**	**(10,674)**
Financial operations		
Increase of capital in subsidiaries	-	134
Repurchase and resale of own shares	-	-
Receipts coming from new loans	9,822	6,027
Loan repayments	(4,141)	(4,460)
Dividends paid	(1,329)	(1,274)
NET CASH FLOW RELATED TO FINANCING ACTIVITIES	**4,352**	**426**
Impact of change in exchange rate	(118)	(19)
TOTAL INCREASE (DECREASE) IN CASH	**3,112**	**(3,878)**
Cash and cash equivalents at the opening of the financial year	24,512	28,390
Cash and cash equivalents at the close of the financial year	27,624	24,512
TOTAL INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**3,112**	**(3,878)**

(*)Details are presented in note §4 page 41

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2017

The financial statements were approved by the Executive Board and submitted to the Supervisory Board on April 5, 2018.

SIGNIFICANT EVENTS OF THE PERIOD

In January, 2017, Precia S.A. acquired CAPI S.A. and CAPI-BF SARL, companies specializing in the sales and servicing of weighing instruments, based in Abidjan (IC), and Ouagadougou BF), whose total sales are € 4.0 M.

In April 2017, the Precia Molen Group, via its subsidiary Precia Molen Service S.A.S, acquired 3P Entreprise, a company specializing in the sales and servicing of weighing instruments based in the east of Lyon, whose total sales are € 0.4 M. The company was subsequently absorbed by Precia Molen Service.

On July 1, 2017, the Precia Molen Group, via its subsidiary Precia Molen Service S.A.S, acquired the weighing division of Salbreux Pesage. Salbreux is a company that specializes in the sales and servicing of weighing equipment covering the Atlantic arc, with two facilities at La Rochelle and La Roche-sur-Yon, whose weighing division has sales of about € 2 M per year.

In November, 2017, Precia S.A. finalized the acquisition of JAC'PESAGE, a company specializing in the sales and servicing of weighing instruments and cash registers on Rungis (MIN) and Corbeil-Essones, whose sales are € 2 M per year.

In November, 2017, the Precia Molen Group, via its subsidiary Precia Molen CA, s.r.o., acquired Vahoservis, s.r.o., headquartered in Brno in the Czech Republic, a company specializing in the sale and maintenance of balances and weighing solutions, as will as the calibration of instruments and of legal and voluntary mass metrology; its total sales are about € 270 M per year.

SUBSEQUENT EVENTS:

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

1. CONSOLIDATED ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.
The financial statements are presented in accordance with IAS1.

1.1 Scope of consolidation

1.1.1 Scope of consolidation

Identification	SIREN	% owned
PRECIA S.A. 07000 Privas	386 620 165	Parent company
PRECIA MOLEN SERVICE S.A.S 07000 Privas	349 743 179	99.99
MOLEN BV Breda	Netherlands	100.00
PRECIA MOLEN NEDERLAND BV Breda	Netherlands	100.00
MOLEN BELGIUM NV Puurs	Belgium	100.00
PRECIA MOLEN UK Ltd Dunfermline	United Kingdom	100.00
Rowecon Sheffield	United Kingdom	100.00
PRECIA POLSKA Sp.z.o.o. Cracovie	Poland	100.00
Kaspo Lab Gdansk	Poland	100.00
PRECIA MOLEN CZ S.r.o. Pragues	Czech Republic	100.00
Vahoservis s.r.o Brno	Czech Republic	100.00
PRECIA MOLEN MAROC S.A.R.L. Casablanca	Morocco	60.00
PRECIA MOLEN SCANDINAVIA A.S. Drammen	Norway	98.00
PRECIA MOLEN INDIA Ltd Chennai	India	75.00
PRECIA MOLEN Asia Pacific Kuala Lumpur	Malaysia	100.00
PRECIA MOLEN Ro Bucarest	Romania	100.00
PRECIA MOLEN Australia Pty Ltd. Sydney	Australia	100.00
Weighpac Hamilton	New Zealand	90.00
PRECIA MOLEN Serviços De Pesagem Ltda. Sao Paolo	Brazil	100.00
PRECIA MOLEN Inc Atlanta	United States	100.00
J&S Weighing Solutions Sabetha	United States	85.00
CAPI SA Abidjan	Ivory Coast	80.00
CAPI-BF SA Ouagadougou	Burkina Faso	80.00
JAC'PESAGE SAS Corbeil-Essonnes	France	100.00
PRECIA MOLEN (IRL) Ldt Clane	Ireland	40.00

All these companies were fully consolidated and their closing date was December 31, 2017.

1.1.2 Change in the scope of consolidation

The following companies are presently included in the scope of consolidation for the first year:
- CAPI S.A., Abidjan,
- CAPI-BF, Ouagadougou,
- JAC'PESAGE, Corbeil-Essones
- Vahoservis s.r.o, Brno

Weighpac company, based in New Zealand, is now held at 90 %, as compared to 80 % as of 12/31/2016.

1.2 Comparability of financial statements

The accounting methods applied in the consolidated financial statements as of December 31, 2017, are the same as those of December 31, 2016.

1.2.1 New standards, amendments and interpretations adopted by the European Union came into force as of January 1, 2017

The following standards were adopted by the European Union and became applicable on January 1, 2017:
Amendment IAS 12: Recognition of deferred tax assets for unrealised losses.
Amendment IAS 7: Initiative regarding additional information to be provided on the change in financial debt in the balance sheet (especially non cash movements).

