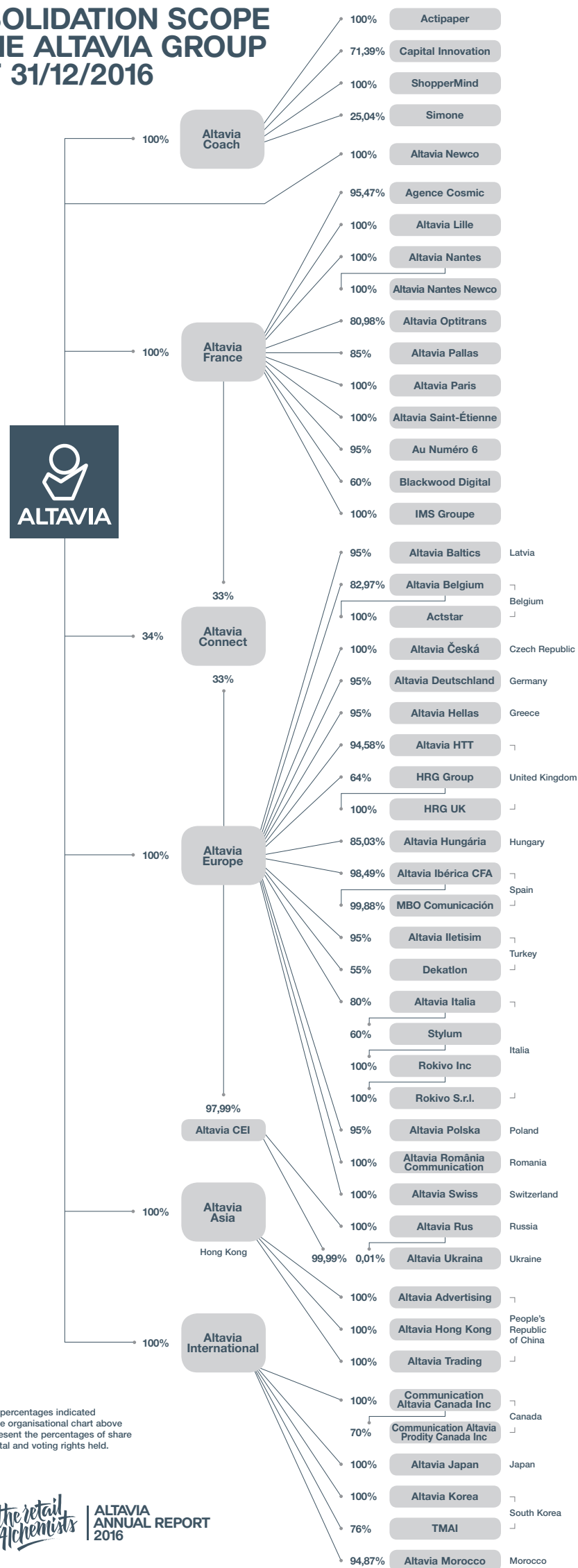


**FINANCIAL  
REPORT  
2016**

# CONSOLIDATION SCOPE OF THE ALTAVIA GROUP AS AT 31/12/2016



The percentages indicated in the organisational chart above represent the percentages of share capital and voting rights held.

## CONSOLIDATED ACCOUNTS AT 31/12/2016

### CONSOLIDATED BALANCE SHEET

In thousands of euros

Assets	31/12/16	31/12/15	
<b>Capital assets</b>	<b>29,800</b>	<b>33,874</b>	
Goodwill	note 3-1 18,702	23,227	
Intangible fixed assets	note 3-2 871	653	
Tangible fixed assets	note 3-3 8,027	7,958	
Long-term investments	note 3-4 1,990	1,236	
Securities accounted for under equity method	note 3-5 210	800	
<b>Current assets</b>	<b>238,803</b>	<b>247,379</b>	
Inventory and work in progress	note 3-6 25,547	24,846	
Trade receivables and related accounts	note 3-7 137,686	143,658	
Other receivables and accrual accounts	note 3-8 21,687	24,011	
Marketable securities	note 3-9 18,959	15,777	
Cash assets	34,924	39,087	
<b>Total assets</b>	<b>268,603</b>	<b>281,253</b>	
<b>Liabilities &amp; shareholders' equity</b>	<b>31/12/16</b>	<b>31/12/15</b>	
<b>Shareholders' equity (group share)</b>	<b>note 3-10</b>	<b>46,688</b>	<b>45,250</b>
Capital	3,846	3,846	
Premiums	2,446	2,446	
Consolidated reserves and earnings (1)	40,396	38,958	
<b>Minority interests</b>	<b>note 3-10</b>	<b>2,381</b>	<b>2,532</b>
<b>Provisions for contingencies and expenses</b>	<b>note 3-11</b>	<b>6,455</b>	<b>6,330</b>
<b>Debts</b>	<b>213,079</b>	<b>227,141</b>	
Borrowed funds and financial debts	note 3-12 27,427	31,930	
Trade payables and related accounts	126,970	135,066	
Other debts and accrual accounts	note 3-13 58,682	60,145	
<b>Total liabilities &amp; shareholders' equity</b>	<b>268,603</b>	<b>281,253</b>	
(1) of which net earnings, group share, for the fiscal year	4,728	4,864	

## CONSOLIDATED INCOME STATEMENT

In thousands of euros

		31/12/16	31/12/15
<b>Turnover</b>	<b>note 4-1</b>	<b>699,056</b>	<b>674,805</b>
Other operating income	note 4-2	5,692	5,248
Purchases used		-606,696	-583,737
Payroll costs	note 4-3	-73,490	-69,672
Other operating expenses		-699	-992
Taxes and levies		-2,585	-2,574
Allocations to amortisation/depreciation and provisions	note 4-4	-4,794	-4,517
<b>Operating earnings</b>		<b>16,484</b>	<b>18,561</b>
Financial expenses and income	note 4-5	-588	-1,772
<b>Current earnings of consolidated companies</b>		<b>15,896</b>	<b>16,789</b>
Extraordinary expenses and income	note 4-6	2,610	572
Income tax	note 4-7	-5,818	-4,813
<b>Net earnings of consolidated companies</b>		<b>12,688</b>	<b>12,548</b>
Share of profit companies accounted under the equity method	note 3-5	34	101
Allocations to amortisation of goodwill		-6,751	-6,144
<b>Net earnings of the consolidated group</b>		<b>5,971</b>	<b>6,505</b>
Minority interests		1,243	1,641
<b>Net earnings, group share</b>		<b>4,728</b>	<b>4,864</b>
Group share of net earnings per share	in €	3.7	3.8
Earnings per share before allocation to goodwill amortisation	in €	9.0	8.6
Diluted earnings per share	in €	3.7	3.8
<b>Gross income</b>		<b>124,510</b>	<b>118,978</b>

## CASH FLOW STATEMENT

In thousands of euros

	31/12/16	31/12/15
<b>Cash flows from operations:</b>		
Net earnings of consolidated companies after allocations and reversals for goodwill amortisation	5,937	6,404
Elimination of expenses and income with no cash flow impact or not related to operations:		
- Goodwill amortisation	6,751	6,144
- Amortisation, provisions, and reclassification of fixed assets	2,292	3,003
- Change in deferred taxes	876	-223
- Gains on sale, net of tax	-2,750	0
<b>Cash flow from operations of consolidated companies</b>	<b>13,106</b>	<b>15,328</b>
Change in working capital requirements for operations:		
- Inventories and work in progress	-701	-3,557
- Trade accounts receivable	7,420	-11,429
- Trade accounts payable	-9,472	7,321
- Dividends received	24	0
<b>Net cash flow generated from operations</b>	<b>10,377</b>	<b>7,663</b>
<b>Cash flow from investment operations:</b>		
Acquisition of fixed assets	-3,671	-3,101
Disposals of fixed assets	325	143
Impact of changes in scope	808	-4,233
<b>Net cash flow from investment operations</b>	<b>-2,538</b>	<b>-7,191</b>
<b>Net cash flow from financing operations:</b>		
Acquisitions and disposals of Altavia equities	0	0
Dividends paid to shareholders in the parent company	-2,700	-2,700
Dividends paid to minority shareholders from consolidated companies	-1,023	-1,586
Altavia capital variation	0	0
Debt issues	1,290	5,088
Debt repayments	-5,448	-411
<b>Cash flow from financing operations</b>	<b>-7,881</b>	<b>391</b>
<b>Change in cash position</b>	<b>-42</b>	<b>863</b>
Opening cash position	41,533	40,043
Closing cash position	40,953	41,533
Impact of changes in exchange rates	538	-627

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Highlights of 2016

In 2016, the Group continued its strategy of creating and acquiring new companies, as described in paragraph 1.2.3.

### Events subsequent to the close

No events.

## 1. Principles and methods of consolidation

### 1.1 General principles

Altavia Group's consolidated financial statements have been prepared in accordance with the accounting rules and methods applicable in France related to consolidated financial statements in accordance with regulation no. 99-02 of the Comité de la Réglementation Comptable (French Accounting Regulatory Committee) approved on 22 June 1999.

The financial statements are expressed in thousands of euros.

### 1.2 Consolidation methods and criteria

The full consolidation method is applied to the financial statements of companies that Altavia SA controls exclusively by directly or indirectly holding a majority of the voting rights.

The equity method of accounting is applied to the financial statements of companies over which Altavia SA exerts a significant influence.

### 1.2.1 Name and registered office of consolidated companies

Actipaper	10, rue Blanqui - 93406 Saint-Ouen CEDEX
Actstar	Avenue Louise, 287 Bte 5 - 1050 Bruxelles - Belgique
Agence Cosmic	6, rue royale - 75008 Paris
Altavia (parent company)	1, rue Rembrandt - 75008 Paris
Altavia Advertising	Room 2202 and 2203, Floor 22, Zhongyu Plaza, A6 Gongti North Road Chaoyang District, Beijing - Chine
Altavia Asia	Unit 7107B, Level 71, International Commerce Centre, 1 Austin Road West, Kowloon - Hong Kong
Altavia Baltics	Kr. Valdemara iela 33-5, Riga, LV-1010 - Lettonie
Altavia Belgium	Avenue Louise, 287 Bte 5 - 1050 Bruxelles - Belgique
Altavia CEI	1, rue Rembrandt - 75008 Paris
Altavia Česká	Pocernicka 96/272, CP 108 00 - Prague 10 - République Tchèque
Altavia Coach	1, rue Rembrandt - 75008 Paris
Altavia Connect	10, rue Blanqui - 93406 Saint-Ouen CEDEX
Altavia Deutschland	Am Wehrhahn 100, 40211 Düsseldorf - Allemagne
Altavia Europe	1, rue Rembrandt - 75008 Paris
Altavia France	10, rue Blanqui - 93406 Saint-Ouen CEDEX
Altavia Hellas	Ethnikis Antistaseos 103 GR-15451 N. Psychiko (Athènes) - Grèce
Altavia Hong Kong	Flat 7107B 71/F, International Commerce Center 1, Austin Road West Kowloon - Hong Kong
Altavia HTT	4 Park Square, Newton Chambers Road, Thorncliffe Park, Chapeltown, Sheffield, S35 2PH - Royaume Uni
Altavia Hungária	H-1047 Budapest, Károlyi István út 10 - Hongrie
Altavia Ibérica CFA	Calle Orense n°16, Madrid - Espagne
Altavia Iletisim	Pazar Sokak N°2 Barelli Is Merkezi Kat : 3 Gayrettepe - 34387 Istanbul - Turquie
Altavia International	1, rue Rembrandt - 75008 Paris
Altavia Italia	Alzaia Naviglio Pavese 78/3 - 20142 Milano - Italie
Altavia Japan	4-16-21 Shimouma, Setagaya - ku, Tokyo - Japon
Altavia Korea	Joy Tower Building 7 <sup>th</sup> Floor and 11 <sup>th</sup> Floor, 7 Teheran-ro 37-gil, Gangnam-gu SEOUL 135-915 - Corée du Sud
Altavia Lille	31-33, rue du Molinel - 59800 Lille
Altavia Morocco	46, avenue Okba, 1 <sup>er</sup> étage, n°2, Agdal, Rabat - Maroc
Altavia Nantes	19 bis, rue La Noue Bras de Fer - 44200 Nantes
Altavia Nantes Newco	19 bis, rue La Noue Bras de Fer - 44200 Nantes
Altavia Newco	1, rue Rembrandt - 75008 Paris
Altavia Optitrans	19, chemin de la Plaine - 69390 Vourles
Altavia Pallas	6, rue Royale - 75008 Paris
Altavia Paris	10, rue Blanqui - 93406 Saint-Ouen CEDEX
Altavia Polska	Portico Office Building, ul. Spokojna 5, Warsaw - Pologne
Altavia România Communication	178 rue Vasile Lascar, étage 2, appartement n°4, secteur 2, Bucarest - Roumanie
Altavia Rus	42, Novokuznetskaya Street, bld. 5, Moscow, 115054 - Russie
Altavia Saint-Étienne	1, rue Pablo Picasso, Bâtiment l'Imprimerie - 42000 Saint-Étienne
Altavia Swiss	Industriestrasse 47, Postfach 4461, 6304 Zug - Suisse
Altavia Trading	3 <sup>rd</sup> Floor, Block A, No. 381 Pan Yu Road, Chang Ning District, Shanghai 200052 - Chine
Altavia Ukraina	Anischenko 3 let B, Kiev - 01010 - Ukraine
Au Numéro 6	6, rue Royale - 75008 Paris
Blackwood Digital	147, rue Saint-Martin - 75003 Paris
Capital Innovation	10, rue Blanqui - 93406 Saint-Ouen CEDEX
Communication Altavia Canada Inc.	Bureau 420, 3875 Saint-Urbain, Montréal H2W 1V1 - Canada
Communication Altavia Procity Canada Inc.	Bureau 420, 3875 Saint-Urbain, Montréal H2W 1V1 - Canada
Dekatlon	Kosuyolu Mah. Mahmut Yesari Sk. No:8 Kadiköy, Istanbul - Turquie
HRG Group Limited	4, Rowan Avenue Mawley, Kettering, Northamptonshire NN14 1GP - Royaume-Uni
HRG UK Limited	Mercury House, 8 Sandy Way, Grange Park, Northampton, NN4 5EJ - Royaume-Uni
IMS Groupe	ZA du Bois, 4 rue du Tilleul - 59 840 Perenchies
MBO Comunicación	Calle Orense n°16, Madrid - Espagne
Rokivo Inc	560 Mission St., San Francisco, CA 94105 - Etats-Unis
Rokivo Srl	41 Via Giolitti, 10123 Turin - Italie
ShopperMind	10, rue Blanqui - 93406 Saint-Ouen CEDEX
Simone	40, rue Sainte-Anne - 75002 Paris
Stimshop	14-16, rue Soleillet - BL 69, 75020 Paris
Stylum	17 Via Giuseppe Balzaretti, 20133 Milan - Italie
TMAI	N°306, 3F, Hyundai Liberty House, Hannam-dong, Yongsan-gu, Séoul - Corée du Sud

