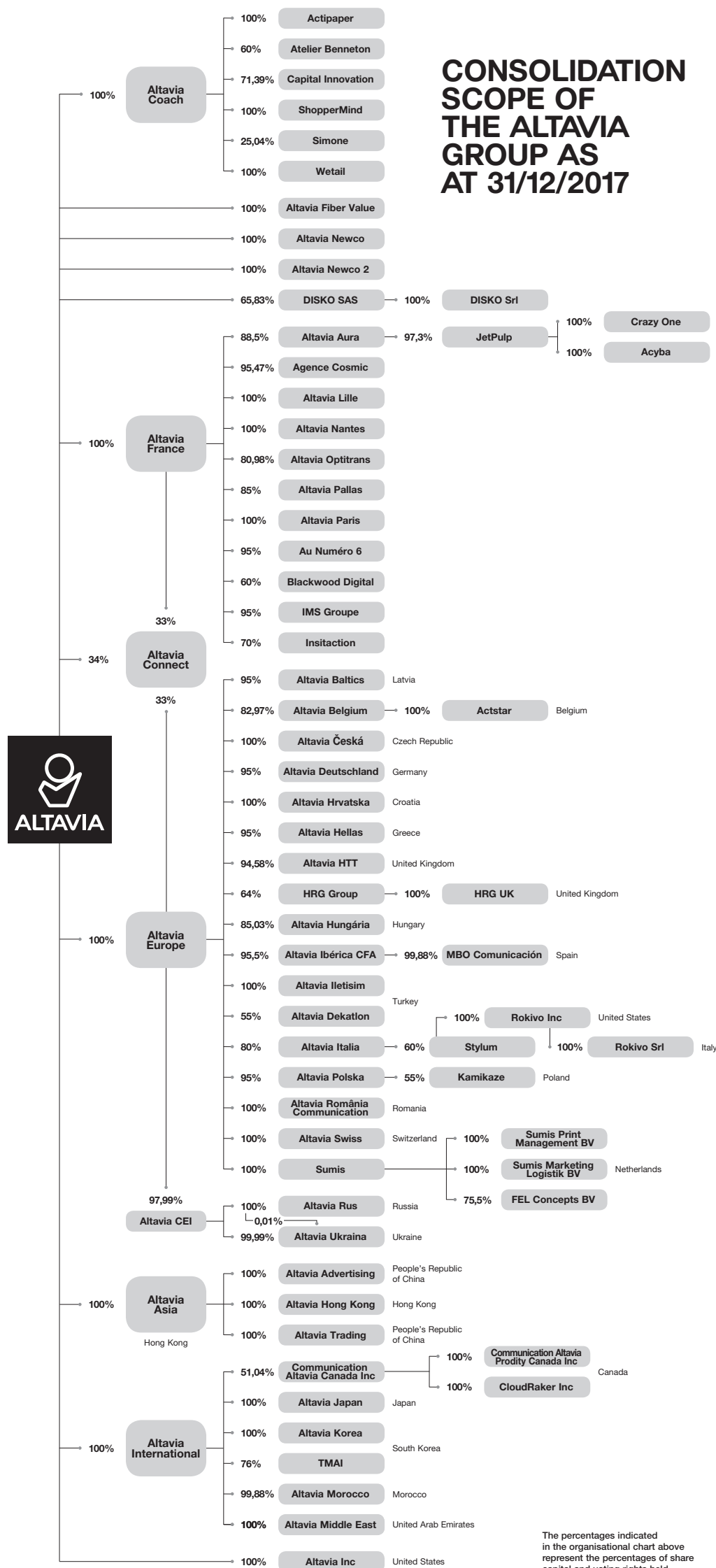


FINANCIAL REPORT

CONSOLIDATION SCOPE OF THE ALTAVIA GROUP AS AT 31/12/2017



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

CONSOLIDATED ACCOUNTS AT 31/12/2017

CONSOLIDATED BALANCE SHEET

In thousands of euros

Assets	31/12/17	31/12/16
Capital assets	60,392	29,800
Goodwill	note 3-1 46,874	18,702
Intangible fixed assets	note 3-2 2,112	871
Tangible fixed assets	note 3-3 9,145	8,027
Long-term investments	note 3-4 2,043	1,990
Securities accounted for under equity method	note 3-5 218	210
Current assets	257,038	238,803
Inventory and work in progress	note 3-6 25,667	25,547
Trade receivables and related accounts	note 3-7 152,128	137,686
Other receivables and accrual accounts	note 3-8 25,594	21,687
Marketable securities	note 3-9 11,215	18,959
Cash assets	42,434	34,924
Total assets	317,430	268,603

Liabilities & shareholders' equity	31/12/17	31/12/16
Shareholders' equity (Group share)	note 3-10 62,695	46,688
Capital	3,846	3,846
Premiums	2,446	2,446
Consolidated reserves and earnings (1)	56,403	40,396
Minority interests	note 3-10 3,946	2,381
Provisions for contingencies and expenses	note 3-11 6,532	6,455
Debts	244,257	213,079
Borrowed funds and financial debts	note 3-12 35,118	27,427
Trade payables and related accounts	138,231	126,970
Other debts and accrual accounts	note 3-13 70,908	58,682
Total liabilities & shareholders' equity	317,430	268,603
(1) of which net earnings, group share, for the fiscal year	19,814	4,728

CONSOLIDATED INCOME STATEMENT

In thousands of euros

		31/12/17	31/12/16
Turnover	note 4-1	738,626	699,056
Other operating income	note 4-2	6,013	5,692
Purchases used		-630,190	-606,696
Payroll costs	note 4-3	-84,617	-73,490
Other operating expenses		-2,755	-699
Taxes and levies		-2,686	-2,585
Allocations to amortisation/depreciation and provisions	note 4-4	-4,873	-4,794
Operating earnings		19,518	16,484
Financial expenses and income	note 4-5	-645	-588
Current earnings of consolidated companies		18,873	15,896
Extraordinary expenses and income	note 4-6	8,806	2,610
Income tax	note 4-7	-6,348	-5,818
Net earnings of consolidated companies		21,331	12,688
Share of profit companies accounted under the equity method	note 3-5	34	34
Allocations to amortisation of goodwill			-6,751
Net earnings of the consolidated group		21,365	5,971
Minority interests		1,551	1,243
Net earnings, group share		19,814	4,728
Group share of net earnings per share	in €	15.5	3.7
Earnings per share before allocation to goodwill amortisation	in €	15.5	9.0
Diluted earnings per share	in €	15.5	3.7
Gross income		140,252	124,510

CASH FLOW STATEMENT

In thousands of euros

	31/12/17	31/12/16
Cash flows from operations:		
Net earnings of consolidated companies after allocations and reversals for goodwill amortisation	21,285	5,937
Elimination of expenses and income with no cash flow impact or not related to operations:		
- Goodwill amortisation		6,751
- Correction of amortisation in N-1	-6,372	
- Amortisation, provisions, and reclassification of fixed assets	3,032	2,292
- Change in deferred taxes	223	876
- Gains on sale, net of tax		-2,750
Cash flow from operations of consolidated companies	18,168	13,106
Change in working capital requirements for operations:		
- Inventories and work in progress	-120	-701
- Trade accounts receivable	-18,527	7,420
- Trade accounts payable	25,250	-9,472
- Dividends received	26	24
Net cash flow generated from operations	24,797	10,377
Cash flow from investment operations:		
Acquisitions of fixed assets	-2,977	-3,671
Disposals of fixed assets	558	325
Impact of changes in scope	-22,166	808
Net cash flow from investment operations	-24,585	-2,538
Net cash flow from financing operations:		
Acquisitions and disposals of Altavia equities	3,932	
Dividends paid to shareholders in the parent company	-3,600	-2,700
Dividends paid to minority shareholders from consolidated companies	-1,426	-1,023
Altavia capital variation		
Debt issues	4,270	1,290
Debt repayments	-1,405	-5,448
Cash flow from financing operations	1,771	-7,881
Change in cash position	1,983	-42
Opening cash position	40,953	41,533
Closing cash position	42,827	40,953
Impact of changes in exchange rates	109	538

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

Key events of 2017

In 2017, the Group continued its strategy of creation and acquisition of new companies, as described in paragraph 1.2.3.

Post-close events

No post-close 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 Regulation 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 - France
Actstar	Avenue Louise, 287 Bte 5 - 1050 Bruxelles - Belgique
Acyba	12-14 avenue Tony Garnier, Le Quatuor, Bâtiment 4C - 69007 Lyon - France
Agence Cosmic	6, rue Royale - 75008 Paris - France
Altavia (société mère)	1, rue Rembrandt - 75008 Paris - France
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 Aura	1, rue Pablo Picasso, Bâtiment l'Imprimerie - 42000 Saint-Étienne - France
Altavia Baltics	Ieriku iela 5, Riga, LV-1084 - Lettonie
Altavia Belgium	Avenue Louise, 287 Bte 5 - 1050 Bruxelles - Belgique
Altavia CEI	1, rue Rembrandt - 75008 Paris - France
Altavia Česká	Pocernicka 96/272, CP 108 00 - Prague 10 - République Tchèque
Altavia Coach	1, rue Rembrandt - 75008 Paris - France
Altavia Connect	10, rue Blanqui - 93406 Saint-Ouen CEDEX - France
Altavia Dekatlon	Kosuyolu Mah. Mahmut Yesari Sk. No:8 Kadiköy, Istanbul - Turquie
Altavia Deutschland	Grafenberger Allee 100, 40237 Düsseldorf - Allemagne
Altavia Europe	1, rue Rembrandt - 75008 Paris - France
Altavia Fiber Value	10, rue Blanqui - 93406 Saint-Ouen CEDEX - France
Altavia France	10, rue Blanqui - 93406 Saint-Ouen CEDEX - France
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 Hrvatska	Trg Petra Svačića 6, 10000 Zagreb - Croatie
Altavia HTT	4 Park Square, Newton Chambers Road, Sheffield, S35 2PH - Royaume-Uni
Altavia Hungária	1034 Budapest, Bécsi út 58 - Hongrie
Altavia Ibérica CFA	Calle Orense n°16, Madrid - Espagne
Altavia Iletisim	Koşuyolu Mah. Mahmut Yesari Sk. No:8 34718 Kadiköy/Istanbul Turkey - Turquie
Altavia Inc.	1675 South State St., Ste B, Dover, DE 19901 - États-Unis
Altavia International	1, rue Rembrandt - 75008 Paris - France
Altavia Italia	Alzaia Naviglio Pavese 78/3 - 20142 Milan - Italie
Altavia Japan	Shinjuku Park Tower N-30F, 3-7-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo - Japon