1.2.2 Standards and interpretations adopted by the European Union applied early as of January 1, 2017

The Precia Molen Group does not apply any of the following standards in advance as of January 1, 2017.
Amendment IFRS 4, application of IFRS 9 Financial Instruments and IFRS 4 Insurance Contracts: Currently, this new standard should not have any influence on the Group's accounts.
IFRS 9 - Financial instruments: Currently, this new standard should not have any influence on the Group's accounts.
IFRS 15 – Revenue: Considering the nature of the sales contracts undertaken in the various entities of the Group, this new standard should not influence the structure of the revenue presented.
IFRS 16 – Leases: This new standard will, once it is applied, have an influence both on the amount of tied up capital and on the Group debt; the importance of this influence will be studied by the Group over the course of 2018. After preliminary study, the assets that will potentially impacted are essentially property rentals and rentals of rolling stock.

1.2.3 At this point, the group has not anticipated and does not provide for the other new texts subject to early application according to the IASB decisions, but not yet adopted by the European Union on the date of the semi-annual close.

1.2.4 Finally, the following standards, already published by the IASB, should be adopted soon by the European Union. They will not have an impact on the Group's accounts.

Amendment IFRS 2, Share-based payments: The Group does not have share based payments.
IFRS 14, Regulatory Deferral Accounts: This standard concerns companies that adopt the IFRS standards for the first time, which is not the case for the Group.
IFRS 17, Insurance Contracts: This standard concerns 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 recorded according to the acquisition method (business combination). The assets acquired, and the liabilities and contingent liabilities assumed, are recorded at their fair value at the date of acquisition after a 12 month evaluation period since the date of acquisition.
For business combinations achieved as from January 1, 2010, revised IFRS 3 is applicable. Under this standard, goodwill is now measured as the difference between the fair value of the consideration received and total of assets, liabilities and contingent liabilities of the acquired entity, individually estimated at fair value. All direct costs attributable to the acquisitions are recorded as expenses through the profit and loss statement. At the date of acquisition and for each business combination, the Group can opt either for partial goodwill (in limiting itself to the portion of the net assets acquired by the Group) or for a complete goodwill. In the complete goodwill method, non controlling interests are valued at fair value and a goodwill is recorded over all identifiable assets and liabilities. Business combinations prior to January 1, 2010 had been treated according to the partial goodwill method, the only applicable method at that time.
As for business combinations prior to January 1, 2010, at the date of the acquisition, goodwill represented the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. As regards business combinations achieved after January 1, 2004, goodwill remains at its supposed cost represented by the amount recorded according to the previous accounting principles. The classification and accounting methods applied to business combinations which took place before January 1, 2004 have not been modified for the preparation of the IFRS Group opening balance sheet as at January 1, 2004.
In each and every case, negative goodwill is recorded directly on the income statement.
From the date of acquisition, goodwill is allocated to each cash-generating unit which is likely to benefit from the business combination. Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortized but tested for impairment on an annual basis or more frequently when events indicate a risk of impairment. An impairment loss recorded for goodwill cannot be reversed. If impairment is identified, an impairment loss is registered in profit and loss for the financial year under the captions

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2017

"other operating expenses" or "restructuring charges" if the impairment loss is the effect of a restructuring.
Goodwill accumulated impairment represented € 578 K as at December 31, 2017 (2016 – € 600 K).

1.3.2 Translation of financial statements in foreign currency

The method used is that of the rate at closing.

Assets and liabilities, monetary and non monetary, have been translated using the current rate on the date of December 31, 2017. Income and expenses had been translated, without significant fluctuation, by the application of the average exchange rate during the period.

The resulting translation differences are recorded under a reserve account; the impact was a € 331 K decrease of equity for the period.

1.3.3 Foreign exchange transaction processing

The recognition and evaluation of foreign exchange operations are defined by IAS 21 "The Effect of changes in foreign exchange rates". Transactions in currencies other than the Euro are entered at the exchange rate in effect on the date of the transaction. Monetary assets and liabilities denominated in these other currencies are converted at the rate in force on the closing date. The gains and losses from the conversion are entered in the income account for the financial year.

However, for financial assets and liabilities that are not monetary elements, any change in their true value, including exchange rate variations, is entered according to the principles applicable to the financial asset category to which they belong.

To recognize foreign exchange losses and gains, monetary financial assets are recognized at depreciated cost in the original currency. The exchange differences that arise from the variation in depreciated cost are recognized in the income statement, the other variations are recognized directly in capital.

1.3.4 Intra-Group transactions

Restatements are performed on all intra-group transactions and balances. Internal income and expenses, as well as intra-Group receivables and liabilities are eliminated.

Profit margin included in inventories resulting from intra-group purchases and income made on intra-group fixed assets disposals are also eliminated.

1.3.5 Related parties transactions

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

1.3.6 Financial lease agreements

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

1.3.7 Income tax

Income tax charge corresponds to the current underlying tax for each consolidated entity, adjusted for deferred taxes. The method used is that of the variable carry over on all differences between the accounting value and their tax value of assets and liabilities shown on the balance sheet.

Deferred tax assets are recognized only to the extent that it is likely that future taxable incomes will be sufficient to allow their utilisation. Calculation of French deferred taxes is based on the actual tax rate.

1.4 Use of estimates

In accordance with generally accepted accounting principles, in order to prepare financial statements, the Group Management has to include amounts based on estimates. Group management has to make assumptions that affect assets and liabilities and information regarding contingent liabilities at the date of preparation of the financial statements and amounts recorded as income and charges.