## 1.2.2 Interest and control expressed as a percentage and consolidation method applied

Companies	31/12/16		31/12/15	Consolidation method
	% holding	% of control	% holding	
Actipaper	100.00	100.00	100.00	Full consolidation
Actstar Digital	82.97	100.00	82.97	Full consolidation
Agence Cosmic	95.47	95.47	95.47	Full consolidation
Altavia (société consolidante)	100.00	100.00	100.00	Full consolidation
Altavia Advertising	100.00	100.00	94.99	Full consolidation
Altavia Asia	100.00	100.00	94.99	Full consolidation
Altavia Belgium	82.97	82.97	82.97	Full consolidation
Altavia CEI	97.99	97.99	97.99	Full consolidation
Altavia Česká	100.00	100.00	100.00	Full consolidation
Altavia Coach	100.00	100.00	100.00	Full consolidation
Altavia Connect	100.00	100.00	100.00	Full consolidation
Altavia Deutschland	95.00	95.00	95.00	Full consolidation
Altavia Europe	100.00	100.00	100.00	Full consolidation
Altavia France	100.00	100.00	100.00	Full consolidation
Altavia Hellas	95.00	95.00	95.00	Full consolidation
Altavia Hong Kong	100.00	100.00	94.99	Full consolidation
Altavia HTT	94.58	94.58	94.58	Full consolidation
Altavia Hungária	85.03	85.03	85.03	Full consolidation
Altavia Ibérica CFA	98.49	98.49	99.98	Full consolidation
Altavia Iletisim	95.00	95.00	95.00	Full consolidation
Altavia International	100.00	100.00	100.00	Full consolidation
Altavia Italia	80.00	80.00	80.00	Full consolidation
Altavia Japan	100.00	100.00	100.00	Full consolidation
Altavia Korea	100.00	100.00	100.00	Full consolidation
Altavia Lille	100.00	100.00	100.00	Full consolidation
Altavia Morocco	94.88	94.88		Full consolidation
Altavia Nantes	100.00	100.00	100.00	Full consolidation
Altavia Nantes Newco	100.00	100.00	100.00	Full consolidation
Altavia Newco	100.00	100.00	100.00	Full consolidation
Altavia Optitrans	80.98	80.98	80.98	Full consolidation
Altavia Pallas	85.00	85.00	85.00	Full consolidation
Altavia Paris	100.00	100.00	100.00	Full consolidation
Altavia Polska	95.00	95.00	95.00	Full consolidation
Altavia România Communication	100.00	100.00	100.00	Full consolidation
Altavia Rus	97.99	100.00	97.99	Full consolidation
Altavia Saint-Étienne	100.00	100.00	100.00	Full consolidation
Altavia Swiss	100.00	100.00	100.00	Full consolidation
Altavia Trading	100.00	100.00	94.99	Full consolidation
Altavia Ukraina	98.00	99.99	97.99	Full consolidation
Au Numéro 6	95.00	95.00	95.00	Full consolidation
Blackwood	60.00	60.00	60.00	Full consolidation
Capital Innovation	71.39	71.39	71.39	Full consolidation
Communication Altavia Canada	100.00	100.00	100.00	Full consolidation
Communication Altavia Prodigy Canada Inc.	70.00	70.00		Full consolidation
Dekatlon	55.00	55.00		Full consolidation
Fair Wood Ventures			82.97	Full consolidation
HRG Group	64.00	64.00	64.00	Full consolidation
HRG UK	64.00	100.00	64.00	Full consolidation
IMS Groupe	100.00	100.00	100.00	Full consolidation
MBO Comunicación	98.37	99.88	99.86	Full consolidation
MyStudioTV			31.55	Equity method
Rokivo Inc	48.00	100.00		Full consolidation
Rokivo Srl	48.00	100.00		Full consolidation
ShopperMind	100.00	100.00	100.00	Full consolidation
Simone	25.04	25.04	25.04	Equity method
Stylum	48.00	60.00		Full consolidation
TMAI	76.00	76.00		Full consolidation

## 1.2.3 Changes in the consolidation scope

The consolidation scope has been modified on account of:

- The creation on 23 June of Communication Altavia Prodigy Canada Inc., a 70% owned subsidiary of Communication Altavia Canada Inc.
- The creation of Altavia Baltics, 95% owned by Altavia Europe
- The acquisition of Stylum and its subsidiary Rokivo Inc, which itself owns Rokivo Srl, 60% owned by Altavia Italia
- The acquisition of Dekatlon, 55% owned by Altavia Europe
- The creation of Altavia Morocco, owned by Altavia International
- The sale of MSTV by Altavia Coach
- The merger of Fairwood with Actstar

## 1.2.4 Non-consolidated companies

Altavia acquired equity interests in Stimshop (7.83% owned by Altavia Coach) and Ubiq Toolbox (15.38% owned by Altavia Coach).

## 1.2.5 Treatment of goodwill

Goodwill represents the difference between the acquisition price (plus related costs) after taxes of the subsidiary's securities and the Group's share in the fair value of its net assets on the date when the interest was acquired.

Goodwill on equity securities is fully amortised within the fiscal year when it is less than €50 K. Otherwise, it is generally amortised over a period of 1 to 15 years.

Goodwill is also analysed at the close of each fiscal year to assess its net value and account for exceptional amortisation when the inventory value is less than the book value.

Additional goodwill amounts are determined upon an increase in the percentage of Group interest in a company that has already been consolidated, without calling into question the asset and liability valuations made as at the date of takeover. These differences are subject to the same method as described above.

## 1.2.6 Restatement of foreign companies' financial statements

At the end of the period, items on the balance sheets of foreign companies, except shareholders' equity (which remains at the historical rate), are converted at the exchange rate of the closing date of the fiscal year. The difference is entered under the item 'exchange differential'.

Profit and loss account items are converted at the average rate for the fiscal year.

The exchange rates used on 31 December 2016 and on 31 December 2015 are expressed in currency units per €1:

Closing rate

Country	Currency	31/12/16	31/12/15
Canada	Canadian Dollar	1.42	1.51
South Korea	Korean Won	1,269.36	1,280.78
United States	American dollar	1.05	
Hong Kong	Hong Kong dollar	8.18	8.44
Hungary	Forint	309.83	315.98
Japan	Japanese Yen	123.40	131.07
Poland	Polish zloty	4.41	4.26
People's Republic of China	Yuan	7.32	7.06
Czech Republic	Czech koruna	27.02	27.02
Romania	New Romanian leu	4.54	4.52
United Kingdom	Pound sterling	0.86	0.73
Russia	Rouble	64.30	80.67
Switzerland	Swiss franc	1.07	1.08
Turkey	Turkish lira	3.71	3.18
Ukraine	Hryvnia	28.61	26.17

Average rate

Country	Currency	31/12/16	31/12/15
Canada	Canadian Dollar	1.47	1.42
South Korea	Korean Won	1,287.10	1,255.74
United States	American Dollar	1.11	
Hong Kong	Hong Kong dollar	8.61	8.60
Hungary	Forint	311.70	309.90
Japan	Japanese Yen	120.62	134.29
Poland	Polish zloty	4.36	4.18
People's Republic of China	Yuan	7.35	6.97
Czech Republic	Czech koruna	27.03	27.29
Romania	New Romanian leu	4.49	4.45
United Kingdom	Pound sterling	0.81	0.73
Russia	Rouble	74.65	68.01
Switzerland	Swiss franc	1.09	1.07
Turkey	Turkish lira	3.32	3.02
Ukraine	Hryvnia	28.28	24.22

### 1.2.7 Deferred taxes

Deferred taxes are calculated based on temporary differences between the tax basis and the balance sheet.

The method used to recognise deferred taxes is the liabilities method: taxes are calculated at each year-end based on the last known tax rate applicable to future fiscal years.

The effects of tax rate changes are posted in the earnings for the fiscal year in which the change occurred.

The tax rate used as at 31 December 2016 was 33.33% (33.33% in 2015) for French companies. In foreign countries, the tax rate is consistent with the applicable local tax.

Deferred tax assets are analysed on a case-by-case basis and posted in the balance sheet when they are likely to be recovered during subsequent years.

In addition, the application of the tax consolidation system makes it possible to book the losses of subsidiaries included within the tax consolidation scope of Altavia SA.

The deferred taxes due to be paid between 01/01/2017 and 31/12/2019 are booked at a rate of 33.33%, and those due after 31/12/2019 at 28%.

### 1.2.8 Treatment of Group internal operations

Reciprocal operations between fully consolidated companies have been eliminated both from the balance sheet and the income statement.

Pending internal profits have not been restated, considering their insignificant impact on earnings (margin on inventory).

Internal transfers of fixed assets from one company of the Group to another are not eliminated because of the absence of disposal gains and their minimal impact on balance sheet items.

No adjustment has been made for differences resulting from the different amortisation rates applied within the Group's companies to the same type of fixed assets, as they are insignificant.

## 2. Accounting principles and valuation methods

### 2.1 Changes in valuation or presentation methods

There were no changes in assessment and presentation methods at 31 December 2016.

### 2.2 Valuation methods

#### Intangible and tangible fixed assets

Tangible and intangible fixed assets are booked at their acquisition price. Depreciation is calculated using the straight-line method for the following estimated useful lives:

- Software	1 year
- Fixtures and general facilities	4 to 10 years
- Office equipment and furniture	2 or 10 years
- Furniture	5 to 10 years
- Industrial equipment	2 to 5 years
- Other equipment	3 to 5 years
- Transport equipment	4 to 5 years
- Machinery, equipment and tools	2 to 5 years

Some fixed assets are regulated by lease contracts under the terms of which the Group assumes the benefits and risks of ownership. In this case, an adjustment is made in order to recognise the value of the rented property under assets and the corresponding financial debt under liabilities. The fixed asset is depreciated over its economic life for the group. The debt is amortised for the duration of the lease contract. The impact of the restatement on the profit and loss statement is the cancellation of rents and the recording of the allocation to depreciation and amortisation and the debt-related interest charges.

#### Development costs

The recognition of development costs as an asset is related to the development of substantially individualised projects whose technical feasibility is proven and that the company anticipates and is able to achieve. Capitalisation of these costs is justified insofar as these projects provide future economic benefits.

The accounting depreciation term used is based on the evaluated marketing lifetime of each developed product or, in case of non-marketing, the useful life.

#### Equity securities and securities accounted for using the equity method

The value of securities of companies accounted for by the equity method represents the Group's share in shareholders' equity and in the profits of these companies, taking into consideration the application of the applied consolidation principles.

Equity securities in these companies are valued at their gross book value or at their inventory value if it is lower. In this case, a provision for depreciation is established.

The inventory value is determined on the basis of the corresponding share in the shareholders' equity of the company in question, adjusted where applicable according to specific future risks.

#### Inventory and work in progress

Inventories of raw materials and other supplies are valued at their acquisition value. Products and work in progress have been valued at their production cost. They correspond to work for which the margin is dependent on delivery.

#### Trade receivables

Trade accounts receivable and related accounts are recorded at their nominal value. Appropriate depreciation provisions have been established to cover the risks of non-recovery. They were determined individually or on the basis of length of time outstanding.

#### Marketable securities

Marketable securities include securities of the company Altavia SA.

#### Accrual and similar accounts

Accrual and similar accounts are recorded as assets and include the following primary items:

- prepaid expenses
- deferred tax assets

#### Exchange gains and losses

Unrealised exchange gains or losses resulting from transactions denominated in foreign currencies are recorded on the income statement.



### Retirement compensation

In France, contractual retirement payments are payable when an employee retires, if still part of the group at the retirement date. Payments are evaluated and provisioned on the basis of the employee's salary and seniority on the date of retirement, in accordance with the regulations of applicable agreements. The amount of the commitment is determined pursuant to the provisions of annex 1 of ANC recommendation no. 2013-02.

The recognition of actuarial gains is determined according to method 1, "Corridor".

The retirement age assumption is 65, and the social contribution rate assumption is 45%.

The discounting and growth rates of salaries used to calculate commitments are 1.68% and 1.55% respectively at 31 December 2016 and were 2.23% and 1.55% respectively at 31 December 2015.

The share of the change in actuarial gains exceeding 10% of the commitment is spread out over the average length of service remaining.

See paragraph 3.11

### Provisions for risks and expenses

Provisions for risks and expenses are booked when their purpose has been clearly specified at the close of the fiscal year or before the accounts were drawn up.

### Tax consolidation

A tax consolidation agreement includes Altavia SA, Altavia Coach, Altavia Europe, Altavia France, Altavia Paris, Altavia Lille, Altavia Nantes, Altavia Nantes Newco, Altavia Saint Etienne, Agence Cosmic, Altavia CEI, Actipaper, Shopper Mind, Au Numéro 6, Altavia International, IMS Groupe and Altavia Newco.

This agreement stipulates that each member company of the tax consolidation group must book its own taxes. Tax consolidation expenses and income are booked by the Group's head company in its profit and loss statement.

### Recognition of turnover

The various services and income from ordinary activity were accounted for using the completion method. The same applies to operations that are partially completed at the closing date of the fiscal year, as the margin is established only upon delivery of the operation. Services billed on the basis of fixed fees are recorded monthly.

### Gross income

Gross income is understood to be the difference between invoicing of customers and net expenditure directly associated with services provided to customers; it includes income from discounts.

## 3. Notes on the consolidated balance sheet

### 3.1 Positive goodwill

In thousands of euros	31/12/16	31/12/15
Gross value at 1 <sup>st</sup> January	66,057	61,413
New goodwill for the fiscal year (1)	2,226	4,644
Transfers for the fiscal year		
<b>Gross value at close</b>	<b>68,283</b>	<b>66,057</b>
Goodwill amortisation at 1 <sup>st</sup> January	42,830	36,686
Allocations for fiscal year	6,751	6,144
Disposals for fiscal year		
<b>Goodwill amortisation</b>	<b>49,581</b>	<b>42,830</b>
Net goodwill value at end of period	18,702	23,227

(1) New goodwill in 2016 comprised additional acquisition goodwill concerning a company purchased in 2014, as well as the takeovers of Stylum and Dekatlon.

In 2015, goodwill pertained primarily to the acquisition of TMI and Actstar as well as an earn-out relating to companies acquired in 2014 and the acquisition of stock in subsidiaries from minority shareholders.