Altavia Korea	Joy Tower Building 7 th Floor and 11 th Floor, 7 Teheran-ro 37-gil, Gangnam-gu Séoul 135-915 - Corée du Sud
Altavia Lille	31-33, rue du Molinel - 59800 Lille - France
Altavia Middle East	Office No. 41-02, 41st FLR, Platinum Tower, Plot No. I-2, JLT, Dubai - Émirats arabes unis
Altavia Morocco	112 Bd d'Anfa, 2 ^{ème} étage, Casablanca - Maroc
Altavia Nantes	19 bis, rue La Noue Bras de Fer - 44200 Nantes - France
Altavia Newco	1, rue Rembrandt - 75008 Paris - France
Altavia Newco 2	1, rue Rembrandt - 75008 Paris - France
Altavia Optitrans	19, chemin de la Plaine - 69390 Vourles - France
Altavia Pallas	6, rue Royale - 75008 Paris - France
Altavia Paris	10, rue Blanqui - 93406 Saint-Ouen CEDEX - France
Altavia Polska	Portico Office Building, ul. Spokojna 5, Varsovie - Pologne
Altavia România Communication	178 rue Vasile Lascar, étage 2, appartement n°4, secteur 2, Bucarest - Roumanie
Altavia Rus	42, Novokuznetskaya Street, bld. 5, Moscou, 115054 - Russie
Altavia Swiss	Industriestrasse 47, Postfach 4461, 6304 Zug - Suisse
Altavia Trading	Rm 324E, No.21, Lane 596, YanAn Middle Road, JingAn District, Shanghai - Chine
Altavia Ukraina	Anischenka 3 let B, Kiev - 01010 - Ukraine
Atelier Benneton	1, rue Rembrandt - 75008 Paris - France
Au Numéro 6	6, rue Royale - 75008 Paris - France
Blackwood Digital	6, rue Royale - 75008 Paris - France
Capital Innovation	10, rue Blanqui - 93406 Saint-Ouen CEDEX - France
CloudRaker Inc.	1435 rue Saint-Alexandre, Suite 700, Montréal H3A 2G4 - Canada
Communication Altavia Canada Inc.	1435 rue Saint-Alexandre, Suite 700, Montréal H3A 2G4 - Canada
Communication Altavia Prodfity Canada Inc.	1435 rue Saint-Alexandre, Suite 700, Montréal H3A 2G4 - Canada
Crazy Ones	12-14 avenue Tony Garnier, Le Quatuor, Bâtiment 4C - 69007 Lyon - France
DISKO SAS	70 rue des Maraichers, 75020 Paris - France
DISKO SRL	Milano (MI) Via Valenza 5 - CAP 20144 Milan - Italie
FEL Concepts BV	Amsterdamseweg 206, 1182 HL Amstelveen, Postbus 905, 1180AX Amstelveen - Pays-Bas
HRG Group Limited	Mercury House, 8 Sandy Way, Grange Park, Northampton, NN4 5EJ - 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 - France
Insitaction	22 rue de Bergues, 59000 Lille - France
JetPulp	12-14 avenue Tony Garnier, Le Quatuor, Bâtiment 4C - 69007 Lyon - France
Kamikaze	Piotrowska 262/264, 90-361 Łódź - Pologne
MBO Comunicación	Calle Orense n°16, Madrid - Espagne
Rokivo Inc	333 Bush Street, suite 2020, San Francisco, CA 94104 - États-Unis
Rokivo Srl	41 Via Giolitti, 10123 Turin - Italie
ShopperMind	10, rue Blanqui - 93406 Saint-Ouen CEDEX - France
Simone	40, rue Sainte-Anne - 75002 Paris - France
Stylum	17 Via Giuseppe Balzaretto, 20133 Milan - Italie
Sumis BV	Amsterdamseweg 206, 1182 HL Amstelveen, Postbus 905, 1180AX Amstelveen - Pays-Bas
Sumis Logistics BV	Stephensonstraat 39, 2723 RM Zoetermeer - Pays-Bas
Sumis Print Management BV	Amsterdamseweg 206, 1182 HL Amstelveen Postbus 905, 1180AX Amstelveen - Pays-Bas
TMAI	N°306, 3F, Hyundai Liberty House, Hannam-dong, Yongsan-gu, Séoul - Corée du Sud
Wetail	1, rue Rembrandt - 75008 Paris - France

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

Companies	31/12/17		31/12/16	Consolidation method
	% holding	% of control	% holding	
Actipaper	100.00	100.00	100.00	Full consolidation
Actstar	82.97	100.00	82.97	Full consolidation
Acyba	86.17	100.00		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	100.00	Full consolidation
Altavia Asia	100.00	100.00	100.00	Full consolidation
Altavia Baltics	95.00	95.00	95.00	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 Dekation	55.00	55.00	55.00	Full consolidation
Altavia Deutschland	95.00	95.00	95.00	Full consolidation
Altavia Europe	100.00	100.00	100.00	Full consolidation
Altavia Fiber Value	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	100.00	Full consolidation
Altavia Hrvatska	100.00	100.00		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	95.50	95.50	98.49	Full consolidation
Altavia Iletisim	100.00	100.00	95.00	Full consolidation
Altavia Inc.	100.00	100.00		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 Middle East	100.00	100.00		Full consolidation
Altavia Morocco	99.88	99.88	94.88	Full consolidation
Altavia Newco	100.00	100.00		Full consolidation
Altavia Newco2	100.00	100.00		Full consolidation
Altavia Nantes	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 Aura	88.50	88.50	100.00	Full consolidation
Altavia Swiss	100.00	100.00	100.00	Full consolidation
Altavia Trading	100.00	100.00	100.00	Full consolidation
Altavia Ukraina	98.00	99.99	98.00	Full consolidation
Atelier Benneton	60.00	100.00		Full consolidation
Au Numéro 6	95.00	95.00	95.00	Full consolidation
Blackwood Digital	60.00	60.00	60.00	Full consolidation
Capital Innovation	71.39	71.39	71.39	Full consolidation
CloudRaker Inc.	51.04	100.00		Full consolidation
Communication Altavia Canada Inc.	51.04	51.04	100.00	Full consolidation
Communication Altavia Prodigy Canada Inc.	51.04	100.00	70.00	Full consolidation
Crazy Ones	86.17	100.00		Full consolidation
DISKO SAS	65.83	65.83		Full consolidation
DISKO SRL	65.83	100.00		Full consolidation
FEL Concepts BV	75.50	75.50		Full consolidation
HRG Group	64.00	64.00	64.00	Full consolidation
HRG UK	64.00	100.00	64.00	Full consolidation
IMS Groupe	95.00	95.00	100.00	Full consolidation
Insitaction	70.00	70.00		Full consolidation
JetPulp	86.17	100.00		Full consolidation
Kamikaze	52.25	55.00		Full consolidation
MBO Comunicacion	96.87	99.88	98.37	Full consolidation
Rokivo Inc.	48.00	100.00	48.00	Full consolidation
Rokivo Srl	48.00	100.00	48.00	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	48.00	Full consolidation
Sumis BV	100.00	100.00		Full consolidation
Sumis Logisitcs BV	100.00	100.00		Full consolidation
Sumis Print Management BV	100.00	100.00		Full consolidation
TMAI	76.00	76.00	76.00	Full consolidation
Wetail	100.00	100.00	100.00	Full consolidation

1.2.3 Changes in the consolidation scope

The consolidation scope has been modified on account of

- Creation of Altavia Inc., 100% owned by Altavia SA
- Creation of Altavia Middle East, 100% owned by Altavia International
- Creation of Altavia Newco
- Creation of Altavia Newco2
- Acquisition of CloudRaker Inc., 100% owned by Communication Altavia Canada Inc.
- Acquisition of Insitaction, 70% owned by Altavia France
- Acquisition of Sumis, itself owner of three subsidiaries: Sumis Print Management BV (100% owned), Sumis Logistics BV (100% owned) and FEL Concepts BV (75.5% owned), 100% owned by Altavia Europe
- Acquisition of DISKO, itself owner of 100% of DISKO Srl, 65.83% owned by Altavia SA
- Acquisition of Jetpulp, itself owner of Acyba and Crazy Ones, by Altavia Aura for 97.3%
- Acquisition of Kamikaze, by Altavia Polska for 55%
- Creation of Atelier Benneton
- Disposal of 5% of the shares in IMS by Altavia France

1.2.4 Non-consolidated companies

Altavia has a 7.83% holding in Stimshop, owned by Altavia Coach, and a 15.38% holding in Ubiq Toolbox, owned by Altavia Coach. Sumis also holds a 5.2% stake in Peecho.

1.2.5 Treatment of goodwill

ANC (Autorité des Normes Comptables or French Accounting Standards Authority) regulations nos. 2015-06 and 2015-07 transpose the European Accounting Directive into French regulations. In application of these texts, the Group carried out an analysis of the goodwill existing at 1 January 2016 and considered that its useful life could be considered to be unlimited. The unlimited life of the Group's goodwill is due to the nature of the underlying assets, which represent know-how and market share. Since the Group omitted to take into account the provisions of the above-mentioned accounting regulations at the end of the 2016 financial year, a correction was recognised in the 2017 annual financial statements. The error correction consisted of reversing in the 2017 financial statements the share of the amortisation charges on the goodwill corresponding to the 2016 charge, by recognising exceptional income of €6,372,000, corresponding to the amortisation charge for goodwill incorrectly recognised at 31 December 2016.

Consequently, once this correction was taken into account, the Group stopped amortising this goodwill with effect from 1 January 2016 and now carries out an annual impairment test.

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.

Furthermore, 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 financial year. The difference is entered under the item 'exchange differential'. Profit and loss account items are converted at the average rate for the financial year.

The rates used on 31 December 2017 and on 31 December 2016 are expressed in currency units per €1:

Closing rate

Country	Currency	31/12/17	31/12/16
Canada	Canadian Dollar	1.50	1.42
South Korea	Korean Won	1,279.61	1,269.36
Croatia	Croatian Kuna	7.44	
United Arab Emirates	Emirati Dirham	4.41	
United States	US Dollar	1.20	1.05
Hong Kong	Hong Kong dollar	9.37	8.18
Hungary	Forint	310.33	309.83
Japan	Japanese Yen	135.01	123.40
Morocco	Moroccan Dirham	11.22	
Poland	Polish zloty	4.18	4.41
People's Republic of China	Yuan	7.80	7.32
Czech Republic	Czech koruna	25.54	27.02
Romania	New Romanian leu	4.66	4.54
United Kingdom	Pound sterling	0.89	0.86
Russia	Ruble	69.39	64.30
Switzerland	Swiss franc	1.17	1.07
Turkey	Turkish lira	4.55	3.71
Ukraine	Hryvnia	33.74	28.61

Average rate

Country	Currency	31/12/17	31/12/16
Canada	Canadian Dollar	1.46	1.47
South Korea	Korean Won	1,275.83	1,287.10
Croatia	Croatian Kuna	7.46	
United Arab Emirates	Emirati Dirham	4.17	
United States	US Dollar	1.13	1.11
Hong Kong	Hong Kong dollar	8.80	8.61
Hungary	Forint	309.27	311.70
Japan	Japanese Yen	126.65	120.62
Morocco	Moroccan Dirham	10.95	
Poland	Polish zloty	4.26	4.36
People's Republic of China	Yuan	7.63	7.35
Czech Republic	Czech koruna	26.33	27.03
Romania	New Romanian leu	4.57	4.49
United Kingdom	Pound sterling	0.88	0.81
Russia	Ruble	65.89	74.65
Switzerland	Swiss franc	1.11	1.09
Turkey	Turkish lira	4.12	3.32
Ukraine	Hryvnia	30.04	28.28

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 financial years.

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

The tax rate used at 31 December 2017 was 33.33% (33.33% in 2016) for the 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 for which payment is scheduled between 01/01/2018 and 31/12/2019 are valued at the rate of 33.33% and at 25% for those for which the date is beyond 31/12/2019.

1.2.8 Treatment of Group internal operations

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

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

Internal sales of fixed assets transferred from one Group company to another have not been eliminated due to the absence of a capital gain on disposal and their low 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

At 31 December 2017, a change of method was applied to the depreciation of goodwill, as explained in paragraph 1.2.5; a change of method also applies following the application of the ANC 2015.05 standard.

The Altavia Group applied ANC 2015.05 regulation in the consolidated financial statements at 31/12/2017. This change of accounting standard is reflected in the recognition of exchange gains and losses related to trade receivables and payables in the operating net income. The recognition of exchange gains and losses related to loans and borrowings in foreign currencies in the financial net income and the recognition of unrealised exchange gains and losses resulting from revaluation at the year-end in the income statement.

Intragroup loans and borrowings in foreign currencies are centralised within Altavia Europe and Altavia International. These operations are the subject of foreign currency hedging by means of currency swaps negotiated with banks. Under the terms of the ANC 2015.05 regulation, these positions must be netted on the balance sheet and the premium/discount points are spread over the term of the swap. These operations appear in the off-balance-sheet commitments.

Altavia Europe and Altavia International may also negotiate derivative foreign currency products intended to gauge the risks arising from the Altavia Group's subsidiaries' activities. At 31 December 2017, there were no unwound foreign currency derivatives hedging the commercial activities.

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 to 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
- Installations, equipment and tooling	2 to 5 years

Some fixed assets are covered 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 was depreciated over its economic life for the Group. The debt is amortised over the term 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 which the company plans and is capable of completing. Capitalisation of these costs is justified insofar as these projects provide future economic benefits.

The accounting depreciation term used is based on the estimated 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.

Stocks 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 recognised 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

Conversion adjustments

Unrealised exchange gains or losses resulting from transaction 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%. Discounting and growth rates of salaries used to calculate commitments are 1.57 % and 1.55% respectively at 31 December 2017 and were 1.68% and 1.55% respectively at 31 December 2016. 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 contingencies and expenses

Provisions for contingencies and expenses are recognised when their purpose has been clearly specified at the end of the financial year or before the financial statements were drawn up.

Tax consolidation

A tax consolidation agreement includes Altavia SA, Altavia Coach, Altavia Europe, Altavia France, Altavia Paris, Altavia Lille, Altavia Nantes, Wetail, Agence Cosmic, Altavia CEI, Actipaper, Shoppermind, Au Numéro 6, Altavia International, IMS Groupe, Altavia Newco, Altavia Newco2 and Altavia Fiber Value.

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 financial year, as the margin is established only upon delivery of the operation.

Services billed on the basis of fixed fees are recorded monthly. For our subsidiaries whose activities are related to the digital economy, the services provided are recognised in accordance with the contract progress method.