Management constantly reviews its estimates and evaluations based on past experience and other assumptions that seem reasonable and which constitutes the basis of its evaluations of net book value of assets and liabilities. The main estimates made by the Group for establishing the financial statements mostly apply to the assumptions used for the calculation of provisions and especially retirement commitments and the valuation of non current assets. Additional information is given in the notes to the financial statements when significant amounts are affected by estimates and assumptions or when it is very likely that the estimates will have to be reviewed. The main methods used are the following.

1.5 Principles and methods of applied evaluations

1.5.1 Fixed assets

Tangible and intangible fixed assets are valued at historical cost less depreciation and potential impairment.
Depreciation over useful lives (as described below) is calculated on a straight line basis. The main useful lives used were the following:

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

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

1.5.2 Goodwill and indefinite life intangible assets

Goodwill and intangible assets with an indefinite lifespan are systematically tested for impairment at year-end and any time there is an indication that the asset may be impaired. Other fixed assets are also subject to an impairment test whenever there is an indication that the net book value may be below its recoverable amount.

Impairment tests consist in comparing the net book value of the asset and its recoverable value which represents the higher of fair value (minus selling costs) and value in use.

The recoverable amount is determined asset by asset unless the asset does not generate cash flow that is largely independent from other assets. In these cases, goodwill mainly, the recoverable amount is determined at the CGU (Cash Generating Unit) level.

The Group has consolidated its fixed assets into CGUs that correspond to a production site or a sales subsidiary (ultimately consolidated if there is a pooling of resources). The entities of the Group have tightly linked industrial and sales activities that also constitute independent CGUs.

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

- Determination of a 5 year business plan,
- Determination of normal free cash-flow, the sum of the net income excluding depreciation and financial income, of the change in working capital and renewal investments,
- Calculation of ending value, on the basis of a rate of growth to infinity of 2 %, included in a range between 1.8 % and 4.5 %, and a free cash-flow using the operating conditions of each CGU.

Value in use is calculated by adding discounted values of expected cash flows to arise from the use of the asset or a CGU. The projected cash flows used are consistent with the latest budgets and business forecasts as approved by the Group Management. The pre-tax discount rate used reflects current market assessments, the time value and the risks specific to the asset (or CGU).

When the recoverable value is less than the CGU net book value, the loss is recorded through the profit and loss statement and is firstly allocated to impairment of goodwill.

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

As at December 31, 2017, the tests performed on the various concerned entities affected by goodwill to validate the value of the goodwill have shown no need for a depreciation. These tests were conducted with a weighted average cost of capital (WACC) of 9 % average, corresponding to that of Precia S.A., calculated as being the average weighted cost of share capital, which stood at 11.6 %, and the cost of debt, which stood at 1.6 %. Each of the tests, performed with a WACC greater than 0.5 points and long term growth slightly lower (-0.5 points) also show a lower recoverable value of, respectively, 6 % and 5 %, and the absence of the need for a depreciation.

Regarding the goodwill of the CGUs located in Oceania, the United Kingdom and in Poland, which were, respectively, € 1,573 K, € 1,371 K and € 940 K, the impairment tests, built using WACC assumptions of 8.5 %, 9.0 %, and 8.5 % and long term growth of 2.6 %, 2.0 %, and 3.0 %, present a recoverable value of, respectively, € 4,176 K, € 7,085 K and € 2,786 K, each time higher than the respective economic assets of € 1,960 K, € 3,069 K and € 2,244 K, and therefore the absence of the need for a depreciation. In case of an increase in WASS of 0.5 %, or a decrease in the long term growth rate of 0.5 %, the recoverable values would lower by, respectively 7.6 %, 7.6 % and 8.2 % in the one case, and 5.8 %, 5.6 % and 5.9 % in the other, and would systematically remain higher than the economic assets and therefore not lead to any depreciation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2017

The ending value of these three goodwills was determined as a function of a long term growth rate of 2 %, cash generation in line with the profitability of the industrial and sales entities of the group and an profitability rate increasing from 0 to 1.2 points, according to the CGU between year 4 and the ending value.

1.5.3 Development costs

In compliance with IAS 38, development costs are capitalized if the technical and commercial feasibility of the product is established. However, considering the long certification period in legal metrology, the process of product commercialization may be significantly postponed. This increases the complexity of assessing future economic benefits as well as the cannibalization effect of the sales of new and existing products.
When the long certification leads to uncertainties, the group records the related development costs as charges, which were € 1,414 K for 2017.

1.5.4 Financial instruments

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

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

1.5.5 Inventory

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

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

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

1.5.6 Short term receivables and payables

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

1.5.7 Interest bearing debt

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

1.5.8 Own shares

Own shares are recorded in deduction of Equity.
As at December 31, 2017, the Company held its own shares for a total of € 1,296 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 past events and when it is likely that an outflow of resources representing economic benefits will be required to settle the obligation. Where the effect of the time value of money is material, the amount of the provision is the present value of the expected outflow resources using a pre-tax discount rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

1.5.10 Employee benefits

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

1.5.11 Sales realization

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

2. NOTES RELATED TO CONSOLIDATED BALANCE SHEET

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

2.1 Goodwill

	Opening	Increases	Disposal	Closing
Goodwill	13,792	4,465	(172)	18,085

	12/31/2017	**12/31/2016**
India	640	640
United Kingdom	1,371	1,452
Miscellaneous	167	181
PRODUCTION AND SALES UNITS	**2,178**	**2,246**