### 3.2 Intangible fixed assets

#### Gross values

In thousands of euros	Gross value at 31 Dec. 2015	Increases during the financial year	Reductions during the financial year	Variation in scope	Misc. movements	Gross value at 31 Dec. 2016
Preliminary expenses	0	5				5
Research and development costs	856			57		913
Concessions, patents, and licences	4,010	331	240	10	-23	4,088
Goodwill	316					316
Other intangible fixed assets	283	13	114	377	-19	540
Intangible fixed assets in progress	0					0
<b>TOTAL</b>	<b>5,465</b>	<b>349</b>	<b>354</b>	<b>444</b>	<b>-42</b>	<b>5,862</b>

#### Amortisation and provisions

In thousands of euros	Amortization and provisions at 31 Dec. 2015	Provisions for financial year	Reductions during the financial year	Variation in scope	Misc. movements	Amortization and provisions at 31 Dec. 2016
Preliminary expenses	0	1		4		5
Research and development costs	856	5		29		890
Concessions, patents, and licences	3,432	517	364	2	-17	3,570
Goodwill	271	22				293
Other intangible fixed assets	253	42	114	69	-17	233
<b>TOTAL</b>	<b>4,812</b>	<b>587</b>	<b>478</b>	<b>104</b>	<b>-34</b>	<b>4,991</b>

### 3.3 Tangible fixed assets

#### Gross values

In thousands of euros	Gross value at 31 Dec. 2015	Increases during the financial year	Diminutions during the financial year	Variation in scope	Misc. movements	Gross value at 31 Dec. 2016
Buildings	2,566	2			-363	2,205
Other tangible fixed assets	17,684	1,933	960	42	-235	18,464
Tangible fixed assets in progress	7	361				368
Advances and deposits on fixed assets	0					0
<b>Own fixed assets</b>	<b>20,257</b>	<b>2,296</b>	<b>960</b>	<b>42</b>	<b>-598</b>	<b>21,037</b>
Other leased tangible fixed assets	313	56	92		-4	273
<b>Leased tangible fixed assets</b>	<b>313</b>	<b>56</b>	<b>92</b>	<b>0</b>	<b>-4</b>	<b>273</b>
<b>TOTAL</b>	<b>20,570</b>	<b>2,352</b>	<b>1,052</b>	<b>42</b>	<b>-602</b>	<b>21,310</b>

#### Amortisation and provisions

In thousands of euros	Amortization and provisions at 31 Dec. 2015	Provisions for financial year	Reductions during the financial year	Variation in scope	Misc. movements	Amortization and provisions at 31 Dec. 2016
Buildings	400	92			-58	434
Other tangible fixed assets	11,979	1,683	922	25	-140	12,625
<b>Own fixed assets</b>	<b>12,379</b>	<b>1,775</b>	<b>922</b>	<b>25</b>	<b>-198</b>	<b>13,059</b>
Other leased tangible fixed assets	233	32	40		-1	224
<b>Leased tangible fixed assets</b>	<b>233</b>	<b>32</b>	<b>40</b>	<b>0</b>	<b>-1</b>	<b>224</b>
<b>TOTAL</b>	<b>12,612</b>	<b>1,807</b>	<b>962</b>	<b>25</b>	<b>-199</b>	<b>13,283</b>

### 3.4 Long-term investments

#### Gross values

In thousands of euros	Gross value at 31 Dec. 2015	Increases during the financial year	Diminutions during the financial year	Variations in scope	Misc. movements	Gross value at 31 Dec. 2016
Non-consolidated subsidiaries						0
Other fixed equity investments	10	332				342
Loans	91	395	81			405
Other long-term investments	1,135	243	134		-1	1,243
<b>TOTAL</b>	<b>1,236</b>	<b>970</b>	<b>215</b>	<b>0</b>	<b>-1</b>	<b>1,990</b>

Other long-term investments correspond to security deposits related to commercial leases.

#### Amortisation and provisions

In thousands of euros	Amortization and provisions at 31 Dec. 2015	Provisions for financial year	Reductions during the financial year	Movements during the financial year	Misc. movements	Amortization and provisions at 31 Dec. 2016
Loans	0					0
Other long-term investments	0					0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### Schedule of loans and other long-term investments

In thousands of euros	Due in less than 1 year	Due in more than 1 year	Accrued interest	TOTAL
Loans				0
Other long-term investments				0

### 3.5 Securities accounted for under equity method

In thousands of euros	31/12/16	31/12/15
Net value at 1 <sup>st</sup> January	800	699
Share capital movements	-600	
Distribution of dividends	-24	
Earnings for fiscal year	34	101
<b>TOTAL</b>	<b>210</b>	<b>800</b>

### 3.6 Inventory and work in progress

In thousands of euros	Gross value at 31 Dec. 2015	Depreciation at 31 Dec. 2015	Net value at 31 Dec. 2015	Net value at 31 Dec. 2014
Raw materials and supplies	2,087	398	1,689	2,236
Work in progress	22,350		22,350	22,518
Finished products	1,484	32	1,452	31
Goods	56		56	18
Stocks in transit			0	43
<b>TOTAL</b>	<b>25,977</b>	<b>430</b>	<b>25,547</b>	<b>24,846</b>

### 3.7 Trades receivable and related accounts

In thousands of euros	31/12/16	31/12/15	Change
Gross value	141,247	146,881	-5,634
Provisions	3,561	3,223	338
Net value	137,686	143,658	-5,972

Receivables are debts due in under 1 year.

### 3.8 Other receivables and accrual accounts (assets)

In thousands of euros	Gross value at 31 Dec. 2016	Depreciation at 31 Dec. 2016	Net value at 31 Dec. 2016	Net value at 31 Dec. 2015
Advances and deposits	688		688	630
Other receivables	17,280		17,280	19,131
Prepayments and deferred charges	2,130		2,130	1,785
Deferred tax debits (see note 4-8)	1,589		1,589	2,465
<b>TOTAL</b>	<b>21,687</b>	<b>0</b>	<b>21,687</b>	<b>24,011</b>

The various debtors have due dates within one year.

### 3.9 Marketable securities

In thousands of euros	Gross value at 31 Dec. 2016	Depreciation at 31 Dec. 2016	Net value at 31 Dec. 2016	Net value at 31 Dec. 2015
Own shares	9,727		9,727	9,727
Marketable securities	9,239	7	9,232	6,050
<b>TOTAL</b>	<b>18,966</b>	<b>7</b>	<b>18,959</b>	<b>15,777</b>

### 3.10 Group share of shareholders' equity and minority interests

Share capital is made up of 1,282,137 shares at €3 each.

In thousands of euros	Registered capital	Share premium account	Consolidated income and reserves	Shareholders' equity (Group share)	Minority interests	Total
Net situation as at 31/12/2014 after allocation of earnings	3,846	2,446	36,157	42,449	2,104	44,553
Capital movements				0		0
Scope changes (1)				0	291	291
Distribution of dividends			-2,700	-2,700	-1,586	-4,286
Change in exchange gains			637	637	82	719
<b>Earnings at 31/12/2015</b>	<b>4,864</b>	<b>4,864</b>	<b>4,864</b>	<b>4,864</b>	<b>1,641</b>	<b>6,505</b>
Net situation as at 31/12/2015 after allocation of earnings	3,846	2,446	38,958	45,250	2,532	47,782
Capital movements				0		0
Scope changes (2)				0	-198	-198
Distribution of dividends			-2,700	-2,700	-1,023	-3,723
Change in exchange gains			-590	-590	-173	-763
<b>Earnings at 31/12/2016</b>	<b>4,728</b>	<b>4,728</b>	<b>4,728</b>	<b>4,728</b>	<b>1,243</b>	<b>5,971</b>
Net situation as at 31/12/2016 after allocation of earnings	3,846	2,446	40,396	46,688	2,381	49,069

(1) The changes in scope correspond to the minority shareholders of TMAI and Actstar.

(2) The changes in scope pertain mainly to minority shareholders in the Asia scope and, to a lesser extent, minority shareholders in the Europe scope.



The General Meeting on 20 May 2010 authorised the Board of Directors to grant, at one or more times, over a period of thirty-eight months, i.e. no later than 20 July 2013, stock options each giving the right to acquire a share of Altavia, within the limit of 10% of the share capital. Options may be granted to executives (such as those defined by Article L.225-185, paragraph 4 of the French Commercial Code) and to eligible employees having a permanent contract of employment with Altavia, as well as to employees only of companies or economic interest groups of which at least 10% of capital or voting rights are held directly or indirectly by Altavia.

Stock subscription options granted during fiscal years 2010, 2011, 2012, and 2013.

GM date	Board meeting date	Number of options granted	Starting point of purchase options	Expiry date of options (postponed by AG of 20/11/2014)	Price of options
20/05/2010	16/12/2010	50,519	16/12/2014	01/01/2015 or 16/06/2015 postponed by AG to 16/06/2017	€72.34
20/05/2010	17/03/2011	8,179	01/05/2015	01/07/2015 postponed by AG to 01/07/2017	€72.34
20/05/2010	19/05/2011	19,019	19/05/2015	01/07/2015 or 19/11/2015 postponed by AG to 19/11/2017	€72.34
20/05/2010	22/09/2011	2,115	01/11/2015	01/01/2016 postponed by AG to 01/01/2018	€72.34
20/05/2010	28/06/2012	1,138	28/06/2016	01/07/2016 or 28/12/2016 postponed by AG to 28/12/2018	€74.72
20/05/2010	20/09/2012	15,848	01/11/2016	01/01/2017 postponed by AG to 01/01/2019	€74.72
20/05/2010	04/02/2013	5,621	01/05/2017	01/07/2017 postponed by AG to 01/11/2019	€74.72
20/05/2010	20/06/2013	20,800	20/06/2017	01/07/2017 or 20/12/2017 postponed by AG to 20/12/2019	€74.87
20/05/2010	17/07/2013	9,175	01/11/2017	01/01/2018 postponed by AG to 01/01/2020	€74.87

The period during which the options could be exercised was until previously 6 months, 4 years after their allocation. The extraordinary general meeting of 20 November 2014 increased this period to 2 years and 6 months, still 4 years after the allocation date. This extension applies to all beneficiaries. All the other terms and conditions stipulated in plan regulations will remain unchanged.

### 3.11 Provisions for contingencies and expenses

In thousands of euros	31/12/16	31/12/15
Provisions for contingencies	1,230	1,831
Provisions for retirement payouts	5,225	4,499
Other provisions for expenses	0	0
Sub-total of provisions for contingencies and expenses	6,455	6,330
Deferred tax credits (see note 4-8)	0	0
<b>TOTAL</b>	<b>6,455</b>	<b>6,330</b>

### Changes in provisions for contingencies and expenses

In thousands of euros	Provisions at 1 January 2016	Allocations for fiscal year	Reversals for fiscal year	Miscellaneous movements	Exchange gain/loss	Provisions at 31 Dec. 2016
Provisions for contingencies	1,831	275	876			1,230
Provision for pensions	4,499	727	84	85	-2	5,225
Provisions for expenses	0					0
<b>TOTAL</b>	<b>6,330</b>	<b>1,002</b>	<b>960</b>	<b>85</b>	<b>-2</b>	<b>6,455</b>

Provisions for contingencies mainly pertain to commercial and employee litigation.

For the France scope, retirement commitments of €3,798K were booked in a provision for €3,280K because of the share in the change in actuarial gains exceeding 10% of the commitment spread out over 9 years.

### 3.12 Borrowed funds and financial debts

In thousands of euros	31/12/16	31/12/15
Loans from credit institutions	24,009	28,198
Other financial debts	164	49
Bank loans and overdrafts	3,203	3,604
Accrued interest not due on loans	51	79
<b>TOTAL</b>	<b>27,427</b>	<b>31,930</b>

The Altavia group has a confirmed line of credit of up to €135 million (effective since 7 January 2015).

The Group took out a new €5 million amortisable loan in 2015.

### Schedule of loans and debts

In thousands of euros	Debts of under 1 year	Debts from 1 to 5 years	Debts of more than 5 years	TOTAL
Loans from credit institutions	6,180	17,360	469	24,009
Other financial debts	164			164
Bank loans and overdrafts	3,203			3,203
Accrued interest not due on loans	51			51
<b>TOTAL</b>	<b>9,598</b>	<b>17,360</b>	<b>469</b>	<b>27,427</b>

### 3.13 Other debts and accrual accounts (liabilities)

In thousands of euros	31/12/16	31/12/15
Tax and social liabilities	27,288	28,659
Miscellaneous debts	7,176	10,187
Other deferred revenue	24,218	21,299
<b>TOTAL</b>	<b>58,682</b>	<b>60,145</b>

All debts are due in less than one year.

### 3.14 Off-balance sheet commitments (above €50 K)

#### Issued by Altavia

- Pledge of Financial Securities Account on 60% of the shares comprising the capital of Altavia France (10,292 shares) and Altavia Europe (3,356,957 shares), 51% of the shares as from 01/01/2015 if the maximum authorised outstanding amount < €20,000,000.
- Comfort letter in favour of BNP Japan to guarantee a maximum overdraft authorisation of 28,000,000 yen valid until 31/12/2017.
- Bank guarantee of €848,101 given by Altavia to the Treasury.

#### Issued by Altavia France

- Buyback of shares by Altavia France with value by mutual agreement or according to experts from the executive of subsidiaries in case of death, incapacity, or departure from the Group.
- Lease deposit granted by Altavia France for an amount of annual rent of €89,000 excluding taxes and charges, annual charges of €15,768, land tax of €5,431, and a security deposit of €22,250, for 9 years beginning 1 April 2015, i.e., until 31 March 2024.

#### Received by Altavia France

- Assets and liabilities guarantee agreement (until 29/07/2018) limited to €550,000, autonomous first-demand bank guarantee amounting to €400,000 (until 31/12/2017), autonomous first-demand bank security amounting to €100,000 (until 31/01/2017), and joint and several security on this guarantee amounting to €100,000, received from a former partner of acquired companies.
- Assets and liabilities guarantee agreement (until 06/01/2016), for the period prior to 07/01/2014, pledge agreement of a company, and first-demand bank guarantee amounting to €350,000 (until 31/03/2019) to secure the indemnification commitment received from a partner of a subsidiary.
- Undertakings to sell shares in acquired companies by minority partners.

#### Issued by Altavia Europe

- Undertakings made to minority partners in acquired companies to buy and sell shares under predefined conditions. - Comfort letter to a bank dated 09/06/2015 to guarantee a subsidiary's overdraft of €700,000. Until 31/12/2016.
- Support letter dated 19/12/2016 in favour of a subsidiary, at the request of a bank, as part of a lease. Duration: 28/02/2021
- As part of the acquisition of a subsidiary, possible earn-out of TRY 200,000 to be paid in 2018 to minority partners in Altavia Dekatlon, based on defined objectives

#### Received by Altavia Europe

- Assets and liabilities guarantee agreements (until 10/10/2016, 01/01/2019, 02/12/2019 and 10/10/2021), limited to the acquisition price, received from partners in acquired companies, first-demand bank guarantee expiring on 30/11/17, then bank guarantee of TRY 400,000 expiring on 30/11/18, and new bank guarantee of TRY 200,000 expiring on 30/11/19.
- Obligations to sell the shares of minority partners in acquired companies, under predefined conditions.

#### Issued by Altavia Connect

- Commitments relating to the loan agreement dated 11 July 2014, for a period of 7 years (11/07/2021). Retention on lent funds for €50,000. This sum will be retained by the borrower as cash collateral.

#### Received by Altavia Connect

- Guarantee under the National Digital Loan Guarantee Fund for 80% of the outstanding credit signed on 11 July 2014 for a total of €1,000,000.00.

#### Received by Altavia International

- Letter of comfort issued by the French Public Investment Bank (BPI) on 8 January 2016 in favour of Altavia International.

#### Received by Au Numéro 6

- Lease deposit granted by Altavia France for an amount of annual rent of €89,000 excluding taxes and charges, annual charges of €15,768, land tax of €5,431, and a security deposit of €22,250, for 9 years beginning 01 April 2015, i.e., until 31 March 2024.