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	31/12/17	31/12/16
Gross value at 1 January	68,283	66,057
New goodwill for the financial year (1)	21,952	2,226
Disposals for financial year	273	
Gross value at close	89,962	68,283
Goodwill amortisation at 1st January	49,581	42,830
Charges for the financial year		6,751
Correction of amortisation in N-1	6,372	
Disposals for financial year	121	
Goodwill amortisation	43,088	49,581
Net goodwill value at end of period	46,874	18,702

No indication of a loss of value liable to affect the value of the goodwill has been identified.

(1) In 2017, the new goodwill related to the takeovers of CloudRaker Inc., Insitaction, Sumis, DISKO, Jetpulp and Kamikaze.

In 2016, the new goodwill related to additional goodwill for a company taken over in 2014, the takeover of Stylum, and the takeover of Dekation.

3.2 Intangible assets

Gross value

In thousands of euros	Gross value at 31 Dec. 2016	Increases during the financial year	Reductions during the financial year	Variation in scope	Misc. movements	Gross value at 31 Dec. 2017
Incorporation expenses	5			4		9
Research and development expenses	913				360	1,273
Concessions, patents, and licences	4,088	315	101	3,581	-31	7,852
Business goodwill	316					316
Other intangible assets	540	33	109	617	-375	706
Work in progress						
TOTAL	5,862	348	210	4,202	-46	10,156

Depreciation and provisions

In thousands of euros	Amortization and provisions at 31 Dec. 2016	Provisions for financial year	Reductions during the financial year	Variation in scope	Misc. movements	Amortization and provisions at 31 Dec. 2017
Incorporation expenses	5	1		1		7
Research and development expenses	890	83			93	1,066
Concessions, patents, and licences	3,570	761	101	2,438	-25	6,643
Business goodwill	293					293
Other intangible assets	233	5	99		-104	35
TOTAL	4,991	850	200	2,439	-36	8,044

3.3 Tangible fixed assets

Gross value

In thousands of euros	Gross value at 31 Dec. 2016	Increases during the financial year	Diminutions during the financial year	Variation in scope	Misc. movements	Gross value at 31 Dec. 2017
Buildings	2,205	14		719	-76	2,862
Other tangible fixed assets	18,464	2,281	1,053	1,999	247	21,938
Tangible fixed assets in progress	368	48		10	-378	48
Advances and deposits on fixed assets		18				18
Own fixed assets	21,037	2,361	1,053	2,728	-207	24,866
Other leased tangible fixed assets	273	24	13	24	2	310
Leased tangible fixed assets	273	24	13	24	2	310
TOTAL	21,310	2,385	1,066	2,752	-205	25,176

Depreciation and provisions

In thousands of euros	Amortization and provisions at 31 Dec. 2016	Provisions for financial year	Reductions during the financial year	Variation in scope	Misc. movements	Amortization and provisions at 31 Dec. 2017
Buildings	434	176		405	-15	1,000
Other tangible fixed assets	12,625	1,998	1,013	1,233	-24	14,819
Own fixed assets	13,059	2,174	1,013	1,638	-39	15,819
Other leased tangible fixed assets	224	41	10	14	-57	212
Leased tangible fixed assets	224	41	10	14	-57	212
TOTAL	13,283	2,215	1,023	1,652	-96	16,031

3.4 Long-term financial assets

Gross values

In thousands of euros	Gross value at 31 Dec. 2016	Increases during the financial year	Reductions during the financial year	Variations in scope	Misc. movements	Gross value at 31 Dec. 2017
Other long-term securities	342			150		492
Loans	405	80	409	14		90
Other long-term investments	1,243	164	96	149	1	1,461
TOTAL	1,990	244	505	313	1	2,043

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

Depreciation and provisions

In thousands of euros	Amortization and provisions at 31 Dec. 2016	Provisions for financial year	Reductions during the financial year	Movements during the financial year	Misc. movements	Amortization and provisions at 31 Dec. 2017
Loans						
Other long-term investments						
TOTAL						

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	90			90
Other long-term investments		1,484		1,484

3.5 Holdings consolidated by the equity method

In thousands of euros	31/12/17	31/12/16
Net value at 1 January	210	800
Share capital movements		-600
Distribution of dividends	-26	-24
Net income for the year	34	34
TOTAL	218	210

3.6 Stocks and work in progress

In thousands of euros	Gross value at 31 Dec. 2017	Depreciation at 31 Dec. 2017	Net value at 31 Dec. 2017	Net value at 31 Dec. 2016
Raw materials and supplies	2,559	480	2,079	1,689
In progress	21,764		21,764	22,350
Finished goods	1,402		1,402	1,452
Goods for resale	44	12	32	56
Stocks in transit	390		390	
TOTAL	26,159	492	25,667	25,547

3.7 Trade receivables and related accounts

In thousands of euros	31/12/17	31/12/16	Change
Gross value	154,732	141,247	13,485
Provisions	2,604	3,561	-957
Net value	152,128	137,686	14,442

The 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. 2017	Depreciation at 31 Dec. 2017	Net value at 31 Dec. 2017	Net value at 31 Dec. 2016
Advances and deposits	1,076		1,076	688
Other receivables	20,778		20,778	17,280
Prepayments and deferred charges	2,329		2,329	2,130
Deferred tax credits (see note 4-8)	1,411		1,411	1,589
TOTAL	25,594		25,594	21,687

The various debtors have due dates within one year.

3.9 Marketable securities

In thousands of euros	Gross value at 31 Dec. 2017	Depreciation at 31 Dec. 2017	Net value at 31 Dec. 2017	Net value at 31 Dec. 2016
Own shares	5,795		5,795	9,727
Marketable securities	5,420		5,420	9,232
TOTAL	11,215		11,215	18,959

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 position at 31/12/2015 after appropriation of the net income	3,846	2,446	38,958	45,250	2,532	47,782
Capital movements						
Scope changes (1)					-198	-198
Distribution of dividends			-2,700	-2,700	-1,023	-3,723
Change in translation differences			-590	-590	-173	-763
Net income at 31/12/2016			4,728	4,728	1,243	5,971
Net position at 31/12/2016 after appropriation of the net income	3,846	2,446	40,396	46,688	2,381	49,069
Capital movements						
Scope changes (2)					1,458	1,458
Distribution of dividends			-3,600	-3,600	-1,426	-5,026
Change in exchange gains			-207	-207	-18	-225
Net income at 31/12/2017			19,814	19,814	1,551	21,365
Net position at 31/12/2017 after appropriation of the net income	3,846	2,446	56,403	62,695	3,946	66,641

(1) The scope changes correspond to the minority interests in the Asian companies and, to a lesser extent, companies within the Europe scope.

(2) The scope changes correspond essentially to minority interests in the companies acquired during the year, Insitaction, Jetpulp, DISKO and Kamikaze.

The General Meeting on 20 May 2010 authorised the Board of Directors to grant, in one or more instalments, 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 registered capital. Options may be granted to executives (such as those defined by Article L.225-185(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 the capital or voting rights are held directly or indirectly by Altavia.

Stock subscription options granted during financial 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 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 postponed by GM to 16/06/2017	€72.34
20/05/2010	17/03/2011	8,179	01/05/2015	01/07/2015 postponed by GM 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 GM to 19/11/2017	€72.34
20/05/2010	22/09/2011	2,115	01/11/2015	01/01/2016 postponed by GM 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 GM to 28/12/2018	€74.72
20/05/2010	20/09/2012	15,858	01/11/2016	01/01/2017 postponed by GM to 01/01/2019	€74.72
20/05/2010	04/02/2013	5,621	01/05/2017	01/07/2017 postponed by GM 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 GM to 20/12/2019	€74.87
20/05/2010	17/07/2013	9,175	01/11/2017	01/01/2018 postponed by GM to 01/01/2020	€74.87

The period during which the options could be exercised was initially six months, for 4 years after their allocation. The extraordinary General Meeting of 20 November 2014 increased this period to 2 years and 6 months, still for 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	31/12/17	31/12/16
Provisions for contingencies	486	1,230
Provisions for expenses (including retirement gratuity payments)	6,046	5,225
Sub-total of provisions for contingencies and expenses	6,532	6,455
Deferred tax credits (see note 4-8)		
TOTAL	6,532	6,455

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. 2017
Provisions for liabilities	1,230	496	1,240			486
Provision for expenses (including retirement gratuity payments)	5,225	903	248	168	-2	6,046
TOTAL	6,455	1,399	1,488	168	-2	6,532

Provisions for contingencies mainly pertain to commercial and employee litigation. The provisions for expenses are mostly related to provisions for retirement gratuity payments. For the France scope, retirement gratuity commitments of an amount of €4,462K, compared with €3,798K at the end of December 2016, were recognised by the spreading over a term of nine years of the share of the change in actuarial variations exceeding 10% of the commitment.

3.12 Loans and financial debts

In thousands of euros	31/12/17	31/12/16
Borrowings from credit institutions	28,113	24,009
Other financial debts	1,934	164
Bank overdrafts	5,027	3,203
Accrued interest not due on loans	44	51
TOTAL	35,118	27,427

The Altavia Group has a confirmed line of credit of up to €135 million, signed on 7 January 2015. In 2015, the Group took out a new amortisable loan of €5 million.

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
Borrowings from credit institutions	18,261	9,337	514	28,112
Other financial debts	1,934			1,934
Bank overdrafts	5,027			5,027
Accrued interest not due on loans	44			44
TOTAL	25,266	9,337	514	35,117

3.13 Other liabilities and accrual accounts (liabilities)

In thousands of euros	31/12/17	31/12/16
Tax and payroll-related payables	33,817	27,288
Miscellaneous debts	10,863	7,176
Other deferred revenue	26,228	24,218
TOTAL	70,908	58,682

All debts are due in less than one year.

3.14 Off-balance sheet commitments (above €50,000)

In thousands of euros	TOTAL	< 1 year	Due dates 1-5 years	> 5 years
Off-Balance-Sheet Commitments Given				
Comfort letters	211	211		
Bank guarantees	1,197	246	103	848
Lease security deposits	131			131
Price additions	1,870	1,670	200	
Loan contract	1,000		1,000	
Mortgages/Pledges	1,636			1,636
TOTAL	6,045	2,127	1,303	2,615
Off-Balance Sheet Commitments Received				
GAP	18,604	1,100	17,504	
Lease security deposits	131			131
Loan guarantees	1,000		1,000	
TOTAL	19,735	1,100	18,504	131

Pledges: Commitment by Altavia SA vis-à-vis BNP Paribas: Pledge of Financial Securities Account covering 60% of the shares comprising the capital of Altavia France (or 10,292 shares) and 60% of the shares in Altavia Europe (or 3,356,957 shares), or 51% of the shares if the authorised maximum outstanding balance is less than €20 million, with effect from 07/01/2015 in respect of a Refinancing Loan of €20 million, of a Renewable Credit 1 of €75 million and a Renewable Credit 2 of €20 million.

Share purchase promises granted by the companies Altavia SA, Altavia France, Altavia Europe and Altavia International in favour of the minority shareholders in accordance with predefined terms.

Share sale promises granted by the minority shareholders in favour of the companies Altavia SA, Altavia France, Altavia Europe and Altavia International in accordance with predefined terms.

Taking of a stake by Altavia Coach in Ubiq ToolBox: Conversion option over 200,000 convertible bonds into shares of one Euro, from 1 May 2018 until 31 July 2018.

4. Notes on the consolidated income statement

4.1 Breakdown of turnover by geographic region

	31/12/17		31/12/16	
	In thousands of euros	as a percentage	In thousands of euros	as a percentage
Sales in France	394,063	53%	374,943	54%
EU country sales	278,253	38%	261,717	37%
Sales outside the EU	66,309	9%	62,395	9%
TOTAL	738,625	100%	699,056	100%

4.2 Other operating income

In thousands of euros	31/12/17	31/12/16
Inventoried production	-684	1,563
Capitalised production	22	
Operating subsidies	390	20
Reversals of operating provisions	2,937	2,470
Transfers of operating expenses	1,275	414
Other operating income	2,073	1,225
TOTAL	6,013	5,692

4.3 Payroll expenses and headcount

In thousands of euros	31/12/17	31/12/16
Employee remuneration	64,504	55,529
Payroll taxes	20,113	17,961
TOTAL	84,617	73,490

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

Staff size of fully consolidated companies

	31/12/17	31/12/16
France	811	635
ABROAD (outside China)	667	513
CHINA	180	191
GRAND TOTAL	1,658	1,339

4.4 Operating depreciation and provisions

In thousands of euros	31/12/17	31/12/16
Allocations to depreciation of tangible fixed assets	850	587
Allocations to depreciation of own fixed assets	2,174	1,775
Allocations to depreciation of leased tangible fixed assets	41	32
Allocations and reversals of provisions on inventories	-66	-128
Allocations and reversals of provisions on receivables	-957	338
Allocations and reversals of provisions for contingencies and operating expenses	-106	-280
TOTAL	1,936	2,324
of which total allocations	4,873	4,794
of which total reversals (note 4.2)	2,937	2,470

4.5 Financial expenses and income

In thousands of euros	31/12/17	31/12/16
Exchange gains and losses	-246	-197
Allocations and reversals of financial provisions	6	
Financial interest and expenses	-603	-489
Other financial income	189	97
Income from disposal of investment securities	9	1
TOTAL	-645	-588

The change of accounting standards described in 2.1 is reflected in the recognition of exchange gains and losses related to trade receivables and payables in the operating net income for €246K and in the recognition of exchange gains and losses related to financing operations in the financial net income for €231K.