	12/31/2017	**12/31/2016**
France	9,543	8,728
Poland	940	890
Miscellaneous	37	-
SERVICE UNITS	**10,520**	**9,618**

	12/31/2017	**12/31/2016**
Oceania	1,573	1,727
Francophone Africa	1,847	-
France	1,767	-
Miscellaneous	201	201
SALES AND SERVICE UNITS	**5,387**	**1,928**

2.1.1 Business combinations

The Group acquired the following companies: CAPI S.A. (and CAPI-BF indirectly), JAC'PESAGE and Vahorservis. CAPI S.A. and CAPI-BF were integrated by opting for the complete goodwill method. The Group acquired then absorbed 3P company (merged into Precia Molen Service). The acquisition of the weighing division of Salbreux was done by Precia Molen Service.
The total net consideration of the acquired cash paid for the acquisition of these companies and activity division is € 5,157 K, the net assets acquired is € 1,219 K, less minority interest of € 528 K, for a total amount of goodwill of € 4,465 K. The net assets acquired correspond to non current asset excluding goodwill of € 499 K, of current assets and liabilities of € 840 K and long term liabilities of € 120 K.

2.2 Fixed assets

	Opening	Increases	Decreases	Others	Closing
Other intangible assets	3,581	144	(991)	(3)	2,728
Tangible assets	39,713	5,192	(2,000)	(268)	42,637
Financial investments	608	256	(27)	(7)	829
TOTAL	**43,901**	**5,593**	**(3,018)**	**(281)**	**46,194**

The main acquisitions for the year were related to Precia S.A. (new sheet metal fabrication), Precia Molen Service (rolling stock) and the expansion of our industrial site in India. The acquisitions related to the new sheet metal fabrication were in progress as of December 31, 2017 for € 0.8 M.
Increases in fixed assets include € 457 K from new entries in the scope of consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2017

2.3 Status of depreciations and impairments

	Opening	Increases	Decreases	Others	Closing
Other intangible assets	2,689	374	(994)	(7)	2,057
Tangible assets	23,733	2,847	(1,856)	(62)	24,661
Financial investments	122	8	-	-	130
TOTAL	**26,543**	**3,228**	**(2,850)**	**(69)**	**26,853**

2.4 Financial investments

	12/31/2017	12/31/2016
Non consolidated subsidiaries	48	52
Other financial assets	652	433
TOTAL	**700**	**486**

2.4.1 Non consolidated subsidiaries

BACSA S.A.	19.00 % share of capital	98
Various investments		75

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

2.4.2 Other financial assets

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

2.5 Change in inventory

	12/31/2017	12/31/2016
Supply and raw materials	6,851	6,593
Work in progress	2,505	2,790
Finished and semi finished products	3,347	2,347
Merchandise	4,092	4,105
INVENTORY	**16,796**	**15,835**

2.6 Trade receivables

The trade receivables item is € 32,005 compared to € 29,440 in 2016. This upward change is explained primarily by the external growth and also by some improvement in the average settlement period.

	12/31/2017	12/31/2016
Trade receivables past due	13,299	11,874
Dues in 1-30 days	8,277	12,396
in 31-60 days	8,230	4,060
in 61-90 days	1,497	557
in 90 days or more	1,593	643
OTHER TRADE RECEIVABLES	**32,896**	**29,440**

2.7 Detail of miscellaneous debtors

	Total	less than one year	more than one year
Sales tax (VAT)	1,129	1,129	-
Suppliers advances and deposits	168	168	-
Prepaid expenses	777	777	-
Various debtors	440	440	-
VARIOUS DEBTORS	**2,513**	**2,513**	**-**

2.8 Cash and cash equivalents

	12/31/2017	12/31/2016
Bank Certificates [1]	17,691	14,653
Cash	10,178	10,297
TOTAL	27,869	24,950

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

2.9 Deferred taxes

	12/31/2017	12/31/2016
Deferred taxes on margins on inventory	539	562
Deferred taxes on retirement benefits	379	378
Deferred taxes on employee shareholding	173	161
Deferred tax on tax loss carry forwards [2]	501	229
Deferred tax on accelerated depreciations	(422)	(530)
Other deferred tax	52	66
DEFERRED TAX NET ASSETS	**1,222**	**867**

(2) The tax loss carry forwards are activated 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.
Own shares: 22,947 shares which represent 4.0 % of the share capital. Market value is € 1,296 K.
Earnings per share are computed by dividing the net profit by the weighted average of the shares outstanding at the market value (i.e. 550,357).
The main shareholder base of Precia S.A. is Group Escharavil S.A., Precia Group's lead holding company.

2.11 Non controlling interests

Interests that do not confer control correspond to:

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

Interests that do not confer control represent 4.5 % of equity.

2.12 Financial debts

	Total	less than one year(*)	from 1 to 5 years	More than 5 years
Credit Institutions [1]	11,851	-	11,851	-
Financial lease agreements	32	-	32	-
Other	-	-	-	-
Sub total long term financial debts	11,883	-	11,883	-
Short term financial debts	6,237	6,237	-	-
TOTAL	18,120	6,237	11,883	-

(1) of which 100 % at fixed rates. Bank debt is made up primarily of loans taken out with French banks for 5 years, repayable by instalments, at an average rate of between 0.2 % and 1.0 %.