#### Issued by Altavia Belgium

- Bank guarantee in favour of the lessor for €103,897 until 28/02/2021.
- Earn-outs understood to be between €20,000 and €200,000 to be for the fiscal years ending 31/12/2016, 31/12/2017, 31/12/2018, 31/12/2019 and 31/12/2020, under conditions precedent of the achievement of goals, under predefined conditions, to partners of an acquired company.
- Assets and liabilities guarantee agreement (until 10/11/2017 or up to 30 working days after the applicable tax or social requirement) limited to 83.4% of the damage suffered, received by two partners of a group subsidiary.
- Commercial mortgage of €385,000.
- Assumption of obligations undertaken by a minority partner to guarantee the loans taken out by a subsidiary.

#### Received by Altavia Belgium

- Assets and liabilities guarantee agreement (30 working days at the latest after maturation of the tax or social requirement or 10 November 2017), limited to half of the acquisition price under predefined conditions.

#### Issued by Actstar

- Commercial mortgage of €136,341.44 granted to a bank on 24/09/1999.

#### Issued by Altavia Iberica CFA

- First-demand bank guarantee for a total of €108,660 until February 2017, then €115,260 until February 2018.
- Allocation of shares in the Company to a minority partner as follows: in 2016, in 2017 and in 2018.

#### Issued by HRG

- Mortgage of GBP 917,000 granted on 31 May 2012 to the Natwest bank on Building 200, Point 15, Sandy Way, Grange Park, Northampton until 31 May 2017.
- Mortgage of GBP 228,750 granted on 22 October 2013 to the Natwest bank on Building 200, Point 15, Sandy Way, Grange Park, Northampton and on Unit 11 Monarch Courtyard, Salthouse Road, Brackmills, Northampton until 21 October 2028.

#### Issued by Altavia International

- Earn-out calculated based on the 2015 EBIT (€100,000) of an acquired company, to be paid in late 2015 to partners in said acquired company under the conditions set out in the acquisition agreement.

#### Received by Altavia Italia S.r.l.

- Undertaking to sell shares by the minority shareholders from 27/07/2021 to 31/07/2024 or in the event of failure to meet their obligations, or sale by the majority shareholder of a majority equity interest in the subsidiary, under predefined conditions.
- Assets and liabilities guarantee agreement until 27/07/2019, limited to 20% of the acquisition price under predefined conditions.

#### Issued by Altavia Italia S.r.l.

- Undertaking to buy granted to minority shareholders from 27/07/2021 to 15/06/2024 under predefined conditions.

#### Received by Communication Altavia Canada Inc.

- Undertaking to sell shares granted by the minority shareholder of a subsidiary in the event of an offer concerning at least 95% of the equity capital or voting rights of that subsidiary.

#### Issued by Communication Altavia Canada Inc.

- Undertaking by Communication Altavia Canada Inc. to buy the minority shareholder's shares under predefined conditions.

#### Received by Altavia Coach

- Option to convert 200,000 convertible bonds into one-euro shares in a company, from 1 May 2018 until 31 July 2018. The number of shares to which each convertible bond will entitle the bearer will be determined based on 2017 turnover.

## 4. Notes to the consolidated income statement

### 4.1 Breakdown of turnover by geographic region

	31/12/16		31/12/15	
	In thousands of euros	as percentage	In thousands of euros	as percentage
Sales in France	374,943	54%	347,329	51%
EU country sales	261,717	37%	260,564	39%
Sales outside the EU	62,395	9%	66,912	10%
<b>TOTAL</b>	<b>699,056</b>	<b>100%</b>	<b>674,805</b>	<b>100%</b>

### 4.2 Other operating income

In thousands of euros	31/12/16	31/12/15
Inventory production	1,563	2,516
Self-constructed assets		
Operating subsidiaries	20	22
Reversals of operating provisions	2,470	1,116
Transfers of operating expenses	414	404
Other operating income	1,225	1,190
<b>TOTAL</b>	<b>5,692</b>	<b>5,248</b>

### 4.3 Payroll expenses and staff size

In thousands of euros	31/12/16	31/12/15
Personnel compensation	55,529	52,451
Social security charges	17,961	17,221
<b>TOTAL</b>	<b>73,490</b>	<b>69,672</b>

A profit-sharing agreement was entered into between Altavia France and some of its subsidiaries in 2004.

Staff size of fully consolidated companies

	31/12/16	31/12/15
FRANCE	635	601
ABROAD (outside China)	513	492
CHINA	191	186
<b>GRAND TOTAL</b>	<b>1,339</b>	<b>1,279</b>

### 4.4 Operating depreciation and provisions

In thousands of euros	31/12/16	31/12/15
Allocations to depreciation of tangible fixed assets	587	568
Allocations to depreciation of own fixed assets	1,775	1,414
Allocations to depreciation of leased tangible fixed assets	32	28
Allocations and reversals of provisions on inventories	-128	-71
Allocations and reversals of provisions on receivables	338	801
Allocations and reversals of provisions for risks and operating expenses	-280	661
<b>TOTAL</b>	<b>2,324</b>	<b>3,401</b>
of which total allocations	4,794	4,517
of which total reversals (note 4.2)	2,470	1,116

### 4.5 Financial expenses and income

In thousands of euros	31/12/16	31/12/15
Exchange gains and losses	-197	-578
Allocations and reversals of financial provisions	0	0
Financial interest and expenses	-489	-1,386
Other financial income	97	186
Income from disposal of investment securities	1	6
<b>TOTAL</b>	<b>-588</b>	<b>-1,772</b>

### 4.6 Non-recurring expenses and income

In thousands of euros	31/12/16	31/12/15
Extraordinary income and expenses on capital operations	2,723	617
Allocations and reversals of extraordinary provisions	-195	-39
Extraordinary income and expenses on management operations	82	-6
<b>TOTAL</b>	<b>2,610</b>	<b>572</b>

### 4.7 Income tax

In thousands of euros	31/12/16	31/12/15
Taxes payable on profits	4,945	4,988
Deferred taxes	873	-175
<b>TOTAL</b>	<b>5,818</b>	<b>4,813</b>

### 4.8 Tax declaration

In thousands of euros	31/12/16
Net earnings of the consolidated entity	5,971
Allocations to amortisation of goodwill	6,751
Share of earnings from companies accounted for under the equity method	34
Income tax	5,818
<b>Theoretical tax base</b>	<b>18,506</b>
Tax rate applicable to the consolidating company	33,33
<b>Theoretical tax</b>	<b>6,168</b>
Impacts of permanent differences	-504
Tax credits and other corporate tax elements	-515
Tax rate differences	-135
Capitalisation of tax loss	-192
Deferred taxes not recorded on losses	997
<b>Recognised tax</b>	<b>5,818</b>

## 5. Miscellaneous information

Professional fees for auditors and members of their networks recorded by the Group.

	Audit			Other services			Grand Total
	Statutory audit, certification, examination of individual and consolidated accounts	Other related assignments and other auditing assignments	Audit sub-total	Legal, tax, social	Other	Other sub-total	
<b>Altavia SA</b>							
<b>2016</b>	<b>95,469</b>	<b>28,805</b>	<b>124,274</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>124,274</b>
Deloitte	68,469	28,805	97,274			0	97,274
Angeli	27,000		27,000			0	27,000
<b>2015</b>	<b>90,342</b>	<b>29,627</b>	<b>119,969</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>119,969</b>
Deloitte	63,342	29,627	92,969			0	92,969
Angeli	27,000		27,000			0	27,000
<b>Subsidiaries</b>							
<b>2016</b>	<b>284,884</b>	<b>4,465</b>	<b>289,349</b>	<b>15,877</b>	<b>2,605</b>	<b>18,482</b>	<b>307,831</b>
Deloitte	278,490	4,465	282,955	5,010	2,605	7,615	290,570
MacIntyre Hudson			0	10,867		10,867	10,867
Eura Audit Revisa	5,000		5,000			0	5,000
Horizon (HK)	1,394		1,394			0	1,394
<b>2015</b>	<b>308,510</b>	<b>2,930</b>	<b>311,440</b>	<b>14,309</b>	<b>4,198</b>	<b>18,507</b>	<b>329,947</b>
Deloitte	298,000	2,930	300,930	5,700	4,198	9,898	310,828
MacIntyre Hudson	5,510		5,510	8,609		8,609	14,119
Eura Audit Revisa	5,000		5,000			0	5,000

# BOARD OF DIRECTORS MANAGEMENT REPORT ON GROUP ACCOUNTS AT 31 DECEMBER 2016

During fiscal year 2016, ALTAVIA SA continued the development of the ALTAVIA group and synergies among its various subsidiaries, whose results were satisfactory.

Your Board of Directors met five times during the fiscal year and, among other things, debated planned acquisitions and creations of new sites. In addition, as agreed, we continued our external growth through four acquisitions: Stylum/Rokivo in Italy, Dekatlon in Turkey, and Stimshop and Ubiq Toolbox in France.

## I. Altavia group operations in 2016

### Earnings and financial position

#### 1. Earnings

Consolidated turnover amounted to €699.1 million in 2016, up 3.6% compared with 2015. Consolidated gross revenue (main indicator of the Group's level of activity, made up of both turnover minus external purchases directly related to projects completed and income from discounts) was €124.5 million in 2016 versus €119.0 million in 2015 (up 4.6%). A little under half of this increase was due to organic growth and major new clients, with the remainder attributable to acquisitions completed in 2015 and 2016.

Operating earnings amounted to €16.5 million in 2016, down from €18.6 million in 2015. Two non-regulatory factors had a negative impact on the Group's profitability in 2016. Indeed, the difference between 2016 and 2015 can be entirely attributed to the impact of Brexit on the conversion rate of British subsidiaries' earnings, and to the world convention held in June 2016, attended by all Group employees (the previous edition having taken place in 2006). 2016 was also impacted by the winding-up of our Greek subsidiary's main client, which cut its receivables in half.

Financial earnings in 2016 amounted to -€0.6 million, compared with -€1.8 million in 2015. They were significantly affected by the costs of setting up the new line of credit in 2015.

Despite the drop in operating earnings, and due primarily to the sale of My Studio Factory, which accounted for the lion's share of extraordinary earnings in 2016, the Group share of net earnings was €4.7 million, similar to 2015.

#### 2. Financial position

Consolidated shareholders' equity amounted to €49.1 million at 31 December 2016, compared with €47.8 million at 31 December 2015. The group's share of shareholders' equity was €46.7 million, versus €45.3 million at 31 December 2015. This change can be explained by the positive contribution of earnings for the fiscal year and a stable dividend distribution policy.

Gross financial debt fell to €27.4 million by the end of 2016, compared with €31.9 million at the end of 2015, following the 5-year amortisation of loans set up in 2015. The gross debt/equity ratio for the group (gross loans and financial debts over consolidated shareholders' equity) amounted to 56% at 31 December 2016. As at 31 December 2015, the Group had not used its capacity for drawing on the line of credit agreed in 2015.

The Altavia group's consolidated available cash (excluding treasury shares) was in line with last year, amounting to €44.2 million at 31 December 2016.

In total, net cash (investments and available cash, excluding treasury shares, less gross loans and financial debts) at 31 December 2016 increased slightly to €13 million, compared with €13.2 million at 31 December 2015.

### Events subsequent to the close

N/A

## II. Outlook

With a view to meeting the challenges stemming from profound, transformational changes in the retail sector and from new consumer purchasing habits, Altavia SA has, through its group, developed a range of services to cover all the commercial communication needs of network brands and businesses. Already with a strong presence in traffic creation and sales activation through multi-channel content production and management of commercial communication media printing, the Altavia group will continue to strengthen its marketing services expertise in 2017, prioritising its Retail customers. It is also opening up new fields of application to its expertise thanks to digital and single-channel solutions, whether in sales activation, digital production, or digital asset management.

Its large network of subsidiaries allows it to offer local or global solutions depending on the needs of its customers, up to each place of purchase.

After developing its operations in Asia, Altavia intends to expand its footprint on the other continents. To this end, having created two subsidiaries in Canada, the Group acquired a digital agency in the same country in early 2017. In Africa, having created a subsidiary in Morocco in 2016, Altavia set up a subsidiary in Dubai in early 2017.

Lastly, Altavia will make the most of its healthy financial position and the line of credit established in 2015 to carry out targeted external growth operations in a number of countries and on certain business lines in which it would like to have a stronger presence.

## III. Financial and legal information for Altavia – parent company

### 1. Altavia operations

In addition to leading the group, defining and managing its policy, and verifying its implementation, Altavia SA performs various services for companies of the group.

Its turnover, consisting mainly of income from services and rebilling of real estate rents, amounted to €13,399,997.41, versus €12,567,902.08 in 2015. Other income totalled €423.22, versus €30.41 in 2015. After accounting for €13,592,032.67 in operating expenses, operating earnings in 2016 amounted to €[126,862.51], compared with €[123,529.61] for 2015.

Financial earnings amounted to €8,735,488.27 in 2016, compared with €5,758,429.43 in 2015.

Earnings before tax and extraordinary items totalled €8,537,913.89, compared with €5,272,327.14 for fiscal year 2015.

Extraordinary earnings totalled €[19,821.20], compared with €7,741.99 in 2015.

In 2016, Altavia SA's tax expense was €[686,599.00]. The tax expense was also negative in 2015, at €[631,708.00].

Net earnings for fiscal year 2016 amounted to €9,204,691.69, compared with €5,896,293.15 in 2015.

All the French companies of the Altavia Group, apart from Altavia Optitrans, Capital Innovation, Pallas, Simone, Blackwood, Stimshop and Ubiq are more than 95% directly or indirectly held at 31/12/2016 by Altavia SA and are therefore part of its tax consolidation scope.

Mr Lorenzo Bertagnolio was reappointed as Deputy Managing Director for a term of three financial years, expiring at the meeting of the Board of Directors called to finalise the accounts for the fiscal year ending 31 December 2018.

Mr Laurent Gampel was reappointed as Deputy Managing Director for business development for a term of three financial years, expiring at the meeting of the Board of Directors called to finalise the accounts for the fiscal year ending 31 December 2018.

Michel Duval and Alain Roubach were reappointed as members of the audit, accounts, and investment committee for a period of three fiscal years, i.e., until the meeting of the Altavia board of directors responsible for approving the 2018 accounts, to be held in 2019.



Daniel de Botton, Alain Roubach, Michel Duval and Raphaël Palti were reappointed as members of the appointments and remuneration committee for a period of three fiscal years, i.e., until the meeting of the Altavia board of directors responsible for approving the 2018 accounts, to be held in 2019. Daniel de Botton was reappointed as Chairman of said committee for the same period.

François-Régis de Vulpian resigned from his position on the audit committee on 6 December 2016.