4.6 Non-recurring expenses and income

In thousands of euros	31/12/17	31/12/16
Non-recurring income and expenses on capital operations	2,336	2,723
Allocations and reversals of extraordinary provisions	99	-195
Correction of amortisation in N-1	6,372	
Extraordinary income and expenses on management operations	-1	82
TOTAL	8,806	2,610

4.7 Income tax

In thousands of euros	31/12/17	31/12/16
Taxes payable on profits	6,014	4,945
Deferred taxes	334	873
TOTAL	6,348	5,818

At 31 December 2017, we applied the effective tax rate method, based on a projection of the rate of tax on the results of the end of December 2017 determined based on the most recent estimates for each subsidiary.

With effect from 2017, the tax credits directly related to an operating expense have been classified as operational. These are mainly tax credits for research, innovation or related to a donation.

4.8 Proof of tax charge

In thousands of euros	31/12/17
Net earnings of the consolidated entity	21,365
Reversal of N-1 charge to amortisation of goodwill	-6,372
Share of earnings from companies accounted for under the equity method	34
Corporate income tax	6,348
Theoretical tax base	21,307
Tax rate applicable to the consolidating company	33,33
Theoretical tax	7,102
Impacts of permanent differences	-229
Tax credits and other corporate tax elements	-406
Differences due to tax rates	-526
Deferred taxes not recorded on losses	407
Recognised tax	6,348

5. Fees of the statutory auditors

in €K	Statutory audit, certification, examination of individual and consolidated accounts	Audit	Audit sub-total	Other services			Grand Total
				Legal, tax, social	Other	Other sub-total	
Altavia SA							
End of dec. 2017	83	29	113				113
Deloitte	60	29	90				90
Angeli	27		27				27
Deloitte Grèce	-4		-4				-4
End of dec. 2016	95	29	124				124
Deloitte	68	29	97				97
Angeli	27		27				27
Subsidiaries							
End of dec. 2017	285		285	21	13	34	319
Deloitte	279		279	21	13	34	313
Eura Audit Revisa	6		6				6
End of dec. 2016	285	4	289	16	3	18	308
Deloitte	278	4	283	5	3	8	291
MacIntyre Hudson				11		11	11
Eura Audit Revisa	5		5				5
Horizon (HK)	1		1				1

BOARD OF DIRECTORS MANAGEMENT REPORT ON GROUP ACCOUNTS AT 31 DECEMBER 2017

During 2017, Altavia SA continued to develop the Altavia Group and the synergies among its various subsidiaries, whose results were satisfactory.

Your Board of Directors met seven times during the year and specifically discussed projects for acquiring and creating new companies. Furthermore, as agreed, we continued to grow externally with the completion of six acquisitions: CloudRaker in Canada, Sumis in the Netherlands, Kamikaze in Poland, DISKO, Jetpulp and Insitaction in France.

Management report

I. Altavia Group's business in 2017

Earnings and financial situation

1. Earnings

Consolidated sales revenues amounted to €738.2 million in 2017, up by 5.6% in comparison with 2016. The consolidated gross revenues (principal indicator of the Group's activity level that comprises, on the one hand, sales revenues less external purchases directly related to the projects completed, and income from financial discounts on the other hand) amounted to €140.3 million in 2017, compared with €124.5 million in 2016, up by 12.7% mainly due to external growth, with the takeover of six companies during 2017, as specified in the preamble.

Operating earnings amounted to €19.5 million in 2017, an increase of 18.4% in comparison with 2016, when it amounted to €16.5 million. Operating earnings as a percentage of Gross Revenues was also up from 13.2% in 2016 to 13.9% in 2017.

In 2017, financial earnings was fairly stable at -€645,000, compared with -€588,000 in 2016, thanks to limited recourse to bank financing for acquisitions and a relatively low average financing interest rate.

Extraordinary earnings mainly shows the impact of two items. The first originates from the capital gain engendered by the sale of Altavia treasury shares. The second, which alone represents almost €6.4 million, originates from an error correction as specified in part 1.2.5 of the notes to the consolidated financial statements. This extraordinary income represents the charge to the amortisation of goodwill incorrectly recognised at 31 December 2016.

In 2017, in accordance with accounting regulations, loss of value tests were carried out on goodwill and did not reveal any loss of value.

Due to strong operating earnings growth, but also due to high extraordinary earnings and the lack of any charge to goodwill amortisation, Net earnings, Group share, for 2017 amounted to €19.8 million, compared with approximately €5 million in 2016.

2. Financial situation

At 31 December 2017, total consolidated shareholders' equity amounted to €66.6 million, compared with €49.1 million at 31 December 2016. Shareholders' equity, Group share, amounted to €62.7 million, compared with €46.7 million at 31 December 2016. This sharp variance is explained by the positive net income contribution for the year detailed above.

Gross financial debt increased to €35.1 million at the end of 2017, compared with €27.4 million at the end of 2016, following the partial financing of external growth operations by drawdowns on the credit line put in place in 2015. The group's gross indebtedness ratio (gross loans and financial debts as a proportion of consolidated shareholders' equity) amounted to 53% at 31 December 2017.

Consolidated available cash and cash equivalents of the Altavia group at the end of 2017 (excluding treasury shares) is slightly higher than at the end of 2016, and amounted to €47.8 million, due in particular to the proceeds of the sale of Altavia treasury shares.

In total, net cash and cash equivalents (investments and cash, excluding treasury shares, less gross loans and financial debts) at 31 December 2017 fell slightly to €12.7 million, compared with €16.7 million at 31 December 2016, impacted particularly by the acquisitions during the year.

Post balance sheet events

We wish to inform you that, as part of the periodic obligations set out in the provisions of Article L.225-129-6 of the French Commercial Code, there is an obligation on the Company to submit to the Extraordinary General Meeting a draft resolution for the completion of a capital increase reserved for employees in accordance with the conditions set out in Articles L.3332-18 et seq of the French Employment Code, involving the elimination of your preferential subscription right. The General Meeting is free to approve or reject this resolution.

This resolution would take the form of an authorisation to be given to the Board of Directors to increase the capital within the limit of a maximum amount of €38,464.11 (1% of share capital) in one or more stages, by issuing new shares intended to be subscribed exclusively by the employees who subscribe to a company savings plan liable to be put in place concerning the company's shares in accordance with the conditions set out in Articles L.3332-18 et seq of the French Employment Code. You should note that this decision would require the elimination of your preferential subscription right in favour of the subscriber employees.

The authorisation given to the Board of Directors would be granted for a period of 24 months effective as of this General Meeting.

At the same time, you would be requested to empower the Board of Directors to implement this authorisation, and in particular to fix its terms and conditions, determine the subscription price and put in place a company savings plan in accordance with the provisions of Article L.3332-20 of the French Employment Code.

This information was made available to you in a report by the Company's statutory auditor, prepared in accordance with the provisions of Article L. 225-135 of the French Commercial Code, concerning this capital increase.

This draft resolution is presented to you in order to comply with the law but, given that we consider this capital increase inappropriate for our situation, we invite you to reject this draft resolution.

Since the shareholders' equity of the Blackwood company has fallen to less than one half of the share capital, the company plans to restructure, following a decision of the minority shareholders to dispose of the entirety of their holding in Altavia France at the price of 1 euro. The company subsequently wishes to proceed with a capital increase via a cash payment by set-off against the current account of Altavia France followed by a capital reduction, justified by the losses in accordance with the conditions stipulated below.

Following these operations, the shareholders' equity of the company will be reconstituted.

A new company was created on 22 February 2018 in Kazakhstan, Altavia Turan, a Limited Liability Partnership with share capital of 29,186,130 tenge, of which Altavia CEI is the owner of 100% of the shares.

II. Future prospects

Five of the six companies acquired in 2017 are digital agencies. The Group intends to continue to build out its Marketing Services and Digital Expertise for the benefit of its "Retail" customers.

Integrating these companies into the Group in 2018 will produce commercial synergies in particular, but also will create a multichannel sales activation offer.

Altavia will develop its newly created subsidiaries, particularly in Africa (Morocco and Dubai) and will continue to enlarge its geographical footprint.

Lastly, Altavia intends to profit from its healthy financial situation and its credit line put in place in 2015 to continue with targeted external growth operations in a certain number of countries and in certain businesses it wishes to reinforce.

III. Financial and legal information about Altavia – holding company

1. Altavia operations

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

Its turnover, consisting mainly of income from services and rebilling of real estate rents, amounted to €13,067,639.32, compared with €13,399,997.41 in 2016. Other income amounted to €312.01, compared with €423.22 in 2016. After accounting for €12,699,171.63 in operating expenses, operating earnings for 2017 amounted to €702,805.32, compared with [€126,862.51] in 2016.

Financial earnings in 2017 amounted to €6,632,037.32, compared with €8,735,488.27 in 2016.

Earnings before taxes and extraordinary items amounted to €7,140,727.62 in 2017, compared with €8,537,913.89 for the 2016 financial year.

Extraordinary earnings in 2017 amounted to €1,857,766.51, compared with [€19,821.20] in 2016.

In 2017, Altavia SA's tax charge amounted to €345,417.00. In 2016, the tax charge was negative and amounted to [€686,599.00].

Net earnings for fiscal year 2017 amounted to €8,653,077.13, compared with €9,204,691.69 in 2016.

At 31 December 2017, all the French companies in the Altavia Group, apart from Altavia Optitrans, Capital Innovation, Altavia Pallas, Insitaction, DISKO, Altavia Aura, Atelier Benneton, Blackwood Digital, Simone, Stimshop and Ubiq Toolbox were more than 95%-held, directly or indirectly, by Altavia SA and are therefore part of its tax consolidation scope.

Mr Vincent Danjoux and the company Edmond de Rothschild Investment Partners (EDRIP) represented by Mr Pierre-Yves Poirier, were re-appointed in their capacities as members of the Audit, Financial Statements and Investments Committee for a term of three financial years expiring at the meeting of the Board of Directors called to approve the financial statements for the 2020 financial year and which will take place in 2021.

The company Edmond de Rothschild Investment Partners (EDRIP) represented by Mr Pierre-Michel Passy was re-appointed as a member of the Appointments and Remuneration Committee, for a term of three financial years expiring at the Board of Directors meeting called to approve the financial statements for the 2020 financial year and which will take place in 2021.

2. Earnings - Allocation

In euros	2017	2016	Variation%
Turnover excluding tax	13,067,369	13,399,997	-2.48
Other income	312	423	-26.28
Operating income	13,401,977	13,465,170	-0.47
Operating expenses	12,699,172	13,592,033	-6.57
Of which, salaries and payroll taxes	5,545,491	5,044,402	9.9
Operating earnings	702,805	-126,863	ns
Joint ventures	194,115	-70,712	174.51
Financial earnings	6,632,037	8,735,488	-24.08
Earnings before taxes and extraordinary items	7,140,728	8,537,914	-16.36
Extraordinary earnings	1,857,767	-19,821	ns
Earnings before taxes	8,998,494	8,518,093	5.63
Taxes	345,417	-686,599	-150.31
Earnings after taxes	8,653,077	9,204,692	-5.99

We hereby request that you approve the following allocations:

Allocation of 2017 earnings

After a discussion and exchanges of views, the Board decided to propose at the next General Meeting of shareholders the following allocation of earnings for the financial year, namely the sum of €8,653,077.13:

a. Amounts to be allocated

Retained Earnings	€35,219,583.38*
*(including dividends for the 2016 financial year attached to treasury shares for €400,024.56)	
Earnings for the 2017 financial year	€8,653,077.13
Total to be allocated	€43,872,660.51

b. Allocations

Dividends	€4,000,267.44
to a special reserve account in accordance with Article 238bis AB of the General Tax Code	€46,582.00
to Retained Earnings	€39,825,811.07

The dividends attached to the 69,176 treasury shares amounting to €215,829.12 will be credited to Retained Earnings, increasing it from €39,825,811.07 to €40,041,640.19.