COMPARATIVE INFORMATION FINANCIAL YEAR 2016	Total	less than one year(*)	from 1 to 5 years	More than 5 years
Total Financial debts	12,508	4,228	8,276	4

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2017

2.13 Detail of provisions

	Opening	Increases	Use	Reversal	Disposal	Closing
Risks and expenses	994	731	(155)	(582)	(4)	983
Length-of-service awards on retirement (1)	1,152	478	(135)	-	-	1,495
Provisions for taxes	-	-	-	-	-	-
Long term provisions	2,145	1,208	(290)	(582)	(4)	2,478

Comparative information financial year 2016	Opening	Increases	Use	Reversal	Disposal	Closing
Long term provisions	2,704	970	(1,316)	(214)	2	2,145

(1) French employees receive retirement benefits based on seniority and other terms in accordance with the applicable collective bargaining agreements. The evaluation of the Group commitment was calculated using an actuarial calculation based on projected credit units method. The following assumptions have been used: discount rate: 1.45 %, revaluation rate: 1.1 %, retirement age: 60/67 years old, rate of employer contributions: 42 %
The value of asset plans deducted from the total commitment was € 2,646 K (2016: € 2,474 K).
Analysis of the sensitivity was performed on the discount rate: if this rate was lowered by 0.5 %, the total commitment of the Group (before taking into account fair value of insurance contracts) would increase by 5.9 %.
The medium term outlook for payment of retirement benefits is 11.5 years.
The increase in the period of € 478 K corresponds to expenses for the period, comprised of annual costs for services rendered of € 347 K, changes in scope of € 120 K and financial costs of € 12 K.

In the ordinary course of its business, the Group is exposed to various litigations. Litigation provisions are assessed at year-end on a case by case basis and their amounts represent the best estimate of the financial risk incurred, weighted by the occurrence probability.

As of December 31, 2017, no provision for litigation is individually significant.

In the case of legal proceedings with unfounded claims from the opposing sides; the Group considers that no provision has to be booked as the risk has not been proven.

Future costs for retirement benefits are partly covered by specific insurance contracts. The fair value at December 31, 2017 represented € 2,646 K (2016: € 2,474 K), the remaining amount of the commitment after deduction of the cover contract was € 1,495 K.
No contingent liabilities have been incurred by the Group.

2.14 Other current liabilities

	12/31/2017	12/31/2016
Tax and employee benefits debt	17,091	14,840
Advances and deposits from customers	2,030	2,092
Other debt	772	725
Deferred income	4,416	4,224
TOTAL OTHER CURRENT LIABILITIES	**24,309**	**21,882**

2.15 Off balance sheet commitments

2.15.1 Export bank guarantees

The Group has received commitments from several banks under a framework agreement with export commercial contracts, essentially in favour of its customers regarding advance payment securities or guarantees of good execution.
As at December 31, 2017, these commitments represented € 1,922 K.

2.16 Financial risk management

The Group is exposed to credit risk, liquidity risk and market risk, but only to a limited extent. Therefore, the Group makes minimum use of derivative financial instruments aimed at mitigating its exposure.

As with any trading company, the Group faces risks of non-payment by debtors along with the more structural risk of customer concentration. The Company deals with major companies with a low risk of non payment. The most significant customer represents 2.2 % of net sales in 2017 (1.9 % in 2016). The top ten customers account for approximately 7.7 % of sales (8.1 % in 2016). In addition, sales of equipment are covered by an ownership reserve clause. Historical losses on customer receivables have never been significant.

Liquidity risk corresponds to the Group ability to meet financial obligations at their term. Group liquidity risk management seeks to ensure adequate liquidity to meet the payment of financial liabilities when they come due, under normal or "tense" conditions, without incurring any unacceptable losses or damaging the Group's reputation. Market risk refers to the interest rate risk and the foreign exchange risk.

As for interest rates risks, the Group policy usually favors fixed rate loans (98 % of the Group loans are fixed rates or swapped variable rates).
The Group has only a very limited exposure to foreign exchange risks and has recourse to futures contracts for any large risks. As of December 31, 2017, the fair market value of a futures currency sales contract (GBP, PLN and USD) is a nominal value of € 2,904 K and of + € 74 K.

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

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

2.17 Financial lease agreements

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

Impact on balance sheet as at December 31, 2017:

Net fixes assets	92
Financial debts	94 (incuding 61 less than one year and 32 more than one year and less than five years)
Deferred tax assets	1
Impact on reserves	(1)

Impact on the income statement:

Income before tax	2
Income	2

3. NOTES RELATED TO CONSOLIDATED INCOME STATEMENT

3.1 Geographical breakdown of activities

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

		12/31/2017	12/31/2016
ALLOCATION OF FIXED ASSETS:		**12/31/2017**	**12/31/2016**
France	21,917	59 %	59 %
Outside of France	15,510	41 %	41 %
ALLOCATION OF DEPRECIATION:		**12/31/2017**	**12/31/2016**
France	2,231	69 %	67 %
Outside of France	990	31 %	33 %
ALLOCATION OF INVESTMENTS:		**12/31/2017**	**12/31/2016**
France	3,681	72 %	58 %
Outside of France	1,454	28 %	42 %
ALLOCATION OF NON CURRENT LIABILITIES:		**12/31/2017**	**12/31/2016**
France	13,450	94 %	92 %
Outside of France	912	6 %	8 %
ALLOCATION OF SALES:		**12/31/2017**	**12/31/2016**
France	79,670	64 %	66 %
Outside of France	44,418	36 %	34 %
ALLOCATION OF OPERATING PROFIT:		**12/31/2017**	**12/31/2016**
France	7,198	68 %	71 %
Outside of France	3,447	32 %	29 %
AVERAGE PERSONNEL NUMBERS:		**12/31/2017**	**12/31/2016**
France		694	649
Outside of France		429	347
Total		1,123 (3)	996