## 2. Earnings - Allocation

In euros	2016	2015	Change %
Turnover excl. Tax	13,399,997	12,567,902	6.62
Other income	432	30	ns
Operating income	13,465,170	12,567,932	7.14
Operating expenses	13,592,033	12,691,462	7.10
Including employee-related expenses and social security contributions	5,044,402	5,200,288	-3
Operating earnings	-126,863	-123,530	ns
Joint ventures	-70,712	-362,573	-80.50
Financial earnings	8,735,488	5,758,429	51.70
Earnings before tax and extraordinary items	8,537,914	5,272,327	61.94
Extraordinary earnings	-19,821	-7,742	-156.02
Earnings before tax	8,518,093	5,264,585	51.52
Tax	-686,599	-631,708	-8.69
Earnings after tax	9,204,692	5,896,293	56.11

We hereby request that you approve the following allocations:

### Allocation of 2016 earnings

After discussion and exchanges of views, the Board decided to propose at the next general meeting of shareholders the following allocation of the earnings for the fiscal year, i.e. €9,204,691.69:

#### a. Amounts to be allocated

Retained Earnings €29,666,634.57\*  
\*(including dividends for fiscal year 2015 attached to shareholders' equity for €300,018.42)

Earnings for fiscal year 2016 €9,204,691.69

**Total to be allocated: €38,871,326.26**

#### b. Allocations

Dividends €4,000,267.44  
to a special reserve account with respect to Article 238bis AB of the general tax code €51,500.00  
to "Retained Earnings" €34,819,558.82

The dividends attached to the 128,213 treasury shares, amounting to €400,024.56, will be booked to Retained Earnings, increasing it from €34,819,558.82 to €35,219,583.38.

The gross dividend of €4,000,267.44 to be distributed for the fiscal year is thus €3.12 for each of the €1,282,137 shares. It will be made available for payment at the instruction of the Chairman with effect from the Ordinary General Meeting convened to approve the accounts for fiscal year 2016.

In accordance with the adopted tax changes, dividends received by natural persons (with the exception of those collected as part of an equity savings plan) are subject to the following rules since 1 January 2013:

- mandatory social security contributions totalling 15.5% are withheld when the dividends are paid.
- dividends received by natural persons are subject to the progressive income tax scale after application of a 40% reduction.
- dividends, before application of the progressive income tax scale, are subject to a mandatory 21% withholding tax. This withholding tax constitutes an advance payment on income tax, which can be applied against the income tax due the following year for the year during which it was levied. This withholding tax is refundable in case of overpayment. However, exemptions from this withholding tax on dividends received in 2017 apply to partners who are natural persons who have sent to the company a sworn statement mentioning that their reference taxable income for 2015 is less than €50,000 (for unmarried persons) and €75,000 (for those subject to joint taxation) before 30 November 2016. To qualify for this exemption on dividends received in 2017, a sworn statement regarding 2016 taxable income must be sent to the Company no later than 30 November 2017, in accordance with the provisions of Article 242 quater of the French general tax code.

The company will make the mandatory deduction at source, declare the transaction, and make the payment to the Treasury no later than the 15th of the month following the payment of the dividends.

Furthermore, it is the duty of shareholders holding shares in a share savings plan to notify the company and to provide any evidence required before 15 May 2017, so as to benefit from the exemption from the aforementioned deductions at source.

It is further recalled that the Company must pay a 3% tax in respect of this distribution.

In application of article 243a of the French General Tax Code, we hereby remind you that dividends paid out for the last three fiscal years were, per share, as follows:

### Table of dividends

Fiscal years of distribution decisions	Number of shares	Dividend distributed per share	Allowance*
2013	1,282,137 shares	€1.54	40%
	1,282,137 shares (exceptional distribution of reserves)	€0.78	40%
2014	1,282,137 shares	€1.54	40%
	1,282,137 shares (exceptional distribution of reserves)	€0.78	40%
2015	1,282,137 shares	€2.34	40%

\* Dividend eligible for the 40% reduction provided for by Article 158.3 of the French general tax code that certain natural persons may claim.

### 3. Registered capital and share ownership

The breakdown of capital and share ownership was modified slightly during 2016.

At 31 December 2016, capital amounted to €3,846,411, comprising 1,282,137 shares with a nominal value of €3 per share, distributed as follows:

Raphaël Palti:	42.17% of capital
Firapa:	11.52% of capital
Whinch Capital 3:	9.57% of capital
Lorenzo Bertagnolio :	6.81% of capital
BNP Paribas Développement:	6.37% of capital
Viateam:	5.03% of capital
Other shareholders <sup>(1)</sup> :	8.53% of capital
Treasury shares:	10.00% of capital

(1) (1)

These primarily involve other members of the company's board of directors and employees or corporate officers of the Company or its subsidiaries.

At 31 December 2016, no other shareholders held, directly or indirectly, more than 5% of the registered capital or voting rights of the company.

The memorandum and articles of association provide for dual voting rights to be attached to all fully paid-up shares for which proof can be provided of nominal holding by the same shareholder for at least four years. All shareholders have the option to waive their dual voting rights temporarily on all or part of their shares.

### 4. Stock options and treasury shares

A Stock Options scheme, authorised by the Combined General Meeting of Shareholders held on 20 May 2010, has been put in place. The General Meeting on 20 May 2010 authorised the Board of Directors to grant, at one or more times, over a period of thirty-eight months, i.e. no later than 20 July 2013, stock options each giving the right to acquire a share of Altavia, within the limit of 10% of the share capital. Options may be granted to executives (such as those defined by Article L.225-185, paragraph 4 of the French Commercial Code) and to eligible employees having a permanent contract of employment with Altavia, as well as to only employees of companies or economic interest groups of which at least 10% of capital or voting rights are held directly or indirectly by Altavia.

In principle, options can be exercised at the end of a four-year waiting period following the date of their grant by the Board of Directors, and subject to the grantees still working within the group on that date, and at the latest six months after the expiry date of the four-year vesting period.

Note that officers of Altavia must keep at least 50% of the shares that they hold, after exercising the stock options granted to them, and until the end of their term of office.

The Board of Directors granted 50,519 stock options at its 2010 meetings. The Board of Directors granted 29,313 stock options at its 2011 meetings. The Board of Directors granted 16,996 stock options at its 2012 meetings. At its meetings on 4 February, 20 June, and 17 July 2013, the Board of Directors granted a total of 35,596 stock options. The number of expired stock options at 31 December 2016 was 50,934.

The Extraordinary General Meeting of 20 November 2014 decided, without changing the performance conditions, to extend the period during which the stock options authorised by the extraordinary general meeting of 20 May 2010 may be exercised by two years. Provided that the conditions set for this purpose are met, the options will entitle the holders to purchase shares of Altavia during a period always starting from the end of a period of four years following the date of their grant by the Board of Directors and no later than two years and six months after the expiry of this four-year vesting period.

A special report on stock options was drawn up as required by French law no. 2001-420 of 15 May 2001.

### 5. Employee shareholding

Outside the aforementioned stock option plan, the company has not set up any mechanism for employee shareholding.

### 6. Summary of delegations of powers or authority granted by the General Meeting of Shareholders to the Board of Directors for capital increases:

None.

### 7. Treasury shares

We hereby inform you that, as at 31 December 2016, the company holds 128,213 of its own shares, or 10% of the capital.

Summary table:

	Number of shares acquired by the company during the financial year 2016	Average price of shares acquired during the financial year 2016	Number of shares subscribed in the name of the company at end of the financial year 2016	Value of control shares held at 31/12/16
2016	0	€96.87	128,213	€12,419,993

### 8. Subsidiaries and Equity Interests

#### 8.1 Equity investments and divestments occurring during the 2016 financial year (direct and indirect)

In accordance with the deliberations of your board of directors and our development strategy, we continued external growth operations within the group. We thus acquired equity interests or control in the following companies during the fiscal year:

- a. On 9 December 2016, Altavia Europe acquired a 55% stake in Turkish company Dekatlon.
- b. On 19 July 2016, Altavia Baltics, a public limited company with registered capital of €10,000, was created in Latvia. Incorporated under Latvian law, the company is headquartered at Ieriķu iela 5, Riga, LV-1084, Latvia. Altavia Europe holds 95% of its capital.
- c. In July 2016, Altavia Italia acquired a 60% stake in Stylum and its American subsidiary Rokivo, which itself owns Italian company Rokivo Srl.
- d. Altavia Iberica purchased 270 of its own shares from Altavia Europe in order to award them to the managing director of Altavia Ibérica in instalments of 90 shares per year until 2018.
- e. On 23 June 2016, Communication Altavia Prodigy Canada Inc. was created in Canada with registered capital of CAN\$1,000. This public limited company incorporated under Quebec law is headquartered at Bureau 420 - 3875, Saint-Urbain, Montreal (Quebec) H2W 1V1. Seventy percent of its capital is held by Communication Altavia Canada inc., and 30% by Thierry Gougoux.
- f. In June 2016, Mr Kijong Ahn sold 3,200 shares in the company TMAI (16% of its equity) to Altavia International.
- g. On 27 July 2016, public limited company Altavia Morocco was created with registered capital of 300,000 Dirhams. It is a Moroccan company headquartered in Rabat. Altavia International holds 94.88% of its capital.
- h. Altavia Coach disposed of its equity stake in MSTV on 7 October 2016.
- i. On 26 January 2016, Altavia Coach subscribed to a capital increase through which it acquired a 7.8% equity interest in Stimshop. Altavia Coach was also awarded 26 equity warrants, each giving the right to one share in Stimshop. Said equity warrants may be redeemed within two years from 28 December 2015. If it were to redeem these warrants, Altavia Coach would own a 9.9% equity stake.



- j. On 21 December 2016, Altavia Coach subscribed to a capital increase for Ubiq Toolbox, a simplified public limited company with registered capital of €28,800, acquiring a 15.38% equity stake as well as 200,000 bonds convertible into shares.
- k. On 16 December 2016, Ms Jing Legrand sold her 5% stake in Altavia Asia (Hong Kong) to Altavia. Altavia Asia is now 100% owned by Altavia SA.
- l. On 25 January 2017, Altavia NewCo, an as yet inactive simplified public limited company wholly owned by Altavia, changed its name to "Altavia Fiber Value", transferred its head office to 10, rue Blanqui in Saint-Ouen, Paris region (postcode 93400) and altered its corporate purpose. The company is now involved in the buying and selling of paper and physical and digital printing products, as well as all derivative or similar products and all high-quality printing materials, including as a buyer, wholesaler, reseller, commission agent and representative. The company's registered capital totalled €200,000 at 31 January 2017.

## 8.2 Subsidiary operations and shareholdings:

The table of subsidiaries and equity interests included in the notes to the financial statements provides comprehensive information about the identity and results of the subsidiaries directly or indirectly owned by Altavia.

### a. In France:

#### Altavia France:

The principal subsidiaries of Altavia France are: Altavia Paris, Altavia Nantes, Altavia Lille, Altavia Optitrans, Altavia Saint-Étienne, Altavia Pallas, Agence Cosmic, Au N°6 and IMS Groupe, Blackwood Digital.

Altavia Nantes New Co is a wholly owned subsidiary of Altavia Nantes.

Altavia Nantes subsidiary Altavia Nantes New Co is inactive.

France's contribution to the group's consolidated turnover was €373.9 million.

#### Altavia Paris:

2016 saw highly satisfactory performances, resulting in particular from an efficient reorganisation.

#### Altavia Nantes:

The development strategy pursued since 2014 was continued in 2015 and 2016, leading to an upturn in operations in 2016.

#### Altavia Lille:

Altavia Lille saw a considerable increase in its business in 2016, which should continue in 2016 due to new customers.

#### Altavia Optitrans:

Altavia Optitrans had a good year in 2016 in a transport market that remains difficult.

#### Altavia Saint-Étienne:

Though it had a good year, the company could have performed better when it came to winning new customers.

#### Altavia Pallas:

2016 was a transitional year for the company, which will have to redeploy its Retail Design offer in 2017.

#### Agence Cosmic (formerly Bed & Breakfast):

The company's organisational structure was stabilised, paving the way for healthy customer acquisition in 2016.

#### Au Numéro 6:

The company had a good year in 2016 and will continue to deploy the synergies identified with the group's other Marketing Services entities.

#### IMS:

2016 was another high-growth year for IMS thanks to the acquisition of major new customers. That growth will lead to new hires in 2017.

#### Blackwood Digital:

Created in 2014, Blackwood Digital was acquired by Altavia France in late 2015. After a year devoted to integration in 2016, it should be deployed properly in 2017.

Altavia also holds a stake in Altavia Connect.

#### Altavia Connect (EIG) :

In 2016, the EIG pursued its goal of structuring and optimising the operational and functional services provided to the group's subsidiaries.

In 2017, when investments are set to be made, it will continue in the same vein.

The negative earnings generated by the EIG, taking fiscal transparency into account, will be returned to shareholders in proportion to their holdings, i.e., 34% to be returned to Altavia.

Altavia Coach holds stakes in Actipaper, Shopper Mind, Capital Innovation, Simone, Stimshop and Ubiq Toolbox.

#### Actipaper:

The company once again recorded very small losses in 2016.

#### Capital Innovation:

As expected, the company was profitable in 2016, with a promising outlook for 2017.

#### Simone:

Simone enjoyed very healthy growth in 2016.

#### ShopperMind:

Shopper Mind continued its development focused on knowledge of the consumer in 2016, without managing to achieve a sufficient volume of business to reach the operating breakeven point.

#### Stimshop:

The acquisition took place in early 2016.

#### Ubiq Toolbox:

Altavia Coach subscribed to a capital increase giving it a 15.38% equity stake in the company in late 2016

### b. In Europe:

Altavia Europe's subsidiaries are: Altavia CEI, Altavia Belgium, Altavia Česká, Altavia Deutschland, Altavia Hellas, Altavia HTT, Altavia Ibérica CFA, Altavia Iletisim, Altavia Italia, Altavia Polska, Altavia Swiss, Altavia România Communication, Altavia Hungária, HRG, Stylum, Dekatlon, SIA Altavia Baltics. Note that MBO Comunicación is a subsidiary of Altavia Ibérica CFA, that Actstar is a subsidiary of Altavia Belgium and that Altavia Rus and Altavia Ukraina are subsidiaries of Altavia CEI. Stylum srl, an Italian limited liability company, owns 100% of Rokivo inc, a Stock Corporation incorporated under the law of Delaware (USA), which itself owns 100% of Rokivo srl, an Italian limited-liability company.

The contribution of Altavia Europe and its subsidiaries to the group's consolidated turnover was €271.8 million.

- Altavia CEI is the holding company that holds the securities of Altavia Rus and Altavia Ukraina.
- Altavia Rus grew in 2016 in a difficult market.
- Altavia Ukraina had a very low level of activity due to an unstable political situation.
- Altavia Belgium had a transitional year following its acquisition of Actstar. 2017 should see synergies develop between the two companies.
- Actstar: 2016 was a year of integration and transition. The Belgian teams were brought together in the same geographical location to provide optimum conditions for integration. Fairwood Ventures Sprl was absorbed by Actstar in a July 2016 merger.
- Altavia Česká continues its development, thanks in particular to international customers.
- Altavia Deutschland: 2016 was a satisfactory year despite tense negotiations with clients.
- Altavia Hellas saw its business significantly impacted by the winding-up of a long-standing customer.
- Altavia HTT had a good year despite the effects of Brexit.
- HRG also had a satisfactory year. HRG and HTT are starting to develop synergies in the UK through their complementary offers

- Altavia Ibérica CFA had a good year and continued its growth in a tense competitive environment.
- Altavia Iletisim's business shrank in a complex geopolitical climate
- Dekatlon: the company was acquired in late 2016.
- Altavia Italia continued its growth in 2016 thanks to a new organisational structure and a diversification of its offers
- Stylum srl/Rokivo: 2016 was impacted by the firms' acquisition by Altavia Italia, which should generate synergies from 2017.
- Altavia Polska enjoyed a year of growth which will enable it to diversify its offer in 2017.
- Altavia România Communication continued to fertilise its customer base
- Altavia Hungária continued to experience difficulties with its development and its offer.
- Altavia Baltics got off to a very satisfactory start in the second half of 2016.
- Altavia Morocco, created in 2016, has not yet started operating, but has approached potential customers and will follow up on that work in 2017.
- Altavia Swiss is inactive.