The gross dividend of €4,000,267.44 to be distributed for the financial 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 called to approve the financial statements for the 2017 financial year.

In accordance with the modifications to the tax and social security regime for dividends adopted in the 2018 Finance Law and the 2018 law for the financing of the social security system, dividends received by natural persons (with the exception of those received within the framework of any company share savings scheme) are subject to the following rules since 1 January 2018:

- mandatory social security contributions totaling 17.2% are withheld when the dividends are paid.
- dividends are subject to a mandatory 12.8% withholding tax, which does not discharge any income tax liability. This non-discharging fixed deduction (NDFD) is deductible from the income tax itself calculated at the flat tax rate of 12.8% or, where the taxpayer opts for all of his/her earnings and profits to be taxed at the fixed rate, from the tax at the sliding scale rate after the 40% deduction.

In this latter case, the (NDFD) effected constitutes an advance payment of income tax, deductible from the income for the following year in respect of the year during which it was made. This education at source is refundable in the event of any overcharge.

You are reminded that, in accordance with the provisions of Article 242 quater of the General Tax Code, there is a dispensation from this non-discharging fixed deduction for natural person shareholders who sent to the Company, before 30 November 2017, a sworn statement confirming that their reference taxable income for 2016 was less than €50,000 (for single people) and €75,000 (for those subject to joint taxation).

The Company will make the obligatory deductions 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 company share savings scheme to inform the Company and provide any necessary supporting documents eight days prior to the dividend payment and no later than 16 May 2018, in order to benefit from the exemption from the above-mentioned deductions at source.

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

Table of dividends

Financial years of distribution decisions	Total of the sums distributed (in euros)	Number of shares concerned	Dividend per share (in euros)	Income distributed per share	
				Eligible for the 40% deduction mentioned in 2° of 3 of Article 158 of the General Tax Code	Not eligible for the 40% deduction mentioned in 2° of 3 of Article 158 of the General Tax Code
2015	3,000,200.58	1,282,137 shares	2.34		
2016	3,000,200.58	1,282,137 shares	2.34		
2017	4,000,267.44	1,282,137 shares	3.12	3.12	

3. Registered capital and share ownership

The breakdown of share capital and ownership structure were slightly modified during the 2017 financial year.

Altavia disposed of 59,037 treasury shares to the company Viateam.

At 31 December 2017, the share capital amounted to €3,846,411, comprising 1,282,137 shares each with a par value of €3 and distributed as follows:

Mr Raphaël Palti:	42.17% of the capital
Firapa:	11.69% of the capital
Viateam:	9.63% of the capital
Whinch Capital 3:	9.57% of the capital
Mr Lorenzo Bertagnolio:	6.81% of the capital
BNP Paribas Développement:	6.37% of the capital
Other shareholders ⁽¹⁾ :	8.37% of the capital
Treasury shares:	5.39% of the capital

(1) These are mainly the other members of the Board of Directors of the company and certain employees or corporate officers of the Company or its subsidiaries.

At 31 December 2017, no other shareholders directly or indirectly held more than 5% of the registered capital or voting rights.

The Articles of Association provide for dual voting rights 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 temporarily waive their dual voting rights over all or part of their shares.

4. Stock options and treasury shares

A stock option plan, authorised by the Combined General Meeting of 20 May 2010 has been put in place. The General Meeting of 20 May 2010 authorised the Board of Directors to grant, at one or more times, over a period of 38 months, namely no later than 20 July 2013, stock options each giving the right to acquire one share in Altavia, within the limit of 10% of the share capital.

The options may be awarded to managers (as defined by Article L.225-185 paragraph 4 of the French Commercial Code) and employees on permanent employment contracts with Altavia as well as to employees only of Economic Interest Groups or companies of which at least 10% of the capital or voting rights is held directly or indirectly by Altavia.

In principle, the options may be exercised at on the expiry of a four-year period following the date of their award by the Board of Directors, subject to the option holders still working within the Group on that date, and no later than six months after the expiry of this four-year vesting period.

It is specified that the corporate officers of Altavia must keep at least 50% of the securities that they hold, after exercising the stock options awarded to them, and this until the end of their term of office.

The Board of Directors meetings awarded 50,519 share options in 2010. In 2011, the Board of Directors meetings awarded 29,313 share options. In 2012, the Board of Directors meetings awarded 16,996 share options. The Board of Directors meetings on 4 February, 20 June and 17 July 2013 awarded a total of 35,596 share options. At 31 December 2017, the number of expired share options amounts to 104,016.

On 20 November 2014, the Extraordinary General Meeting decided, without modifying the performance conditions, to extend by two years the period during which the share options authorised by the Extraordinary General Meeting of 20 May 2010 may be exercised.

Provided that the conditions set for this purpose are met, the options will give the right to acquire shares in Altavia during a period always starting from the expiry of a period of four years following the date of their award 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 prepared in accordance with law no. 2001-420 of 15 May 2001.

5. Employee shareholders

Apart from the above-mentioned stock option plan, the company has not put in place any mechanism for employee shareholding.

6. Summary of the 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, at 31 December 2017, the company holds 69,176 of its treasury shares, namely 5.39% of the capital.

Summary table:

	Number of shares acquired by the company during the 2017 financial year	Number of shares sold by the company during 2017	Number of shares registered in the name of the company at the end of the year 2017	Purchase price of the treasury shares at 31/12/17
2017	0	59,037	69,176	€5,385,109

8. Subsidiaries and equity investments

8.1 Equity investments and divestments during 2017 (direct and indirect)

In accordance with the deliberations of your Board of Directors and our development strategy, we have continued external growth operations within the Group. During the financial year, your company acquired equity stakes in, or control of, the following companies:

- In June 2017, Altavia acquired 65.83% of DISKO SAS with share capital of €30,000, registered at the Paris Registry of Trade and Companies under number 521 097 774. This company has a secondary establishment in Montpellier. Furthermore, it holds 100% of the Italian-law company Disko S.r.l, registered in Milan, Italy.
- Altavia NewCo, a simplified joint stock company 100% held by Altavia hitherto with no activity, modified its company name on 25 January 2017 to become "Altavia Fiber Value", transferred its registered office to 10, rue Blanqui in Saint-Ouen (93400) and modified its company purpose. The company now undertakes the purchase and sale of paper, printing paper and digital products and any derivative or similar products and all printing media in the particular capacity of buyer, wholesaler, retailer, broker or agent. The share capital of this company was increased to €200,000 on 31 January 2017.
- Altavia Newco, a simplified joint stock company with share capital of €10,000, registered at the Paris Registry of Trade and Companies under number 831 050 257, 100% held by Altavia, was created in March 2017.
- Altavia Newco 2, a simplified joint stock company with share capital of €1000, registered at the Paris Registry of Trade and Companies under number 834 221 871, 100% held by Altavia, was created in December 2017.
- Altavia France acquired 70% of the capital of Insitaction SAS, with share capital of €100,000, registered at the Lille Registry of Trade and Companies under number 479 571 085.
- On 28 August 2017, Altavia Auvergne-Rhône-Alpes, a subsidiary of Altavia France, became the holder of 97.30% of the shares of Jetpulp SAS, with share capital of €222,222, registered at the Lyon Registry of Trade and Companies under number 419 623 152. Following a securities contribution transaction, the founder of Jetpulp owns 11.5% of the capital of Altavia Auvergne-Rhône-Alpes. Jetpulp holds 100% of the share capital of Acyba SAS, with share capital of €120,000, registered at the Lyon Registry of Trade and Companies under number 509 636 684 and also holds 100% of the capital of Crazy Ones SARL, with share capital of €15,077, registered at the Lyon Registry of Training Companies under number 799 254 503.
- Altavia France sold 5% of the share capital of the company IMS Groupe to its manager.
- Altavia Inc., a US corporation (Delaware) with share capital of \$100,000, 100% held by Altavia, was incorporated in March 2017. This company has a secondary establishment in Texas.

- On 24 January 2017, Communication Altavia Canada Inc. acquired a majority holding in CloudRaker Inc., a company under Canadian law registered in Montréal.
- Altavia International sold 86,600 shares in Communication Altavia Canada Inc. to two minority shareholders, respectively 75,317 and 11,283 shares to each of them. Altavia International now holds 51.04% of the capital of Communication Altavia Inc.
- Altavia Middle East DMCC, a Free Trade Zone company, with share capital of AED 400,000, registered in Dubai, was incorporated in May 2017. The share capital of this company is 100% held by Altavia International.
- On 11 May 2017, Altavia Europe acquired 100% of Sumis BV, a Dutch-law limited liability company, with share capital of €18,000, registered at the Registry of Trade and Companies under number 24395777. This company itself holds 100% of the shares in Sumis Print Management BV, Sumis Logistics BV and 75.5% of FEL Concepts BV.
- In October 2017, the company Altavia Polska, a subsidiary of Altavia Europe, acquired 55% of the capital of Kamikaze z.o.o, a company under Polish law with share capital of PLN 10,000, registered at the National Judicial Registry under number KRS 0000326038.
- Altavia Hrvatska d.o.o., a company under Croatian law with share capital of HRK 370,000, registered in Zagreb at the Registry of Commerce under number 081118935, was incorporated in August 2017. 100% of the share capital of this company is held by Altavia Europe.
- Altavia Ibérica purchased 270 of its treasury shares from Altavia Europe to be awarded in tranches of 90 shares per year until 2018 to the manager of Altavia Ibérica.
- On 6 May 2017, the manager of Altavia lletisim sold the entirety of the shares (5%) she held in Altavia lletisim. It is recalled that this company is no longer operating.

8.2 Activities of the subsidiaries and equity interests:

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

a. In France:

The subsidiaries of Altavia France are: Altavia Paris, Altavia Nantes, Altavia Lille, Altavia Optitrans, Altavia Auvergne-Rhône-Alpes (formerly named Altavia Saint-Étienne), Altavia Pallas, Agence Cosmic, Au Numéro 6, Blackwood Digital (in the process of changing its business name to become Altavia Nativ), IMS Groupe, Insitaction.

Altavia Auvergne-Rhône-Alpes holds 97.3% of Jetpulp, which itself holds 100% of the shares in Acyba and Crazy Ones.

100% of the share capital of Altavia Nantes Newco, a subsidiary of Altavia Nantes, was sold on 31 March 2017 to Altavia Coach and changed its company name to become Wetail. The share capital was increased and henceforward amounts to €100,000.

France's contribution to the consolidated Group turnover amounted to €377.9 million.

Altavia Paris: 2017 again saw very satisfactory performances.

Altavia Nantes: In 2017, growth continued at Altavia Nantes, which also improved its profitability.

Altavia Lille: Please note that Altavia France was appointed as Chairman and Mr Matthieu Wallaert was appointed as Managing Director of Altavia Lille on 21 June 2017.

In 2017, Altavia Lille recorded a slight slowdown due in particular to non-recurring costs relating to the move to new premises.

Altavia Optitrans: Altavia Optitrans had a good year in 2017, against the background of a continuing difficult transport market.

Altavia Auvergne-Rhône-Alpes: Please note that Altavia France was appointed as Chairman and Mr Pierre Artru was appointed as Managing Director of Altavia Saint-Étienne, newly renamed as Altavia Auvergne-Rhône-Alpes, on 21 June 2017.

On 28 August 2017, Altavia Auvergne-Rhône-Alpes increased its share capital by €45,500, as remuneration for a contribution in kind by the Sidji company of 54,578 shares in Jetpulp, a simplified joint stock company with share capital of €222,222, whose registered office is located at 12-14 avenue Tony Garnier, Le Quatuor, Bâtiment 4C, 69007 Lyon, registered at the Lyon Registry of Trade and Companies under number 419 623 152, by issuing 325 new shares in the company, each with a par value of €140.

On 31 December 2017, the share capital of Altavia Auvergne-Rhône-Alpes amounted to €396,340 and comprised 2,831 shares each with a par value of €140 held by:

– Altavia France: 2,506 shares representing 88.5% of the share capital,

– Sidji: 325 shares representing 11.5% of the capital.

Please note that Altavia Auvergne-Rhône-Alpes holds 97.3% of the shares in Jetpulp, which itself holds 100% of the shares in the following companies:

– CrazyOnes, a limited liability company with share capital of €15,077 registered at the Lyon Registry of Trade and Companies under number 799 254 503, whose registered office is located in Lyon (69007) at 12-14 avenue Tony Garnier, Le Quatuor, Bâtiment 4C, 100%-held.

– Acyba, a simplified joint stock company with share capital of €120,000, registered at the Lyon Registry of Trade and Companies under number 509 636 684, whose registered office is located in Lyon (69007) at 12-14 avenue Tony Garnier, Le Quatuor, Bâtiment 4C, 100%-held.