(3) Of which 32 temporary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2017

3.2 Personnel expenses

	12/31/2017	12/31/2016
Employees	39,778	34,673
Net employee benefits expenses	12,103	11,407
Incentives and profit sharing	542	501
Temporary personnel	1,494	1,219
Personnel expenses	53,918	47,801

3.3 Cost of net financial debt

	12/31/2017	12/31/2016
Interests	109	88
Provisions reversals	-	87
Investment securities income	206	271
Various financial income	62	84
Cash income	378	530
Interests	146	186
Allocations to provisions	53	8
Interest on financial leases	-	3
Various financial costs	32	55
Cost of gross financial debt	231	251

3.4 Income tax

3.4.1 Tax expense

Income tax	3,975
Deferred	(317)
Net (charge)	3,658

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

Income	6,738	
Income before tax	10 396	
Recorded income tax	(3,658)	apparent tax rate 35.19 %
Theoretical income tax	(3,580)	
Difference	(78)	
Tax on permanent differences *(of which CICE: €438 K)*	508	
Non previously recognized deferred tax assets	397	
Non recognized deferred tax assets(*)	(390)	
CVAE re-classed in taxes	(519)	
Difference between the tax and others	(74)	
Total	(78)	

(*) The amount of the deficits not recognized due to their non probability of recovery as at 12/31/2017 is € 4,111 K.

3.4.3 Tax consolidation (France)

Precia S.A. is the head company of the group taxation scheme with Precia Molen Service S.A.S.

3.5 Auditor's fee

Audit fees	PWC	RM Consultants	SUBSIDIARIES AUDITORS
Auditors, certifications, examination of individual and consolidated accounts			
Emitter	32	30	-
Fully consolidated subsidiaries	34	10	39
Services other than the certification of the accounts			
Due diligence of acquisition	13	-	20
Other services	-	-	-
TOTAL	**79**	**40**	**59**

4. NOTES RELATED TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

	12/31/2017	12/31/2016
Share of net income of all consolidated accounts	6,738	5,998
Deduction for tax on the companies	3,658	3,388
Deduction of income and dividends	-	(2)
Deduction of expenses and interest income	89	101
Breakdown of amortization	3,221	2,837
Deduction of depreciation and reversal of provisions for depreciation of fixed assets	(18)	6
Deduction of depreciation and reversal of provisions for depreciation of current assets	10	90
Deduction of depreciation and reversal of provisions for risks and expenses	212	(834)
Deduction of gains and losses for sale of assets	(132)	(162)
Net income from cash flow statement	13,778	11,423

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

	12/31/2017	12/31/2016
Cash and cash equivalents	27,869	24,950
Bank overdrafts	(245)	(438)
NET CASH POSITION	**27,624**	**24,512**

5. CERTIFICATION

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

Chairman of the Executive Board
René COLOMBEL

OTHER
INFORMATION

TEXT OF THE RESOLUTIONS
OF THE ANNUAL ORDINARY GENERAL MEETING

FIRST RESOLUTION

The General Meeting, after having heard the management report of the Executive Board, the report of the Supervisory Board, the report of the Chairman of the Supervisory Board as provided for in Article L.225-68 of the Commercial Code, approves the annual accounts, that is, the balance sheet, the income statement and the appendix approved on December 31, 2017, as well as the operations shown in these accounts and summarized in these reports.

In application of Article 223 of the General Tax Code, it approves the disbursements and expenses provided for in Article 39-4 of said code, which was € 89,951 and that have led to a tax of € 29,984.

As a result, it discharges the members of the Executive Board from their duties for said year.

SECOND RESOLUTION

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

THIRD RESOLUTION

The General Meeting approves the Executive Board's proposal, and decides to allocate the profit of the fiscal year ending December 31, 2017, of € 5,675,758.60 in the following manner:

- Profit for the fiscal year ....€ 5,675,758.60
- To dividends to shareholders.........................€ 1,320,856.80
  that is, € 2.40 per share
- The balance .... Fully to the account "other reserves"

The procedures for payment of the dividend will be set by the Board.

Having stipulated that in this allocation, it took the dividend payment on the shares currently held by the Company into account as not having this purpose, the corresponding amounts have been allocated to "other reserves".

The General Meeting acknowledges that the shareholders have been informed that:
- as of January 1, 2018, distributed income, as of their payment, carries a single flat tax of 30 %, that is, 12.8 % for income tax, and 17.2 % for social security payments,
- can request to be paid from this tax natural persons who belong to a tax household whose tax revenue for the penultimate year is lower than € 50,000 (for taxpayers who are single, widowed or married but taxed separately) or € 75,000 (taxpayers filing jointly); the request for payment must be made, under the supervision of the partner, by November 30 of the year preceding the payment of the dividend, at the latest,
- The option for the imposition of a progressive dividend remains possible and is indicated on the income tax return; in this case, the flat tax of 12.8 % will be deducted from the tax due. The allowance of 40 % will be maintained but the social security payments will be assessed on the amount before the allowance.

It is to be noted that the amount of income distributed for the fiscal year ending December 31, 2017 eligible for the 40 % allowance provided for in Article 158, 3-2º of the General Tax Code is € 1,320,856.80 ; that is all of the dividends distributed.