#### c. Asia:

Altavia Beijing Advertising and Altavia Shanghai Trading, a subsidiary of Altavia Asia, saw their business and profitability remain stable.

Altavia Hong-Kong, a wholly owned subsidiary of Altavia Asia created in 2015, is still in the "start-up" period.

The Altavia Group has two subsidiaries in Korea: Altavia Korea and TMAI, which are implementing business synergies.

Altavia Japan, created in 2014, had not yet broken even in 2016.

#### d. Americas:

Communication Altavia Canada, a wholly owned subsidiary of Altavia International, was created in 2015 to continue the Group's international development.

Communication Altavia Prodigy Canada was created in June 2016. Altavia International holds 70% of its capital.

On 24 January 2017, Altavia International acquired a majority equity interest in CloudRaker, a Canadian company headquartered in Montreal.

### 9. Modifications to the presentation of financial statements or to the methods of evaluation applied in previous years

We hereby inform you that our company's financial statements were drawn up according to the formats and methods set out in ANC regulation no. 2014-03 of 05/06/2014.

### 10. Research and development operations

The company did not book any expenses for this type of operation during the fiscal year.

### 11. Non-deductible charges provided for by Article 39-4 of the French General Tax Code

We hereby inform you that the accounts for the fiscal year just ended included charges amounting to €24,494 that are not deductible from taxable income as specified in Article 39-4 of the French General Tax Code. However, these charges do not have any impact due to the tax loss carry-forward.

### 12. Payment periods

In accordance with the law of 4 August 2008 enacting Article L. 441-6-1 of the French Commercial Code, we hereby provide the breakdown, at the close of fiscal years 2015 and 2016, of the balance of debts to suppliers by due date:

Amounts in euros	Nature	Balance as at 31/12/2016	Invoices not received	Due	Not yet due due 01/2017	Not yet due due 02/2017
401000	Operating suppliers	415,428				
401000	Fixed asset suppliers	45,000				
401002	Suppliers in dispute	0				
401	Total suppliers	460,428			428,246	32,182
403	Notes payable	0				
<b>403</b>	<b>Suppliers</b>	<b>460,428</b>	<b>0</b>		<b>428,246</b>	<b>32,182</b>

### 13. Table of the Company's earnings for the past five fiscal years or of each of the completed fiscal years since the company was formed

The table required by the French Companies Act is attached to this report.

### 14. Agreements referred to in Articles L. 225-38 and L. 225-102-1 of the French Commercial Code

In accordance with Articles 225-38 et seq. of the French Commercial Code, we request that you approve the proposed agreements provided for in the said articles and signed during the fiscal year just ended after having been duly authorised by your Board of Directors.

It is also specified, as required under Article L. 225-102-1 of the same Code, that no Agreements were entered into during fiscal year 2016 between the Managing Director, a Deputy Managing Director, a board member, or a shareholder with more than 10% of the voting rights of the company and another company whose company directly or indirectly owns more than half of the registered capital.

The Statutory Auditor has been duly informed of these agreements as described in the special report.

### 15. Administration and control of the company

Having examined the terms of office of the directors and statutory auditors, the Board of Directors observes that no such term of office has expired.

A proposal will be made at the Annual General Meeting to reappoint as an observer, for a period of six fiscal years:

- BNP Paribas Développement, a public limited company with registered capital of €88,998,640, with head office at 20, rue Chauchat – 75009 Paris, registered in the Paris Register of Companies under the number 348 540 592, represented, in his capacity as Chief Executive Officer, by Mr Jean-Michel Gabriel, born on 17 June 1952 in Algiers (Algeria), and residing at 34, rue Edgar Quinet in Malakoff (postcode 92240).

The observer will be invited to attend all meetings of the company's Board of Directors in an advisory, non-voting capacity.

This term of office will expire at the end of the Ordinary General Meeting of shareholders convened to approve the financial statements for the 2022 fiscal year, which will be held in 2023.

In addition, it is specified that, as part of their tasks in preparing the work and supporting the decision-making of the Board of Directors of our Company, the strategic orientation committee, the audit, accounts, and investments committee, and the appointments and remuneration committee met on a regular basis during 2016 and fulfilled their examination and advisory role in full.

## 16. List of corporate offices held in all companies by each corporate officer during the fiscal year

### Offices held by Raphaël Palti

#### In the Altavia group, in France:

Altavia SA: Chairman and Managing Director and Board Member  
 Altavia France SA: Chairman and Managing Director and Board Member  
 Actipaper SA: Chairman and Managing Director and Board Member  
 Altavia Europe SAS: Representative of Altavia SA on the Board of Directors  
 Altavia Nantes Newco SARL: Manager  
 Altavia Coach SC: Representative of Altavia SA, Manager of the company  
 Altavia International SAS: Representative of Altavia SA, Chairman of the company and member of the Management Committee in his own name  
 Altavia Newco SAS: Chairman  
 IMS Groupe SAS: Management Committee member  
 Agence Cosmic SAS: Management Committee member

#### In the Altavia group, abroad:

Altavia Belgium SA (Belgian subsidiary): Board Member and Chairman  
 Altavia Hellas AE (Greek subsidiary): Board Member  
 Altavia Polska Sp. z.o.o. (Polish subsidiary): Member of the Executive Board  
 Altavia Česká SRO (Czech subsidiary): Joint manager  
 Altavia Deutschland GmbH (German subsidiary): Joint manager  
 Altavia HTT Ltd (British subsidiary): Board Member (Non-Executive Director)  
 HRG Group Ltd (British subsidiary): Board Member  
 HRG UK Ltd (British subsidiary): Board Member  
 MBO Comunicación LSA (Spanish subsidiary): Board Member, Vice-President  
 Altavia Ibérica CFA (Spanish subsidiary): Board Member, Vice-President  
 Altavia Iletisim AS (Turkish subsidiary): Board Member, Vice-President  
 Dekatlon AS (Turkish subsidiary): Board Member  
 Altavia Italia SRL (Italian subsidiary): Board Member  
 Stylum Srl (Italian subsidiary): Board Member  
 Rokivo Srl (Italian subsidiary): Board Member  
 Altavia Morocco (Moroccan subsidiary): Board Member  
 Altavia Baltics (Latvian subsidiary): Board Member  
 Altavia România Communication SRL (Romanian subsidiary): Board Member  
 Altavia Hungária KFT (Hungarian subsidiary): Member of the Supervisory Board  
 Altavia Ukraina SARL (Ukrainian subsidiary): Member of the Supervisory Board  
 Altavia Asia Ltd (Hong Kong): Administrateur et Président du Conseil d'Administration  
 Altavia Hong Kong Ltd (Hong-Kong): Board Member  
 Altavia Beijing Advertising Co. Ltd (Chinese subsidiary): Chairman of the Board of Directors and Board Member  
 Altavia Shanghai TRADING Co. Ltd (Chinese subsidiary): Chairman of the Board of Directors and Board Member  
 Altavia Korea LLC (Korean subsidiary): legal representative and Board Member  
 Altavia Japan KK (Japanese subsidiary): Director and Chairman of the Board of Directors  
 Tell Me About It (TMAI) (Korean subsidiary): Board Member  
 Communication Altavia Canada Inc. (Canadian subsidiary): Board Member  
 Communication Altavia Canada Prodigy Inc. (Canadian subsidiary): Board Member  
 Rokivo Inc. (American subsidiary): Board Member

#### Outside the Altavia group:

Fonciere Blanqui SA: Chairman and Managing Director and Board Member  
 Les Ingénieurs Sociaux: Chairman (from 8 June 2015) and Management Committee member  
 Firapa SAS: Chairman  
 Viateam SAS: Representative of Firapa SAS, Chairman of Viateam  
 SCI Rembrandt Courcelles: Joint manager  
 Fondiaria 78/3 SRL: Board Member  
 Etam Développement SCA: Member of the Supervisory Board  
 Association Positive Planet: Board Member  
 Fondation Positive Planet: Board Member  
 SAS Planet Finance Social Business: Board Member

### Offices held by Lorenzo Bertagnolio

#### In the Altavia group, in France:

Altavia SA: Deputy Managing Director and Board Member  
 Altavia Europe SAS: Chairman and Board Member  
 Altavia Connect GIE: Representative of Altavia Europe SAS on the Board of Directors  
 Altavia CEI SARL: Manager

#### In the Altavia group, abroad:

Altavia Belgium SA (Belgian subsidiary): Board Member  
 Altavia Hellas AE (Greek subsidiary): Chairman of the Board of Directors and Executive Director  
 Altavia Polska Sp. z.o.o. (Polish subsidiary): Member and Chairman of the Executive Board  
 Altavia Česká SRO (Czech subsidiary): Joint manager  
 Altavia Deutschland GmbH (German subsidiary): Joint manager  
 Altavia HTT LTD (British subsidiary): Board Member (Non-Executive Director)  
 MBO Comunicación LSA (Spanish subsidiary): Chairman and Board Member

Altavia Ibérica CFA (Spanish subsidiary): Chairman and Board Member  
 Altavia Iletisim AS (Turkish subsidiary): Board Member  
 Dekatlon AS (Turkish subsidiary): Board Member  
 Altavia Italia SRL (Italian subsidiary): Board Member  
 Altavia România Communication SRL (Romanian subsidiary): Chairman of the Board of Directors  
 Altavia Hungária KFT (Hungarian subsidiary): Member of the Supervisory Board  
 Altavia Ukraina (Ukrainian subsidiary): Member of the Supervisory Board  
 Communication Altavia Canada Inc. (Canadian subsidiary): Board Member  
 Altavia Asia (Hong Kong subsidiary): Board Member  
 Altavia Japan (Japanese subsidiary): Board Member  
 Tell Me About It (Korean subsidiary): Board Member  
 Altavia Hong-Kong Ltd (Hong Kong subsidiary): Board Member  
 Communication Altavia Canada Prodigy Inc. (Canadian subsidiary): Board Member  
 Rokivo Inc (US subsidiary): Board Member  
 Stylum Srl (Italian subsidiary): Board Member  
 Rokivo Srl (Italian subsidiary): Board Member  
 HRG Group LTD (British subsidiary): Board Member  
 HRG UK LTD (British subsidiary): Board Member  
 Altavia Baltics (Latvian subsidiary): Board Member

#### Outside the Altavia group:

Fondiaria 78/3 SRL: Board Member

### Offices held by Daniel de Botton

#### In the Altavia group:

Altavia SA: Board Member  
 Altavia France: Board Member  
 Altavia Europe: Board Member

#### Outside the Altavia group:

Foncière Blanqui SA: Deputy Managing Director and Board Member  
 Fondiaria 78/3 SRL: Chairman and Board Member

Manager of the following SCIs (real estate partnerships): EPP Ile de France, Paradis Ile de France, Rafiloc, Suresnes Nieuport, Rugelec, Le Nil, Ivry Michelet, Scartemple, Audoen et Paul, Rhône-Alpes, Manzabott

Joint manager of the following SCIs (real estate partnerships): Rembrandt-Courcelles, Eurocolombes, Colombia Finlande, Immobiliere Valmy, Immobiliere Kennedy, Paradalp, Ferber Ile de France, FDL 1, Saint-Antoine 18/30

Manager of the following SARLs (limited liability companies): TIGRE, EPP Montreuil Beaune, EPP Montreuil Holdings, Le Raphael, EPP Vanves, EPP Ile de France Holdings, SB Investissements, Techninvest, FRS Conseils, EPP Rue Martel, Le Martel, EPP Colombia Real Estate, FPP Real Estate, EPP Ivry Hoche, EPP Suresnes Curie, Classic European Real Estate, EPP Noisy le Grand 2012 Holding, Romainville Shared Office, EPP Bezons, EPP Funding

Joint manager of the following SARLs (limited liability companies): KVE, Le Diderot, Evry du Lac, Le Noisy le Grand, Le St Ouen, EPP Saint-Ouen, TMRE 2006 Colombes, TMRE 2006 Suresnes, TMRE 2006 Noisy, TMRE 2006 Evry, TMRE 2006 Saint-Ouen, Sezarr, Petinan, A&G Valcke et Cie, V De Villiers, K De Kleber, S.B. Investissements

Manager of SC Bermou

Joint manager of SC 3B

Manager of the following SNCs (general partnerships): EPP Bezons, EPP Massy Ile de France.