The company Altavia Auvergne-Rhône-Alpes was removed from the tax consolidation perimeter of Altavia S.A., effective 1 January 2017. Then, the company Altavia Auvergne-Rhône-Alpes, in the capacity of parent company, constituted a tax consolidation group with its subsidiaries and sub-subsidiaries with effect from 1 January 2018.

Altavia Auvergne-Rhône-Alpes posted Gross Revenue growth.

Altavia Pallas: after two difficult years, this agency was reorganised and achieved break-even results. Several important contract acquisitions established the credibility of the subsidiary.

Agence Cosmic: in 2017, the Cosmic Agency saw good dynamics in terms of new client gains and profitability improvements.

Au Numéro 6: Au Numéro 6 had a good year in 2017 and will continue the deployment of the synergies identified with the other Marketing Services entities of the Group.

IMS: on 30 June 2017, Altavia France sold 5% of the share capital of IMS Groupe to 2 Lions, a company represented by its Manager, Mr Raphaël Moisand, appointed as Managing Director and corporate officer in 2017. 2017 again saw strong growth for IMS due to several structural clients coming on board.

Insitaction: this company was acquired in 2017 and should benefit from favourable synergies in 2018.

Blackwood Digital: In early 2018, this company will change its company name to become Altavia Nativ. On the same date, the reconstitution of its shareholders' equity will be completed.

Altavia also holds an equity stake in Altavia Connect.

Altavia Connect (EIG): in 2017, Altavia Connect continued its objective of restructuring and optimisation of the operational and functional services it provides to the subsidiaries of the group.

In 2018, a year which will see continued capital investments, Altavia Connect will continue operations in accordance with its company purpose.

For purposes of tax transparency, the positive earnings generated by Altavia Connect, will be passed on to its members in proportion to their holdings, with 34% going to the Altavia company.

Altavia Coach: Altavia Coach holds equity interests in Actipaper, Shoppermind, Capital Innovation, Simone, Wetail, Atelier Benneton, Stimpshop and Ubiq Toolbox.

Actipaper: this company was close to break-even in 2017.

Capital Innovation: as forecast, the company posted a positive net profit.

Wetail: the share capital was increased and now amounts to €100,000.

The subsidiary hosts co-workers and organises events based around challenges for the future of retailing and private events for companies.

Simone: Simone achieved a good growth year in 2017.

Shoppermind: the subsidiary, which specialises in consumer surveys, did not achieve a sufficient volume of business in 2017 to enable it to reach an operational break-even balance.

Stimpshop: the company was acquired at the beginning of 2016. This company's progression continued in 2017, but ultrasound did not make any inroads in retail outlets. It is continuing to seek paths for development with major energy players.

Ubiq Toolbox: the development of this company continued in 2017. We plan to acquire a majority stake in this company in 2018.

b. In Europe:

The subsidiaries of Altavia Europe 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, Altavia Dekatlon, Sumis, SIA Altavia Baltics, Altavia Hrvatska (Croatia).

It is specified that the MBO Comunicacion company 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. The Kamikaze company is a subsidiary of Altavia Polska.

The company Stylum Srl, a limited liability company under Italian law, holds 100% of the shares in Rokivo Inc., a Delaware-law Stock Corporation (USA), which itself holds 100% of the shares in Rokivo Srl, an Italian-law limited liability company.

The contribution of Altavia Europe and of its subsidiaries to consolidated group turnover amounted to €284.9 million.

Altavia CEI is a holding company holding the shares in Altavia Rus and Altavia Ukraina.

Altavia Turan, a Limited Liability Partnership, was created on 22 February 2018 in Kazakhstan, of which the share capital amounts to 29,186,130 tenge, 100%-held by Altavia CEI.

In 2017, **Altavia Rus** saw growth in its business despite a difficult market.

Altavia Ukraina had a very low level of activity due to the unstable political situation.

In 2017, **Altavia Belgium** implemented synergies with its subsidiary Acstar.

Actstar: the subsidiary lost some clients, which generated a loss for the year. Nevertheless, some new structural clients gained at the end of the year should enable Acstar to return to profitability from 2018 onwards.

Altavia Česká broke-even in 2017 and 2018 should, thanks to the development of a new offering, see its situation progress.

Altavia Deutschland: 2017 was satisfactory despite an environment of pricing and volume tensions.

Altavia Hellas, after having seen its activity sharply impacted by the liquidation of a long-term client, is continuing to develop its existing clients and new prospects.

Altavia HTT had a good year.

HRG also had a satisfactory year. HRG and HTT are beginning to develop synergies on the UK territory thanks to the complementarity of their offerings.

Altavia Ibérica CFA had a good year and is continuing its growth against a tense competitive background.

Altavia Iletisim: this company no longer has any significant activity.

Altavia Dekatlon: this company modified its company name during the year. 2017 was a year of integration that took place in a difficult business climate.

Altavia Italia: 2017 was a difficult year due in particular to the integration of Stylum.

Stylum srl/Rokivo: 2017 was impacted by the merger with Altavia Italia.

Altavia Polska achieved a growth year and improved its commercial development process.

Kamikaze: 55% of the company was acquired by Altavia Polska during the third quarter.

Sumis: this first year of integration was satisfactory for Sumis.

Altavia România Communication continued the development of its clients.

Altavia Hungária improved its profitability and 2018 should see further stability.

Altavia Baltics: this was the first year of collaboration with a significant client, with which the satisfactory prospects should continue in 2018.

Altavia Swiss has no activities.

c. In Asia:

Altavia Beijing Advertising and **Altavia Shanghai Trading**, subsidiaries of Altavia Asia, posted stable figures for their activity levels and profitability.

Altavia Hong Kong, a 100%-owned subsidiary of Altavia Asia and created in 2015, still remains unprofitable.

The Altavia Group has establishments in Korea via two subsidiaries: **Altavia Korea** and **TMAI** which are implementing commercial synergies.

Altavia Japan continued its development in 2017 and should begin a new offering in 2018.

d. In America:

Communication Altavia Canada, a 100%-owned subsidiary of Altavia International, is continuing the international development of the Group in Canada.

The company **Communication Altavia Prodigy Canada** is still awaiting the integration of a structural client.

The company **CloudRaker** acquired in 2017, posted performances that were better than expectations.

The company **Altavia Inc.**, a company under US law (Delaware) with share capital of \$100,000, of which the shares are 100%-held by Altavia, was incorporated in March 2017. This company has a secondary establishment in Texas.

d. In Africa:

The company **Altavia Morocco**, was created in 2016 and is continuing to build out its client base. A public limited company under Moroccan law, it is based in Rabat. 94.88% of its capital is held by Altavia International. A minority shareholder who held 5% of the capital sold the entirety of his stake to the majority shareholder. Altavia International holds 99.9% of this company.

The company **Altavia Middle East DMCC**, a Free Trade Zone company with share capital of AED 400,000, registered in Dubai, was created in May 2017. The share capital of this company is 100% held by Altavia International. The company is continuing to build out its client base.

9. Modifications made to the method of presentation of the annual financial statements or to the valuation methods used in previous years

Please note that the financial statements of our company were prepared in the forms and in accordance with the methods prescribed by ANC (French accounting standards authority) regulation no. 2014-03 dated 05/06/2014. It should be noted that, in accordance with the regulations, the accounting methods have been modified concerning the treatment of goodwill, exchange gains and losses and tax credits, as mentioned in the notes to the financial statements.

10. Research and development

Our company did not record any expenses of this kind during the financial year.

11. Non-deductible expenses covered by Article 39-4 of the French General Tax Code

Please note that the financial statements for the past financial year included expenses of €25,554 that were not deductible from taxable net income, in accordance with Article 39-4 of the French General Tax Code, but that were insignificant in view of the tax loss carry-forward.

12. Payment terms

In accordance with the provisions of Articles L. 441-6-1 paragraph 1 and D. 441-4 of the French Commercial Code, we set out below the information concerning the invoices received and issued, which were not paid at the year-end date, and for which the due date has passed (table required by I of Article D.441-4).

	Article D. 441 L-1*: Invoices received but not paid at the year-end date, for which the due date has passed					Article D. 441 L-2*: Invoices issued but not paid at the year-end date for which the due date has passed							
	0 day (indicatif)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)	0 day (indicatif)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)	
(A) Tranches of payment delay													
Number of invoices concerned						96						84	
Total amount of invoices concerned	158,606	857	1,539	-16,573	144,429		706,447	215,012	126,420	613,219	1,661,098		
Percentage of the total amount of purchases for the year	3.08	0.02	0.03		3.13								
Percentage of the sales revenues for the year							5.41	1.65	0.97	4.69	12.72		
(B) Invoices excluded from (A) relating to disputed or unrecognised liabilities and receivables													
Number of invoices excluded													
Total amount Invoices excluded													
(C) Reference payment deadlines used (contractual or legal deadline - Article L. 441-6 or article L. 443-1 of the Commercial Code)													
Payment deadlines used for the Calculation of payment delays							x Contractual deadlines: Invoices received generally payable after the 30 days					x Contractual deadlines: Invoices issued on generally payable after 30 days	
							Legal deadlines					Legal deadlines	

13. Table of the results of the company for each of the last five financial years or each of the financial years ended since the incorporation of the company

The table provided required by company law is attached to this report.

14. 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 terms of office has expired.

In addition, it is specified that the Strategic Orientation Committee, the Audit, Financial Statements and Capital Investments Committee together with the Appointments and Remuneration

Committee, in preparation and support for the decision-making process of our company's Board of Directors, met regularly during 2017 and completely fulfilled their advisory role.

Report on corporate governance

15. Agreements covered by Articles L. 225-38 and L. 225-102-1 of the French Commercial Code

We are hereby requesting, in accordance with Articles L. 225-38 et seq of the French Commercial Code, that you approve the agreements covered by said articles and concluded during the past financial year after having been validly authorised by your Board of Directors.

It is furthermore specified, as required by Article L. 225-102-1 of the same Code that, during 2017, there were no Agreements concluded between, on the one hand, the Managing Director, a Deputy Managing Director, a director or a shareholder holding more than 10% of the voting rights of the company and, on the other hand, any other company in which the company may directly or indirectly hold more than one half of the share capital.

Your statutory auditor was duly notified of these agreements which are described in his special report.

16. Summary table of the delegations of authority and powers

Below you will find, in accordance with the provisions of Article L225-37-4, paragraph 3 of the French Commercial Code, a summary table of the delegations of authority and powers granted by the General Meeting to the Board of Directors concerning the capital increase, by application of the provisions of Articles L.225-129-1 and L.225-129-2 of said Code.

Delegation of authority: none.

Delegation of powers: none.

17. Body selected to perform General Management duties

In application of Article L. 225-37-4 paragraph 4 of the French Commercial Code, please note that your Board of Directors made the decision to combine the functions of Chairman of the Board of Directors and of Managing Director.