It was also reiterated to the shareholders that, in accordance with the provisions of Article L. 136-7 of the Social Security Code, social security payments on dividends paid physical persons tax domiciled in France are subject to the same rules as the deduction mentioned in Article 117 quater of the General Tax Code, that is, withheld at the source by the paying establishment, when it is established in France, and paid to the Treasury within the first fifteen days of the month following the payment of the dividends.

In accordance with the law, the General Meeting duly notes that the dividends distributed for the last three fiscal years were as follows:

Fiscal Year	Distribution total	unit
12/31/2014	€ 1,004,835.60	€ 1.80
12/31/2015	€ 1,155,750.00	€ 2.10
12/31/2016	€ 1,210,785.40	€ 2.20

FOURTH RESOLUTION

The General Meeting, after having heard the special report of the Auditors on the agreements provided for in Article L. 225-86 of the Commercial Code and ruling on this report, successively approve each of the agreements that are mentioned in it.

FIFTH RESOLUTION

Upon the proposal of the Executive Board, in accordance with Articles L. 225-209 et. seq., of the Commercial Code, and with the provisions of Regulation (EC) No. 2273/2003 of the Commission of the European Communities of December 22, 2003, the General Meeting authorizes the Executive Board to acquire the shares of the Company for a maximum amount of € 10 million, within the limit of 10 % of the capital, that is 57,330 shares, under the following conditions:

Maximum purchase price per share: € 265

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

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

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

This authorisation is given for a period of eighteen (18) months from this day. It supercedes and replaces, for the unexpired period, the authorisation given by the Ordinary General Meeting dated June 28, 2017.

SIXTH RESOLUTION

The General Meeting, after having read the report on Corporate Governance presented by the Supervisory Board, 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 that make up the total compensation and the benefits of all kinds attributable to the directors due to their duties as corporate officers.

SEVENTH RESOLUTION

The General Meeting sets the total annual amount of the attendance fees payable to the Supervisory Board at € 6,000.
This decision applies to the current fiscal year and for later years, until a new decision by the General Meeting.

EIGHTH RESOLUTION

The General Meeting, after having read the Board's report, takes note:
- that the shares held by the staff of the Company and by the staff of related companies (within the meaning of Article 225-180 of the Commercial Code) represent less than three percent of the capital of the Company,
- that the Company is not controlled, within the meaning of Article L. 233-16 of the Commercial Code, by a company that has implemented, within the conditions provided for in the second paragraph of Article L. 3344-1 of the Labor Code, a provision for capital increase that may benefit the employees of the Company,
- that the shareholders have been consulted about the capital increase reserved for the employees of the Company for three years, in accordance with paragraph 2 of Article L. 225-129-6 of the Commercial Code and that during this period, no Extraordinary General Meeting has expressed at the time a capital increase in cash for a resolution project that would tend to perform a capital increase reserved for employees.
- that if applicable as a result, an Extraordinary General Meeting will convened to propose, in application of Article L. 225-129-6 of the Commercial Code, a capital increase in cash reserved for the employees who belong to a company savings plan under the terms provided in Articles L. 3332-18, L. 3332-19 and L. 3332-20 of the Labor Code.

NINTH RESOLUTION

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

TEXT OF THE RESOLUTIONS

OF THE EXTRAORDINARY GENERAL MEETING AT THE CONCLUSION

FIRST RESOLUTION

The General Meeting, after having read the Executive Board's report and the Auditors' special report, have decided, in application of Articles L. 225-129-6 and L. 225-138-1 of the Commercial Code, to proceed with a capital increase in a maximum amount of € 66,000, through the issuance of shares for cash of the same value, each to be fully paid in cash or netted against due and payable claims against the Company.

This capital increase, reserved for the employees who belong to the company savings plan of the Company, is performed under the provision provided for in Articles L. 3332-18 to L. 3332-24 of the Labor Code.

SECOND RESOLUTION

The General Meeting has decided to withdraw the preferential subscription right for new shares to be issued to shareholders to the benefit of the employees of the Company who belong to Company Savings Plan established in common by the Company and the French or foreign companies that are related to it, within the meaning of Article L. 3344-1 of the Labor Code and Article L. 233-16 of the Commercial Code and that moreover fulfil the terms that may be set by the Executive Board under the conditions provided for in Articles L. 225-138-1 of the Commercial Code and L. 3332-18 et. seq. of the Labor Code.

THIRD RESOLUTION

The General Meeting has decided to delegate the Executive Board with, as applicable, the ability to sub delegate, under the conditions prescribed by law, all of the powers of setting the other procedures for issuing shares, and more precisely to:

1. To perform a capital increase, after implementing a company savings plan that is in accordance with Articles L. 3332-1 to L. 3332-8 of the Labor Code that would occur within the maximum period of six months, within a maximum period of five years from this decision, once or several times, at its sole discretion, by issuing shares reserved for employees who are members of the aforementioned Employee Saving Plan in favor of whom the preferential subscription right for new shares was withdrawn.
2. Set, if necessary and within the limits of the law, the seniority conditions of employees required to subscribe to the capital increase, set the precise list of beneficiaries, the number of shares being attributed to each of them in the aforementioned limit.
3. Set, with its justification, the final issue price of the new shares, in accordance with the provisions of Article L. 3332-20 of the Labor Code, with recourse, if necessary, to an independent expert to determine the value of the shares based on a multi-criteria analysis.
4. Within the limit of the maximum amount of € 66,000, set the amount of each issue, decide the duration of the subscription period and set the date that the new shares take effect.
5. Set the dates of the opening and closing of the subscriptions; receive the subscriptions.
6. Set, within the legal limit of three years from the subscription, the period given to the subscribers for release of their subscription, it being specified that, in accordance with the provisions of the law, the shares subscribed to may be released, at the request of the company or the subscriber, either by periodic payments, or by equal and regular instalments from the subscriber's salary.
7. Collect the sums that correspond to the release of the subscriptions, whether made by cash payment or netted against claims; when necessary, settle the current account balance of the subscriber by compensation.
8. Determine if the subscriptions to the new shares should be done directly or through the intermediary of a mutual fund.
9. Record the capital increases up to the amount of the shares which will be subscribed to via this delegation.
10. When necessary, charge the costs of the capital increases against the amount of the relevant premiums and levy on this amount the amounts necessary to bring the legal reserve to the minimum level required by law.
11. Enter into any agreement to successfully complete the planned issues, take any measures and perform any useful formalities for the issuance under this delegation, as well as exercise all rights attached to them.
12. Carry out the resultant formalities and make the related changes to the By-Laws.
13. Generally, take any measure for the implementation of the capital increase, under the terms provided for by the laws and regulations in force.

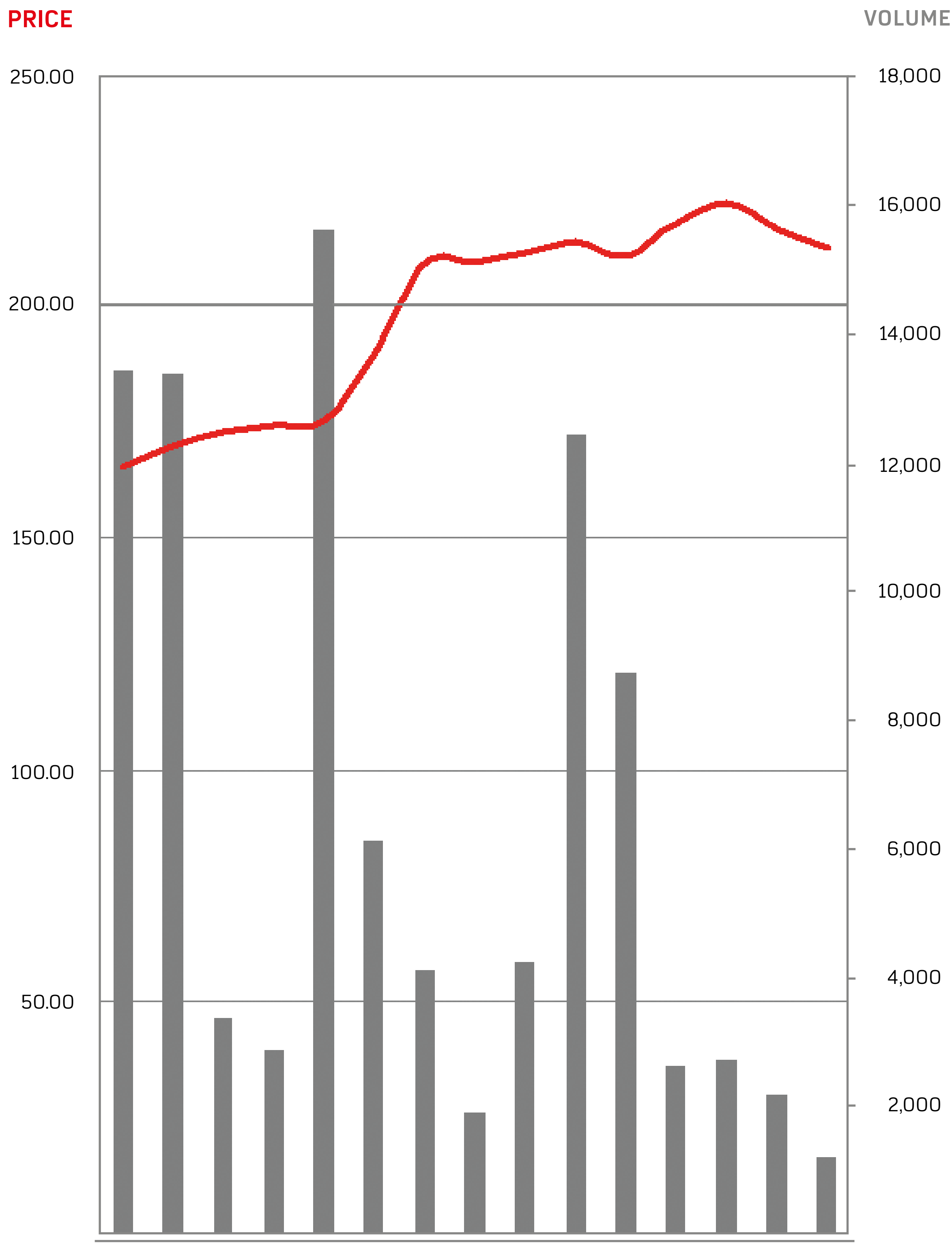
FOURTH RESOLUTION

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

SHARE PRICE

AVERAGE CLOSING PRICE AND VOLUMES (January 2017 - March 2018)

in euros



	JAN 2017	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN 2018	FEB	MARCH
Average price (closing)	165.5	169.9	172.9	174.2	175.2	189.5	209.2	209.4	211.5	213.6	210.8	217.8	222.0	216.8	212.5
Volume	13,416	13,337	3,354	2,856	15,563	6,106	4,097	1,879	4,220	12,403	8,711	2,614	2,719	2,159	1,184

OTHER INFORMATION

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