### Offices held by Catherine Dunand

#### In the Altavia group:

Altavia SA: Board Member  
 Altavia France: Board Member

#### Outside the Altavia group:

Promontoires SAS: Chairman  
 Novinvest Partners: Manager  
 Arenadour: Member of the Supervisory Board  
 Metabolic Explorer (Company listed on eurolist compartment C): independent director and member of the appointments and remuneration committee  
 Aryballe Technologies: Board Member  
 To Do Today: Board Member

### Offices held by Michel Duval

#### In the Altavia group:

Altavia SA: Board Member  
 Altavia France SA: Board Member

#### Outside the Altavia group:

SCI La Mare: Manager  
 MD Conseil: Joint manager

Majencia (office furniture): Board Member  
 Orige/Adduxi (plastic producer): Member of the Board of Directors

### Offices held by EDRRIP represented by Pierre-Yves Poirier

#### In the Altavia group:

Altavia SA: Board Member

#### Outside the Altavia group:

Intescia: Permanent representative of EDRIP on the Supervisory Board  
 Gamma Developpement: Permanent representative of EDRIP on the Supervisory Board  
 HGR - Rougnon: Observer in a personal capacity  
 Ocea Participations: Permanent representative of EDRIP on the Strategy Committee  
 Montalivet Investment Managers: Managing Director  
 Platinum Group Sam: Permanent representative of EDRIP on the Board of Directors  
 PGSAM Holding sas: Permanent representative of EDRIP on the Managing Board

### Offices held by Corinne Evens

#### In the Altavia group:

Altavia SA: Board Member

#### Outside the Altavia group:

Fondation Evens: Chairman (Belgium)  
 SIFFA SAS, France: Chairman  
 BMIP-Bethlehem: Vice-President  
 Bold Rock Management Ltd., UK: Director  
 G. Evens Diamonds & Co. N. V., Belgium: Chairman  
 Gorolska SAS: Chairman  
 Link Point SA, Luxembourg: President of the Supervisory Board  
 Microworld, Luxembourg: Member of the Board  
 Positive Planet: Board Member  
 Wilcza Sp. z.o.o., Poland: Director  
 ERIS Production SARL, France: Director  
 SCI DU 34-38 Rue Camille Pelletan, France: Director

### Offices held by Laurent Gampel

#### In the Altavia group, in France:

Altavia SA: Deputy Managing Director  
 Altavia France SA: Board Member  
 Altavia Europe SA: Board Member

#### In the Altavia group, abroad:

Altavia HTT Ltd: Board Member (non-Executive Director)

#### Outside the Altavia group:

None

### Offices held by Pierre Milchior

#### In the Altavia group:

Altavia SA: Board Member

#### In the Etam group:

##### Held in France:

Etam SAS: Chairman  
 Nortex SA: Deputy Managing Director  
 Covi Deux SAS: Chairman  
 Gerset SAS: Chairman of the Board of Directors and Board Member  
 Elan Industries SA: Deputy Managing Director

##### Held outside France - Belgium:

Investint: Permanent representative of Etam SAS on the Board of Directors  
 Société Belge Etam: Permanent representative of Etam SAS on the Board of Directors  
 Société Foncière Etel: Representative of Société Belge Etam on the Board of Directors  
 Nora Limited: Board Member

##### Held outside France - China:

Shanghai Intermoda Clothing: Board Member  
 Shanghai Aige Clothing: Board Member  
 Shanghai Intermay Clothing: Board Member

##### Held outside France - Spain:

Ifem: Board Member

##### Held outside France - Luxembourg:

123 Luxembourg SA: Representative of Investint on the Board of Directors  
 Modasia Holding: Representative of Etam SAS on the Board of Directors  
 and Board Member in his own name  
 Société Luxembourgeoise Etam: Representative of Investint on the Board of Directors

#### Outside the ETAM group:

Pivest: Managert  
 Selau: Manager  
 Seva: Manager  
 Tami: Manager

Finora SA: Board Member  
 Mordka SA: Chairman of the Board of Directors  
 Vivar Global LTD: Board Member  
 Vivar Resources Limited: Board Member

### Offices held by Sébastien Reydon

#### In the Altavia group:

Altavia SA: Representative of Viatteam SAS on the Board of Directors  
 Altavia France SA: Representative of Altavia SA on the Board of Directors  
 Altavia Europe SA: Board Member  
 Altavia International: Management Committee member  
 Actipaper SA: Board Member  
 Agence Cosmic: Management Committee member  
 IMS Groupe: Management Committee member

#### In the Altavia group, abroad:

Altavia Belgium SA (Belgian subsidiary): Board Member  
 Altavia Hellas AE (Greek subsidiary): Board Member  
 Altavia Polska Sp. z.o.o. (Polish subsidiary): Member of the Executive Board  
 Altavia Česká SRO (Czech subsidiary): Joint manager  
 Altavia Deutschland GmbH (German subsidiary): Joint manager  
 Altavia HTT Ltd (British subsidiary): Board Member (Non-Executive Director)  
 MBO Comunicación LSA (Spanish subsidiary): Board Member  
 Altavia Ibérica CFA (Spanish subsidiary): Board Member  
 Altavia Iletisim AS (Turkish subsidiary): Board Member  
 Dekatlon AS (Turkish subsidiary): Board Member  
 Altavia Italia SRL (Italian subsidiary): Board Member  
 Altavia România Communication SRL (Romanian subsidiary): Board Member  
 Altavia Hungária KFT (Hungarian subsidiary): Member of the Supervisory Board  
 Altavia Ukraina SARL (Ukrainian subsidiary): Member of the Supervisory Board  
 Altavia Asia Limited (Hong Kong): Board Member  
 Altavia Beijing Advertising Co. Ltd (Chinese subsidiary): Board Member  
 Altavia Shanghai Trading Co. Ltd (Chinese subsidiary): Board Member  
 Altavia Korea LLC (Korean subsidiary): Representing Board Member  
 Altavia Japan KK (Japanese subsidiary): Representing Board Member  
 Tell Me About It (TMAI) (Korean subsidiary): Board Member  
 Altavia Hong Kong Limited (Hong Kong subsidiary): Board Member  
 Communication Altavia Canada Inc. (Canadian subsidiary): Board Member  
 Communication Altavia Canada Prodigy Inc. (Canadian subsidiary): Board Member  
 Rokivo Inc. (US subsidiary): Board Member  
 Stylum Srl (Italian subsidiary): Board Member  
 Rokivo Srl (Italian subsidiary): Board Member  
 HRG Group LTD (British subsidiary): Board Member  
 HRG UK LTD (British subsidiary): Board Member  
 Altavia Baltics (Latvian subsidiary): Board Member

#### Outside the Altavia group:

MSTV SA: Board Member

### Offices held by Alain Roubach

#### In the Altavia group:

Altavia SA: Board Member  
 Altavia Europe SAS: Board Member

#### Outside the Altavia group:

Easyvista: Board Member  
 Opéra Immobilier SARL: Manager  
 Alclan SC: Manager  
 Anegada Compagny SARL: Joint manager  
 Covent Partners SAS: Chairman  
 Actovent SAS: Chairman  
 CFA Ort: Vice-President and Treasurer  
 Ogury LTD: Board Member  
 Praditus SAS: Member of the Supervisory Board  
 Augmentdev SAS: Board Member  
 Covent 3 SAS: Chairman  
 Covent 4 SAS: Chairman  
 Coventguest: Chairman  
 SCI Des Petibous: Manager

Your Board invites you, after reading the reports presented by your Statutory Auditor, to adopt the resolutions being put to your vote.

The Board of Directors



# AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

Dear Shareholders,

As part of the duties assigned to us by your general meetings, we submit to you our report relating to the fiscal year ended 31 December 2016, concerning:

- our audit of the accompanying consolidated financial statements of Altavia;
- the justification of our assessments;
- the specific checks and information stipulated by law.

The consolidated financial statements were finalised by the Board of Directors. It is our duty, on the basis of our audit, to express an opinion on these financial statements.

## 1. Opinion on the consolidated financial statements

We carried out our audit under the professional standards applicable in France; these standards require due diligence in order to provide reasonable assurance that the consolidated financial statements do not contain any major discrepancies. An audit consists of verifying, by sampling or by other selection methods, the items justifying the amounts and information appearing in the consolidated accounts. It also involves assessing the accounting principles followed, the significant estimates adopted, and the overall presentation of the financial statements. We believe that the information that we collected, on which we based our opinion, was sufficient and appropriate.

We hereby certify that, with regard to accounting principles applicable in France, the consolidated financial statements are in good order and accurately present the assets, financial situation, and earnings of the consolidated entities.

## 2. Justification of our assessments

Pursuant to the provisions of Article L. 823-9 of the French Commercial Code concerning the justification of our assessments, we would like to bring the following points to your attention: Note 1.2.5 of the appendix sets out the rules and methods for assessing goodwill. We checked the suitability of the aforementioned accounting methods and the information provided in the notes of the appendix and ensured that they were correctly applied. The assessments performed are consistent with our approach to auditing consolidated financial statements, taken in their entirety, and therefore contributed to the formation of our opinion expressed in the first part of this report.

## 3. Specific verifications and disclosures

In accordance with the professional standards applicable in France, we also carried out a specific verification of the disclosures, stipulated by law, relating to Group data contained in the management report.

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

Neuilly-sur-Seine and Paris, 12 April 2017

The Statutory Auditors  
Deloitte & Associés

Cabinet Angeli

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in the French language and is provided solely for the convenience of English speaking users. The Statutory Auditors' report on the consolidated financial statements includes information specifically required by French law in all audit reports, whether modified or not. This information presents below the opinion on the consolidated financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report on the consolidated financial statements should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

# ALTAVIA S.A. COMPANY ACCOUNTS

## ASSETS

Euros	Gross Value	31/12/2016		31/12/2015 Net Value
		Amort. & deprec.	Net Value	
<b>Capital assets</b>				
<b>Intangible fixed assets</b>				
Development costs	856,162	856,162		
Concessions, patents, and similar rights	133,539	104,489	29,050	
Goodwill (1)	1		1	1
<b>Tangible fixed assets</b>				
Other tangible fixed assets	3,835,337	2,825,153	1,010,184	1,117,692
<b>Long-term investments (2)</b>				
Equity interests	30,935,069		30,935,069	30,023,408
Other fixed equity investments	76		76	76
Other long-term investm	577,866		577,866	579,695
<b>Total (I)</b>	<b>36,338,049</b>	<b>3,785,804</b>	<b>32,552,245</b>	<b>31,720,872</b>
<b>Current assets</b>				
Advances and prepayments on orders	1,324		1,324	
<b>Receivables</b>				
Trade receivables and related accounts (3)	3,301,328	515,976	2,785,352	2,521,065
Other receivables (3)	25,753,900		25,753,900	25,746,485
<b>Marketable securities</b>				
Own shares	9,727,100		9,727,100	9,727,100
Other securities	6,701,834		6,701,834	4,439,118
<b>Cash assets</b>				
Prepayments (3)	42,115		42,115	45,340
<b>Total (II)</b>	<b>46,078,263</b>	<b>515,976</b>	<b>45,562,286</b>	<b>43,355,231</b>
<b>Grand Total (I - II)</b>	<b>82,416,312</b>	<b>4,301,780</b>	<b>78,114,532</b>	<b>75,076,104</b>

(1) Of which leasehold

(2) Of which under one year (gross)

(3) Of which over one year (gross)

## LIABILITIES &amp; SHAREHOLDERS' EQUITY

Euros	Value at 31/12/2016	Value at 31/12/2015
<b>Shareholders' equity</b>		
Capital (of which paid: 3,846,411)	3,846,411	3,846,411
Issue, merger, contribution premiums	2,446,046	2,446,046
Reserves :		
- Legal reserve	391,888	391,888
- Regulated reserves	420,508	366,235
- Other reserves	5,493,479	5,493,479
Retained earnings	29,666,635	26,524,797
Earnings for the fiscal year (profit or loss)	9,204,692	5,896,293
<b>Net position</b>	<b>51,469,658</b>	<b>44,965,149</b>
Regulated provisions	30,575	30,282
<b>Total (I)</b>	<b>51,500,233</b>	<b>44,995,431</b>
<b>Provisions</b>		
Provisions for contingencies	208,676	204,548
Provisions for expenses	458,461	410,494
<b>Total (II)</b>	<b>667,137</b>	<b>615,042</b>
<b>Debts (1)</b>		
Borrowed funds and debts with credit institutions (2)	19,833,002	24,789,721
Miscellaneous borrowed funds and financial debts (3)	2,473,974	1,388,439
Trade payables and related accounts	752,814	607,727
Tax and social liabilities	1,811,065	1,975,835
Other debts	1,076,307	703,909
<b>Total (III)</b>	<b>25,947,161</b>	<b>29,465,631</b>
<b>Unrealised exchange gains (IV)</b>		
<b>Grand Total (I - IV)</b>	<b>78,114,532</b>	<b>75,076,104</b>
(1) Of which more than one year	19,769,048	4,000,000
(1) Of which less than one year	6,178,113	25,465,631
(2) Of which bank loans, overdrafts, and bank credit balances	12,560	
(3) Of which equity loans		

## INCOME STATEMENT

Euros	31/12/16 Total	31/12/15 Total	Variation As amount	Variation As %
<b>Sales of merchandise</b>				
Production sold (goods/services) of which export: 4,989,821	13,399,997	12,567,902	832,095	6.62
<b>Net turnover</b>	<b>13,399,997</b>	<b>12,567,902</b>	<b>832,095</b>	<b>6.62</b>
Reversals on provisions (amortisation), transfers of charges	64,750		64,750	
Other income	423	30	393	
<b>Total operating income (I) (1)</b>	<b>13,465,170</b>	<b>12,567,932</b>	<b>897,238</b>	<b>7.14</b>
<b>Operating expenses</b>				
Other purchases and external expenses	7,090,630	6,625,849	464,781	7.01
Taxes, duties, and similar payments	623,128	592,671	30,457	5.14
Salaries and wages	3,518,464	3,663,929	-145,465	-3.97
Social security charges	1,525,938	1,536,358	-10,421	-0.68
<b>Allocations to amortisation and depreciation:</b>				
- On fixed assets: allocations to amortisation	181,721	184,450	-2,728	-1.48
- On current assets: allocations to depreciation	515,976		515,976	
- Allocations to provisions	47,967	45,312	2,655	5.86
Other expenses	88,208	42,893	45,315	105.65
<b>Total operating expenses (II) (2)</b>	<b>13,592,033</b>	<b>12,691,462</b>	<b>900,571</b>	<b>7.10</b>
<b>Operating earnings (I - II)</b>	<b>-126,863</b>	<b>-123,530</b>	<b>-3,333</b>	<b>-2.70</b>
<b>Share of income from joint ventures</b>				
Profit or transferred loss (III)				
Loss or transferred profit (IV)	70,712	362,573	-291,861	-80.50
<b>Financial income</b>				
From equity interest (3)	8,255,378	5,853,959	2,401,419	41.02
Other interest and similar income (3)	291,591	303,158	-11,568	-3.82
Reversals on prov. & depreciation and transfers of expenses	437,661	40,015	397,646	993.74
Positive exchange differences	27,176	172,923	-145,748	-84.28
<b>Total financial income (V)</b>	<b>9,011,806</b>	<b>6,370,056</b>	<b>2,641,750</b>	<b>41.47</b>
<b>Financial expenses</b>				
Allocations to amortisation, depreciation, and provisions		213,307	-213,307	-100.00
Interest and similar expenses (4)	274,827	379,534	-104,707	-27.59
Negative exchange differences	1,490	18,785	-17,295	-92.07
<b>Total financial expenses (VI)</b>	<b>276,317</b>	<b>611,626</b>	<b>-335,309</b>	<b>-54.82</b>
<b>Financial earnings (V - VI)</b>	<b>8,735,488</b>	<b>5,758,429</b>	<b>2,977,059</b>	<b>51.70</b>
<b>Earnings before extraordinary items and taxes (I+II+III-IV+V-VI)</b>	<b>8,537,914</b>	<b>5,272,327</b>	<b>3,265,587</b>	<b>61.94</b>
Extraordinary income (VII)	18,783	10,809	7,975	73.78
Extraordinary expenses (VIII)	38,604	18,551	20,054	108.10
<b>Extraordinary earnings (VII - VIII)</b>	<b>-19,821</b>	<b>-7,742</b>	<b>-12,079</b>	<b>-156.02</b>
Income tax (X)	-686,599	-631,708	-54,891	-8.69
<b>Total income (I+III+V+VII)</b>	<b>22,495,759</b>	<b>18,948,797</b>	<b>3,546,962</b>	<b>18.72</b>
<b>Total expenses (II+IV+VI+VIII+IX+X)</b>	<b>13,291,067</b>	<b>13,052,504</b>	<b>238,564</b>	<b>1.83</b>
<b>Profit or Loss (total income – total expenses)</b>	<b>9,204,692</b>	<b>5,896,293</b>	<b>3,308,399</b>	<b>56.11</b>
(1) Of which income from previous fiscal years				
(2) Of which expenses from previous fiscal years				
(3) Of which income from related entities	8,546,422	6,153,160		
(4) Of which interest from related entities	153	19,743		



## Accounting rules and methods

(Decree no. 83-1020 of 29-11-1983 - Articles 7, 21, 24 beginning, 24-1, 24-2, and 24-3)

### Extract from the appendix to the balance sheet and the income statement

The balance sheet total before distribution for the year ended 31/12/2016 is €78,114,531.50 and the year's income statement, presented in list form, shows a profit of €9,204,691.69.