18. List of the company terms of office exercised in any company by each corporate officer during the financial year

Offices held by Raphaël Palti

In the Altavia Group, in France:

Altavia SA: Chairman Managing Director and Director
 Altavia France SA: Chairman of the Board of Directors and Director
 Actipaper SA: Chairman Managing Director and Director
 Altavia Europe SAS: Representative of Altavia SA on the Board of Directors
 Wetail SARL: Manager until 04/05/2017, Member of the Management Committee
 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 Executive Committee in its own name.
 Altavia Newco SAS: Chairman
 Atelier Benetton SAS: Chairman
 Altavia Newco 2 SAS: Chairman
 Member of the Executive Committee of IMS Groupe, Agence Cosmic, DISKO, Insitaction, Jetpulp, Altavia Paris, Altavia Optitrans, Altavia Lille, Altavia Nantes, Au Numéro 6, Altavia International, Altavia Fiber Value, Altavia Auvergne-Rhône-Alpes

In the Altavia Group, abroad:

Altavia Belgium SA (Belgian subsidiary): Director and Chairman
 Altavia Hellas AE (Greek subsidiary): Director
 Altavia Polska Sp. z.o.o. (Polish subsidiary): Member of the Executive Committee
 Altavia Česká SRO (Czech subsidiary): Co-manager
 Altavia Deutschland GmbH (German subsidiary): Co-manager
 Altavia HTT Ltd (English subsidiary): Director (Non-Executive Director)
 HRG Group Ltd (English subsidiary): Director
 HRG UK Ltd (English subsidiary): Director
 MBO Comunicación LSA (Spanish subsidiary): Director, Vice-Chairman
 Altavia Ibérica CFA (Spanish subsidiary): Director, Vice-Chairman
 Altavia İletisim AS (Turkish subsidiary): Director, Vice-Chairman
 Altavia Dekatlon AS (Turkish subsidiary): Director
 Altavia Italia Srl (Italian subsidiary): Director
 Stylum Srl (Italian subsidiary): Director
 Rokivo Srl (Italian subsidiary): Director
 Rokivo Inc. (US subsidiary): Director
 Sumis Company B.V. (Dutch subsidiary): Director
 Altavia Hrvatska d.o.o (Croat subsidiary): Director
 Kamikaze Sp. Z.o.o (Polish subsidiary): Member of the Executive Committee
 Altavia Morocco (Moroccan subsidiary): Director
 Altavia Baltics (Latvian subsidiary): Director
 Altavia România Communication SRL (Romanian subsidiary): Director
 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): Director and Chairman of the Board of Directors
 Altavia Hong Kong Ltd (Hong Kong): Director

Altavia Beijing Advertising Co. Ltd (Chinese subsidiary): Chairman of the Board of Directors and Director
 Altavia Shanghai Trading Co. Ltd (Chinese subsidiary): Chairman of the Board of Directors and Director
 Altavia Korea LLC (Korean subsidiary): legal representative and Director
 Altavia Japan KK (Japanese subsidiary): Director and Chairman of the Board of Directors
 Tell Me About It (TMAI) (Korean subsidiary): Director
 Communication Altavia Canada Inc. (Canadian subsidiary): Director and Chairman of the Board of Directors
 Communication Canada Prodigy Inc. (Canadian subsidiary): Director
 CloudRaker Inc. (Canadian subsidiary): Director
 Altavia Inc. (US subsidiary): Director and Chairman of the Board of Directors
 Altava Middle East DMCC (UAE subsidiary): Director

Outside the Altavia Group:

Foncière Blanqui SA: Chairman Managing Director and Director
 Les Ingénieurs Sociaux: Chairman and member of the Executive Committee
 Firapa SAS: Chairman
 Viateam SAS: Representative of Firapa SAS, Chairman of the company
 SCI Rembrandt Courcelles: Co-manager
 Fondiaria 78/3 Srl: Director
 Etam Développement SCA: Member of the Supervisory Board
 Director of the 'Fondation of the Collège de France'

Offices held by Lorenzo Bertagnolio

In the Altavia Group, in France:

Altavia SA: Deputy Managing Director, Director
 Altavia Europe SAS: Chairman, Director
 Altavia CEI SARL: Manager
 Altavia Fiber Value: Chairman and member of the management committee

In the Altavia Group, abroad:

Altavia Belgium SA (Belgian subsidiary): Director
 Altavia Hellas AE (Greek subsidiary): Chairman of the Board of Directors and Deputy Director
 Altavia Polska Sp. z.o.o.(Polish subsidiary): Member and Chairman of the Executive Committee
 Altavia Česká SRO (Czech subsidiary): Co-manager
 Altavia Deutschland GmbH (German subsidiary): Co-manager
 Altavia HTT Ltd (English subsidiary): Director (Executive Director)
 MBO Comunicación LSA (Spanish subsidiary): Director, Chairman of the Board of Directors
 Altavia Ibérica CFA (Spanish subsidiary): Director, Chairman of the Board of Directors
 Altavia Iletisim AS (Turkish subsidiary): Director
 Dekatlon AS (Turkish subsidiary): Director
 Altavia Italia Srl (Italian subsidiary): Director
 HRG Group LTD (English subsidiary): Director
 HRG UK LTD (English subsidiary): Director
 Altavia Baltics (Latvian subsidiary): Director
 Altavia România Communication SRL (Romanian subsidiary): Director,
 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
 Sumis Company B.V. (Dutch subsidiary): Director
 Altavia Hrvatska d.o.o (Croat subsidiary): Director
 Kamikaze Sp. Z.o.o (Polish subsidiary): Member of the Executive Committee
 Altavia Morocco (Moroccan subsidiary): Chairman Managing Director and Director
 Communication Altavia Canada Inc. (Canadian subsidiary): Director
 Communication Altavia Prodigy Inc. (Canadian subsidiary): Director
 CloudRaker Inc. (Canadian subsidiary): Director
 Altavia Inc. (US subsidiary): Director
 Altavia Asia Limited (Hong Kong subsidiary): Director
 Altavia Japan KK (Japanese subsidiary): Director
 Tell Me About It (TMAI) (Korean subsidiary): Director
 Altavia Hong Kong Ltd (Hong Kong subsidiary): Director
 Altava Middle East DMCC (UAE subsidiary): Director

Outside the Altavia Group:

Fondiaria 78/3 SRL: Director

Offices held by Daniel de Botton

In the Altavia Group:

Altavia SA: Director
 Altavia France: Director
 Altavia Europe: Director

Outside the Altavia Group:

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

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

Co-manager of the following SCIs: Rembrandt-Courcelles, Eurocolombes, Colombia Finlande, Immobilière Valmy, Immobilière Kennedy, Paradalp, Ferber Ile de France, FDL 1, Saint-Antoine 18/30

Manager of the following SARLs: Tigre, EPP Montreuil Beaune, EPP Montreuil Holdings, Le Raphael, EPP Vanves, EPP Ile de France Holdings, SB Investissements, FRS Conseils, EPP Rue Martel, Le Martel, FPP Real Estate, EPP Ivry Hoche, EPP Suresnes Curie, Classic European Real Estate, EPP Noisy le Grand 2012 Holding, EPP Bezons, EPP Funding

Co-manager of the following SARLs: Le Diderot, Le Noisy le Grand, Sezarr, Petinan, A&G Valcke et Cie, V De Villiers, K De Kleber, S.B. Investissements

Manager of the SC Bermau

Co-manager of the SC 3B

Manager of the following SNCs: EPP Bezons, EPP Massy Ile de France.

Offices held by Catherine Dunand

In the Altavia Group:

Altavia SA: Director
 Altavia France: Director

Outside the Altavia Group:

Promontoires SAS: Chairman
 Novinvest Partners SARL: Manager
 Cemag Invest SAS: Chairman
 Arenadour SAS: Member of the Supervisory Board
 Metabolic Explorer (company listed on Eurolist Compartment C): Director
 Aryballe Technologies SA: Director
 Feeligreen SA: Director
 Faber Novel SAS: Director
 To Do Today: Director
 Wandercraft SAS: Director

Offices held by Michel Duval

In the Altavia Group:

Altavia SA: Director
 Altavia France SA: Director

Outside the Altavia Group:

SCI La Mare: Manager
 MD Conseil: Co-manager
 Majencia (office furniture): Director

Offices held by EDRIP represented by Pierre-Yves Poirier

In the Altavia Group:

Altavia SA: Director

Outside the Altavia Group:

Compagnie Financière du Forum/Intescia: Permanent Representative of EDRIP on the Supervisory Committee
 Gamma Développement: Permanent Representative of EDRIP on the Supervisory Committee
 HGR - Rougnon: Scrutineer on a personal basis
 Ocea Participations: Permanent Representative of EDRIP on the Strategic Committee
 Montalivet Investment Managers: Chairman
 Platinum Group Sam: Permanent Representative of EDRIP on the Board of Directors
 PGSAM Holding SAS: Permanent Representative of EDRIP on the Administration Committee
 Financière Louis: Permanent Representative of EDRIP, Chairman of the Strategic Committee
 Globasia – La Générale pour l'Enfant: Permanent Representative of EDRIP on the Strategic Committee
 Hawker invest: Member of the Supervisory Committee

Offices held by Corinne Evens

In the Altavia Group:

Altavia SA: Director

Outside the Altavia Group:

BMIP-Bethlehem Multidisciplinary Industrial Park: Vice-President
 Bold Rock Management Ltd., UK: Director
 G. Evens Diamonds & Co. N. V., Belgium: Chairman
 Link Point SA, Luxembourg: President of the Board of Director
 Microworld, Luxembourg: Member of the Board
 SIFFA SAS, France: President
 SCI DU 34-38 Rue Camille Pelletan, France: Director

Board membership - Philanthropy

European Association of the Museum of the History of Polish Jews: President
 Evens Foundation: Honorary President
 International College of Philosophy in Paris: Member of the Board
 Madariaga Foundation: Member of the Board
 Positive Planet (microfinance): Member of the Board
 TAU – University of Tel Aviv: Member
 UEF – « Universal Education Foundation »: Member of the Board - Treasurer
 AEMHJP: President
 Association Evens France: President

Offices held by Laurent Gampel

In the Altavia Group, in France:

Altavia SA: Deputy Managing Director
Altavia France SA: Director (until 23 May 2017)
Altavia Europe SA: Director

In the Altavia Group, abroad:

Altavia HTT Ltd: Director (Non-Executive Director)

Outside the Altavia Group:

None.

Offices held by Pierre Milchior

In the Altavia Group:

Altavia SA: Director

In the Etam group:

Offices held in France:

Etam SAS: Chairman
Nortex SA: Deputy Managing Director
Covi Deux SAS: Chairman
Gerset SAS: Chairman of the Board of Directors and Director
Elan Industries SA: Deputy Managing Director
Norpiere SAS: Representative of Etam Développement SCA, itself Chairman

Offices held abroad - 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 la Société Belge Etam, on the Board of Directors
Nora Limited: Director

Offices held abroad - China:

Shanghai Intermoda Clothing: Director
Shanghai Aige Clothing: Director
Shanghai Interway Clothing: Director
Investint Fashion Lingerie Shanghai: Director

Offices held abroad - Spain:

Ifem: Director

Offices held abroad - Luxembourg:

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

Outside the ETAM group:

Pivest: Manager (liquidated during 2017)
Selau: Manager
Seva: Manager
Tami: Managert
Finora SA: Director
Mordka SA: Chairman of the Board of Directors
Vivar Global LTD: Director
Vivar Resources Limited: Director

Offices held by Sébastien Reydon

In the Altavia Group:

Altavia SA: Representative of Viateam SAS on the Board of Directors and Administrative and Financial Manager
et Directeur Administratif et Financier
Altavia France SA: Representative of Altavia SA on the Board of Directors
Altavia Europe SA: Director
Actipaper SA: Director
Member of the Executive Committee of the companies : Altavia International, Agence Cosmic, IMS Groupe, DISKO, Altavia Paris, Altavia Optitrans, Altavia Lille, Altavia Nantes, Altavia Fiber Value, Blackwood Digital, Insitaction, Altavia Auvergne-Rhône-Alpes, Jetpulp

In the Altavia Group, abroad:

Altavia Belgium SA (Belgian subsidiary): Director
Altavia Hellas AE (Greek subsidiary): Director
Altavia Polska Sp. z.o.o. (Polish subsidiary): Member of the Executive Committee
Altavia Česká SRO (Czech subsidiary): Co-manager
Altavia Deutschland GmbH (German subsidiary): Co-manager
Altavia HTT Ltd (English subsidiary): Director (Non-Executive Director)
MBO Comunicación LSA (Spanish subsidiary): Director
Altavia Ibérica CFA (Spanish subsidiary): Director
Altavia Iletisim AS (Turkish subsidiary): Director
Altavia Dekatlon (Turkish subsidiary): Director
Altavia Italia SRL (Italian subsidiary): Director
Altavia România Communication SRL (Romanian subsidiary): Director

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): Director
Altavia Beijing Advertising Co. Ltd (Chinese subsidiary): Director
Altavia Shanghai Trading Co. Ltd (Chinese subsidiary): Director
Altavia Korea LLC (Korean subsidiary): Director representing
Altavia Japan KK (Japanese subsidiary): Director representing
Tell Me About It (TMAI) (Korean subsidiary): Member of the Board of Directors
Altavia Hong Kong Limited (Hong Kong): Director
Communication Altavia Canada Inc. (Canadian subsidiary): Director
Communication Altavia Canada Prodigy Inc. (Canadian subsidiary): Director
CloudRaker Inc. (Canadian subsidiary): Director
Altavia Inc. (US subsidiary): Director
Rokivo Inc. (US subsidiary): Director
Stylum Srl (Italian subsidiary): Director
Rokivo Srl (Italian subsidiary): Director
HRG Group LTD (English subsidiary): Director
HRG UK LTD (English subsidiary): Director
Altavia Baltics (Latvian subsidiary): Director
Sumis BV (Dutch subsidiary): Director
Altavia Hrvatska d.o.o. (Croat subsidiary): Director
Kamikaze sp. z.o.o. (Polish subsidiary): Director

Offices held by Alain Roubach

In the Altavia Group:

Altavia SA: Director
Altavia Europe SAS: Director

Outside the Altavia Group:

Easyvista: Director
Opéra Immobilier SARL: Manager
Alclan SC: Manager
Anegada Compagny SARL: Co-manager
CFA Ort: Vice-Chairman Treasurer
Ogury LTD: Director
Praditus SAS: Member of the Supervisory Committee
Augmentdev SAS: Director
Siiffa SAS: Member of the Supervisory Committee
Arts et Biens SA: Director
Covent 3 SAS: Chairman
Covent 4 SAS: Chairman
Coventguest: Chairman
SCI Des Petibous: Manager

After having read the reports presented by your statutory auditor, your board invites you to approve the resolutions submitted for your vote.