The financial year lasted 12 months, covering a period from 01/01/2016 to 31/12/2016.

The notes or tables below are an integral part of the annual accounts.

General accounting principles have been applied, in compliance with the principle of prudence, in accordance with the following basic assumptions:

- continuity of the business;
- consistency of accounting methods from one year to the next;
- independence of fiscal periods;

and in accordance with the general principles for preparing and presenting annual financial statements currently in force in France.

The basic method used for assessing the items entered into the accounts is the historic costs method.

Only noteworthy information is provided.

The company applied the new accounting rules relating to the definition, valuation, amortisation, and depreciation of assets, specifically ANC regulation 2014-03 of 05 June 2014.

### Intangible and tangible fixed assets

Amortisations for depreciation are calculated using the straight-line method according to the estimated length of use.

- |                                   |                             |
|-----------------------------------|-----------------------------|
| - Software                        | straight-line 1 year        |
| - Brands and logo                 | straight-line 5 years       |
| - Fixtures and general facilities | straight-line 5 to 10 years |
| - Furniture                       | straight-line 5 to 10 years |
| - Computer and office equipment   | straight-line 3 years       |
| - Transport equipment             | straight-line 2 to 5 years  |

### Long-term investments

Long-term investments are entered onto the balance sheet at their historic value.

They are broken down into subsidiary equity investments, receivables related to holdings and deposits and sureties paid.

At the close of the fiscal year, historic value is compared to useful value taking into account the asset share withdrawn and the results trend as well as the economic interest of group companies. An unfavourable amount is subject to provisions for depreciation of securities and loans of a financial nature.

As such, the provision for depreciation for securities of €437,661 at 31/12/2015 was reversed in its entirety during the 2016 financial year.

### Clients

Trade accounts receivable and related accounts are recorded at their nominal value.

Appropriate depreciation provisions have been established to cover the risks of non-recovery. They were determined individually. The amount of the provision totalled €515,976 at 31/12/2016.

### Other receivables

Receivables are valued at the nominal value. A provision for depreciation is practised when the inventory value is lower than the book value.

### Marketable securities

Marketable securities are valued at purchase prices or the past month's market price, if the latter is lower. For unlisted securities, if the inventory value is lower than the probable trading value, a provision for depreciation is recorded.

Marketable securities include Altavia securities acquired as part of a share option plan established during the first half of 2003 and a shareholder share purchase plan in 2008, 2009, 2010, 2012, and 2013.

In euros	Gross value at 31 Dec. 2016	Depreciation at 31 Dec. 2016	Net value at 31 Dec. 2016	Net value at 31 Dec. 2015
Own shares	9,727,100		9,727,100	9,727,100
Marketable securities	6,701,834		6,701,834	4,439,118
<b>TOTAL</b>	<b>16,428,934</b>	<b>0</b>	<b>16,428,934</b>	<b>14,166,218</b>

### Stock options

The General Meeting on 20 May 2010 authorised the Board of Directors to grant, at one or more times, over a period of thirty-eight months, i.e. no later than 20 July 2013, stock options each giving the right to acquire a share of Altavia, within the limit of 10% of the share capital. Options may be granted to executives (such as those defined by Article L.225-185, paragraph 4 of the French Commercial Code) and to eligible employees having a permanent contract of employment with Altavia, as well as to employees only of companies or economic interest groups of which at least 10% of capital or voting rights are held directly or indirectly by Altavia.

The general meeting of 20/11/2014 decided to extend the subscription option period by two years for shares allocated in 2010.

Share subscription options allocated during fiscal year 2010.

GM date	Board meeting date	Number of options granted	Starting point of purchase options	Expiry date of options (postponed by GM of 20/11/2014)	Price of options
20/05/2010	16/12/2010	50,519	16/12/2014	01/01/2015 or 16/06/2015	€72.34
Postponed by GM of 16/06/2017					

Of the 50,519 options allocated in 2010, 16,372 have lapsed.

Options de souscription d'actions attribuées durant l'exercice 2011.

GM date	Board meeting date	Number of options granted	Starting point of purchase options	Expiry date of options (postponed by GM of 20/11/2014)	Price of options
20/05/2010	17/03/2011	8,179	01/05/2015	01/07/2015	€72.34
Postponed by GM of 01/07/2017					
20/05/2010	19/05/2011	19,019	19/05/2015	01/07/2015 or 19/11/2015	€72.34
Postponed by GM of 19/11/2017					
20/05/2010	22/09/2011	2,115	01/11/2015	01/01/2016	€72.34
Postponed by GM of 01/01/2018					

Of the 29,313 options allocated in 2011, 12,886 have lapsed.

Share subscription options allocated during fiscal year 2012.

GM date	Board meeting date	Number of options granted	Starting point of purchase options	Expiry date of options (postponed by GM of 20/11/2014)	Price of options
20/05/2010	28/06/2012	1,138	28/06/2016	01/07/2016 or 28/12/2016	€74.72
Postponed by GM of 28/12/2018					
20/05/2010	20/09/2012	15,858	01/11/2016	01/01/2017	€74.72
Postponed by GM of 01/01/2019					

Of the 16,996 options allocated in 2012, 5,841 have lapsed.

Share subscription options allocated during fiscal year 2013.

GM date	Board meeting date	Number of options granted	Starting point of purchase options	Expiry date of options (postponed by GM of 20/11/2014)	Price of options
20/05/2010	04/02/2013	5,621	01/05/2017	01/07/2017	€74.72
Postponed by GM of 01/11/2019					
20/05/2010	20/06/2013	20,800	20/06/2017	01/07/2017 or 20/12/2017	€74.87
Postponed by GM of 20/12/2019					
20/05/2010	17/07/2013	9,175	01/11/2017	01/01/2018	€74.87
Postponed by GM of 01/01/2020					

Of the 35,596 options allocated in 2013, 15,835 have lapsed.

### Retirement payments

In France, contractual retirement payments are payable when an employee retires, if said employee is still part of the group at the retirement date. Payments are evaluated and provisioned based on the employee's salary and seniority on the date of retirement, in accordance with the regulations of applicable agreements.

The amount of the commitment is determined pursuant to the provisions of annex 1 of ANC recommendation no. 2013-02.

The recognition of actuarial differences is determined according to method 1 of the "Corridor".

The theoretical figures used to calculate commitments resulting from the discount rate and the wage inflation rates were 1.68% and 1.55% in 2016.

The retirement age used was 65.

The social security contribution rate stood at 45%.

The provision at 31/12/2016 totalled €458,461, i.e. an allocation of €47,968 and a corresponding deferred tax of -€13,431 for fiscal year 2016.

With the corporate tax rate falling from 33 1/3% to 28% from 2017, the total deferred tax provision was adjusted by €21,889.

The deferred tax expense for 2016 was therefore €21,889 - €13,431 = €8,458

### CICE

Accrued income relating to the application of the CICE (Competitiveness and Employment Tax Credit) was recognised as a deduction to personnel costs.

The amount for fiscal year 2016 was €20,632.

The company did not request any pre-financing under this scheme. The use of this tax credit is in compliance with article 244 quater C of the French general tax code.

### Provisions for contingencies and expenses

The company applies ANC regulation 2014-03 on liabilities.

Provisions for contingencies and expenses are formed to cover clearly defined contingencies and expenses, whether for events that have occurred or those that may occur due to current events.

The provisions formed correspond to provisions on treasury shares under a stock option plan and retirement payments.

### Results and other elements that are characteristic of the company over the past five financial years (French Commercial Code - Article R225-102)

Euros	31/12/2016	31/12/2015	31/12/2014	31/12/2013	31/12/2012
<b>Share capital at the end of the period</b>					
Share capital	3,846,411	3,846,411	3,846,411	3,846,411	3,918,873
Number of ordinary shares in issue (A)	1,282,137	1,282,137	1,282,137	1,282,137	1,306,291
<b>Operations and result for the financial year</b>					
Turnover before tax	13,399,997	12,567,902	12,064,499	11,552,594	10,948,497
Income before tax (B), employee shareholding schemes, provisions and charges on amortization, depreciation and provisions	8,780,876	5,672,951	6,510,434	2,024,538	4,182,209
Corporate income tax	-686,599	-631,708	42,904	-1,527,626	-576,660
Net profit (C)	9,204,692	5,896,293	5,985,388	7,589,527	3,959,443
Provisions and charges on amortization, depreciation, provisions	262,784	408,366	482,142	-4,037,363	799,426
Distributed profit (D)	3,000,201	3,000,201	2,677,104	3,788,731	3,986,179
<b>Result per share</b>					
Result before tax, employee shareholding schemes, and provisions and charges on depreciation, amort. and provisions = (B) / (A)	6.85	4.42	5.08	1.58	3.20
Result after tax, employee shareholding schemes, and provisions and charges on depreciation, amort. and provisions	7.38	4.92	5.04	2.77	3.64
Result after tax, employee shareholding schemes and provisions and charges on depreciation, amort. and provisions = (C) / (A)	7.18	4.60	4.67	5.92	3.03
Dividend per share = (D) / (A)	2.34	2.34	2.09	2.96	3.05
<b>Workforce</b>					
Average number of salaried employees during the financial year	31	31	31	30	26
Total payroll for the financial year	3,518,464	3,663,929	3,576,487	3,253,393	3,363,550
Amounts paid in company benefits (social security, employee benefits)	1,525,938	1,536,358	1,502,500	1,638,835	1,431,822

## Other important information

### Compensation of managers

Compensation paid to Altavia corporate officers totalled €1,383,931.

### Information on entries

At the end of 2000, we opted for the tax consolidation system starting from the fiscal year beginning on 1 January 2001.

Altavia heads the group. The tax consolidation scope expanded as at 01/01/2009 to include subsidiaries initially consolidated under Altavia France.

The subsidiaries within the tax consolidation scope are: Altavia Europe since 1 January 2007; Altavia Newco since 1 January 2008, which became Altavia Coach and Altavia France in 2013; Altavia Paris, Altavia Nantes, Altavia Saint-Étienne, Altavia Lille and Altavia Nantes Newco since 1 January 2009, Altavia CEI and Actipaper since 1 January 2010; ShopperMind since 1 January 2013; Altavia International, Agence Cosmic and Au Numéro 6 since 1 January 2014; Altavia Newco, now known as Altavia Fiber Value, since 1 January 2015; and IMS since 1 January 2016.

The group's head company is liable for corporate tax and contributions related to this tax for itself and for its consolidated subsidiaries.

Each company pays tax as if it were not a group member, and any tax savings are entered into the accounts of the group's head company.

The group's taxable earnings totalled €4,256,706.

These taxable earnings take the profits and losses of our subsidiaries into account.

Altavia's own taxable earnings totalled -€79,217.

The tax savings associated with the tax consolidation recorded at Altavia totalled €991,770 at 31/12/2016.

Altavia covered the tax on behalf of companies that had become profitable as at 31/12/2016, i.e., Altavia Nantes for €32,477.

### Borrowed funds and financial debts

The Altavia group had a confirmed line of credit of up to €135 million.

At 31/12/2016, €15.8m of this line of credit had been used.

The line of credit is no longer guaranteed at 31/12/2016.

In 2015, Altavia also obtained a €5 million loan from France's Public Investment Bank, amortised by €1m/year over 5 years. The first payment was made on 15/01/2016, and the amount outstanding at 31/12/2016 was €4 million.

### List of subsidiaries and shareholdings

Financial information	Share capital	Share of capital held (in %)	Shareholders' equity	Profit or loss at close of financial year just ended	Dividends collected by the company during the year
<b>Subsidiaries and shareholdings</b>					
<b>A. Detailed information about subsidiaries and holdings</b>					
<b>1. Subsidiaries more than 50% owned</b>					
Altavia Fiber Value (ex Newco)	10,000	100	3,733	-1,874	
Altavia France	1,646,784	100	20,270,429	4,313,485	950,685
Altavia Asia	404,491	100	2,146,404	1,433,813	2 157,363
Altavia Europe	5,594,928	100	8,709,515	2,075,369	5 147,330
Altavia Coach	1,931,292	100	2,959,898	1,461,346	
Altavia International	10,000	100	-954,754	-348,367	
<b>2. Equities interests (5% - 50% owned)</b>					
Altavia Connect	50,000	34	1,169,464	-570,927	
<b>B. General information on other securities with a gross value not exceeding 1% of the capital of the company required to publish financial statements</b>					
French subsidiaries					
Foreign subsidiaries					
Equity interests in French companies					
Equity interests in foreign companies					

# AUDITOR'S REPORT ON THE ANNUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2016

Dear Shareholders,

As part of the duties assigned to us by your general meetings, we submit to you our report relating to the fiscal year ended 31 December 2016, concerning:

- our audit of the accompanying annual financial statements of Altavia;
- the justification of our assessments;
- the specific checks and information stipulated by law.

The annual financial statements were finalised by the board of directors. It is our duty, on the basis of our audit, to express an opinion on these financial statements.

## 1. Opinion on the annual financial statements

We carried out our audit according to the professional standards applicable in France; these standards require due diligence in order to provide reasonable assurance that the annual financial statements do not contain any major discrepancies. An audit consists of verifying, by sampling or by other selection methods, the items justifying the amounts and information appearing in the annual accounts. It also involves assessing the accounting principles followed, the significant estimates adopted, and the overall presentation of the financial statements. We believe that the information that we collected, on which we based our opinion, was sufficient and appropriate.

We hereby certify that, with regard to accounting principles applicable in France, the annual financial statements feature no irregularities and accurately present the assets, financial situation, and earnings of the company at the end of this fiscal year.

## 2. Justification of our assessments

Pursuant to the provisions of Article L. 823-9 of the French Commercial Code concerning the justification of our assessments, we hereby inform you that the assessments that we conducted focused on the appropriateness of the accounting principles applied and, where applicable, the reasonableness of the significant estimates used and the overall presentation of the financial statements, particularly with regard to:

The note "Financial fixed assets" in the appendix sets out the rules and methods for assessing equity interests and receivables related to these equity interests.

The assessments performed are linked to our procedure for auditing annual financial statements, taken in their entirety, and therefore contributed to the formation of our opinion expressed in the first part of this report.

## 3. Specific verifications and disclosures

We also carried out the specific checks stipulated by law, in accordance with the professional standards applicable in France.

We have no observations to make regarding the genuineness and concordance with the annual financial statements of the information given in the Board of Directors' management report and in the documents sent to the shareholders on the financial position and the annual financial statements.

In accordance with the law, we are satisfied that the various information relating to shareholdings has been conveyed to you in the management report.

Neuilly-sur-Seine, 12 April 2017

The Statutory Auditors  
**Deloitte & Associés**

**Cabinet Angeli**

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the annual financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the annual financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the annual financial statements. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.