The Board of Directors

REPORT BY THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

To the General Meeting of the shareholders of Altavia,

Opinion

As part of the assignment entrusted to us by your General Meeting, we carried out the audit of Altavia's consolidated financial statements for the financial year ended 31 December 2017, as attached to this report.

We certify that the consolidated financial statements are, with regard to French accounting regulations and principles, free from misstatements and give a true and fair view of the net income from operations during the past financial year, as well as the financial situation and assets of the group constituted by the persons and entities included in the consolidation.

Basis of our opinion

Audit framework

We conducted our audit in accordance with the professional standards applicable in France. We believe that the information that we collected and on which we based our opinion was sufficient and appropriate.

The responsibilities that are incumbent on us by virtue of the standards are indicated in the "Responsibilities of the statutory auditors relating to the audit of the consolidated financial statements" section of this report.

Independence

We certify that we carried out our audit assignment in compliance with the independence rules that apply to us, over the period between 1 January 2017 and the date of issue of our report, and in particular that no services prohibited by the code of ethics for the auditing profession were provided.

Observation

Without calling into question the opinion expressed above, we draw your attention to:

- note 2.1 "Changes to valuation or presentation methods" in the notes to the consolidated financial statements, concerning the application, with effect from 1 January 2017, of the provisions relating to forward financial instruments and hedging transactions in compliance with ANC regulation no. 2015-05;
- notes 2.1 and 1.2.5 "Measurement of goodwill" which set out the change of accounting method concerning the stoppage of amortisation of goodwill of unlimited duration with effect from 1 January 2016, in application of ANC regulation no. 2015-07.

Justification of our assessments

In application of the provisions of Articles L. 823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we would draw your attention to the following assessments which, in our professional opinion, were the most significant for the audit of the consolidated financial statements for the financial year.

The assessments performed are consistent with our approach to auditing consolidated financial statements as a whole, and the formation of our opinion expressed in the first part of this report. We are not expressing any opinion on the elements of these consolidated financial statements taken in isolation.

Goodwill, of which the net amount appearing in the balance sheet at 31 December 2017 is €46.8 million, was the subject of an impairment test as indicated in note 1.2.5 of the notes to the consolidated financial statements. We examined the process for the implementation of these tests, as well as the cash flow forecasts and assumptions used and reviewed the calculations that indicated that there were no impairment charge to be recognised.

Verification of the information relating to the group provided in the management report

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

We do not have any observations to make concerning their accuracy and their consistency with the consolidated financial statements.

Responsibility of the management and the persons constituting the corporate governance bodies relating to the consolidated financial statements

It is the responsibility of the management to prepare consolidated financial statements that provide a true and faithful view in accordance with French accounting rules and principles, and to put in place the internal controls that they consider necessary for the preparation of consolidated financial statements that do not include any material anomalies, whether these result from fraud or from errors.

During the preparation of the consolidated financial statements, it is the responsibility of the management to evaluate the company's capacity to continue trading and to present in these financial statements, where applicable, the necessary information relating to the continuity of trading and to apply the going concern accounting convention, unless it is planned to liquidate the company or to cease trading.

The consolidated financial statements were approved by the Board of Directors.

Auditors' Report on the auditing of the Consolidated Financial Statements

It is our responsibility to prepare a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements taken as a whole do not include any material anomalies. Reasonable assurance means a high level of assurance, without however guaranteeing that an audit carried out in accordance with professional practice standards will systematically detect any material anomaly. Anomalies may originate from fraud or from errors and are considered to be material where one may reasonably expect that they could, taken individually or together, influence business decisions which users of the financial statements take based thereon.

As specified in Article L. 823-10-1 of the French Commercial Code, our assignment for the certification of the financial statements does not involve guaranteeing viability or the quality of the management of your company.

During the course of an audit carried out in accordance with the professional practice standards applicable in France, the statutory auditor exercises his professional judgement throughout this audit. In addition:

- he identifies and assesses the risks that the consolidated financial statements may include material anomalies, whether these originate from fraud or errors, defines and implements audit procedures to deal with these risks and gathers the information which he considers sufficient and appropriate to support his opinion. The risk of the non-detection of a material anomaly originating from a fraud is higher than that of a significant anomaly resulting from an error, because fraud may involve collusion, falsification, deliberate omissions, false declarations or manipulation of the internal controls;
- he familiarises himself with the internal controls relevant for the audit in order to define audit procedures that are appropriate to the circumstances rather than to express an opinion on the effectiveness of the internal control system;
- he assesses the appropriateness of the accounting methods selected and the reasonableness of the accounting estimates made by the management, as well as the information concerning them supplied in the consolidated financial statements;
- he assesses the appropriateness of the application by the management of the going concern principle and, based on the information collected, the existence or otherwise of any significant uncertainty related to events or circumstances likely to call into question the capacity of the company to continue its operations. This assessment is based on the information collected up until the date of this report, it being recalled however that subsequent circumstances or events could call into question the continuity of the business. If he concludes that there is any significant uncertainty, he draws the attention of the readers of his report to the information supplied in the consolidated financial statements on the subject of this uncertainty or, if this information is not supplied or is not relevant, he certifies the financial statements with a qualification or refuses to certify them.
- he assesses the presentation of the consolidated financial statements as a whole and evaluates whether the consolidated financial statements portray the underlying transactions and events in a true and fair way.
- with regard to financial information about persons or entities included in the consolidation scope, he collects information that he considers sufficient and appropriate to express an opinion on the consolidated financial statements. He is responsible for the management, supervision and completion of the audit of the consolidated financial statements and for the opinion expressed concerning these 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

BALANCE SHEET ASSETS

Euros	Gross	31/12/2017		31/12/2016 Net
		Amort. & deprec.	Net Value	
Fixed Assets				
Intangible assets				
Development expenses	856,162	856,162		
Concessions, patents and similar rights	133,539	104,489	29,050	
Business goodwill (1)	1		1	1
Plant, property & equipment				
Other tangible fixed assets	4,088,774	3,013,813	1,074,962	1,010,184
Long-term investments (2)				
Equity investments	35,594,817		35,594,817	30,935,069
Other long-term securities	76		76	76
Other long-term financial assets	588,750		588,750	577,866
Total (I)	41,262,120	3,980,464	37,281,656	32,552,245
Current assets				
Advances and prepayments on orders	5,943		5,943	1,324
Receivables				
Trade receivables and related accounts (3)	2,424,960	391,624	2,033,336	2,785,352
Other receivables (3)	40,731,105		40,731,105	25,753,900
Marketable securities				
Treasury shares	5,385,109		5,385,109	9,727,100
Other shares	1,402,793		1,402,793	6,701,834
Cash and cash equivalents	357,764		357,764	550,663
Prepaid expenses (3)	63,007		63,007	42,115
Total (II)	50,370,681	391,624	49,979,057	45,562,286
Grand total (I to II)	91,632,801	4,372,087	87,260,714	78,114,532

(1) Of which leasehold

(2) Of which less than one year (gross)

(3) Of which more than one year (gross)

BALANCE SHEET - LIABILITIES

Euros	31/12/2017 Net	31/12/2016 Net
Shareholders' equity		
Capital (of which paid: 3,846,411)	3,846,411	3,846,411
Issue, merger and contribution premiums	2,446,046	2,446,046
Reserves:		
- Legal reserve	391,888	391,888
- Regulated reserves	472,008	420,508
- Other reserves	5,493,479	5,493,479
Retained earnings	35,219,583	29,666,635
Net income for the year (profit or loss)	8,653,077	9,204,692
Net situation	56,522,492	51,469,658
Regulated provisions	8,600	30,575
Total (I)	56,531,092	51,500,233
Provisions		
Provisions for liabilities	29,705	208,676
Provisions for expenses	519,623	458,461
Total (II)	549,328	667,137
Financial debts (1)		
Borrowings and debts due to financial institutions (2) 24,059,626		19,833,002
Borrowings and sundry financial debts (3)	990,732	2,473,974
Trade payables and related accounts	1,282,703	752,814
Tax and social security liabilities	2,367,065	1,811,065
Other liabilities	1,480,168	1,076,307
Total (III)	30,180,293	25,947,161
Currency translation adjustment (liabilities) (IV)		
Grand total (I to IV)	87,260,714	78,114,532
(1) Of which, falling due after one year		19,769,048
(1) Of which, falling due within one year	30,180,293	6,178,113
(2) Of which, bank current account facilities and credit balances	111	12,560
(3) Of which equity loans		

INCOME STATEMENT

Euros	31/12/17 Total	31/12/16 Total	Variation As amount	Variation As%
Operating income				
Production sold (goods/services) of which export. : 4,671,649	13,067,369	13,399,997	-332,628	-2.48
Net sales	13,067,369	13,399,997	-332,628	-2.48
Reversals of provisions and transfers of expenses	334,296	64,750	269,546	416.29
Other income	312	423	-111	-26.28
Total operating income (I) (1)	13,401,977	13,465,170	-63,193	-0.47
Operating expenses				
Other external purchases and expenses	6,001,329	7,090,630	-1,089,300	-15.36
Taxes, duties and similar payments	654,092	623,128	30,963	4.97
Salaries and benefits	3,813,500	3,518,464	295,036	8.39
Social security charges	1,731,990	1,525,938	206,053	13.50
Charges to amortisation and depreciation:				
- On fixed assets: charges to depreciation	195,553	181,721	13,831	7.61
- On current assets: impairment charges	200,246	515,976	-315,730	-61.19
- Charges to provisions	61,162	47,967	13,195	27.51
Other expenses	41,299	88,208	-46,909	-53.18
Total operating expenses (II) (2)	12,699,172	13,592,033	-892,861	-6.57
Operating earnings (I - II)	702,805	-126,863	829,668	653.99
Share of profit/(loss) from joint operations				
Profit or loss transferred (III)				
Loss or profit transferred (IV)	194,115	70,712	123,403	174.52
Financial income				
Equity investments (3)	6,518,191	8,255,378	-1,737,187	-21.04
Other interest and similar income (3)	452,811	291,591	161,220	55.29
Reversals on prov. & impairment charges and transfers of expenses		437,661	-437,661	-100.00
Positive translation differences	5	27,176	-27,170	-99.98
Total financial income (V)	6,971,008	9,011,806	-2,040,798	-22.65
Financial expenses				
Interest and similar expenses (4)	213,509	274,827	-61,318	-22.31
Negative translation differences	125,461	1,490	123,971	
Total financial expenses (VI)	338,970	276,317	62,653	22.67
Financial net earnings (V - VI)	6,632,037	8,735,488	-2,103,451	-24.08
Ordinary net income before taxes (I+II+III-IV+V-VI)	7,140,728	8,537,914	-1,397,186	-16.36
Non-recurring income (VII)	1,871,189	18,783	1,852,405	
Non-recurring expenses (VIII)	13,422	38,604	-25,182	-65.23
Total non-recurring net earnings (VII - VIII)	1,857,767	-19,821	1,877,588	
Corporation tax (X)	345,417	-686,599	1,032,016	150.31
Total income (I+III+V+VII)	22,244,173	22,495,759	-251,586	-1.12
TOTAL EXPENSES (II+IV+VI+VIII+IX+X)	13,591,096	13,291,067	300,029	2.26
Profit or loss (total income - total expenses)	8,653,077	9,204,692	-551,615	-5.99
(1) Of which income from previous financial years				
(2) Of which expenses from previous financial years				
(3) Of which, income from affiliates		8,546,422		
(4) Of which, interest concerning affiliates		153		

Accounting rules and methods

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

Excerpt from the notes to the balance sheet and the income statement

The balance sheet total before distribution for the year ended 31/12/2017 is €87,260,713.70 and the income statement for the financial year, presented in list form, shows a profit of €8,653,077.13.

The financial year lasted 12 months, covering a period from 01/01/2017 to 31/12/2017.

The notes and tables below form an integral part of the annual financial statements

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

- going concern,
- consistency of accounting methods from one financial year to the next,
- independence of financial years,

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

The underlying valuation method used for the items recorded on the accounts is the historical cost 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 5 June 2014.

Intangible and tangible fixed assets

Amortisation charges for depreciation are calculated using the straight-line method according to the estimated useful life.

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

Long-term investments

Long-term investments are recorded on the balance sheet at their historic value. They are broken down into subsidiary equity investments, receivables related to these investments and deposits and sureties paid.

At the end of the financial year, historic value is compared to useful value taking into account the restated asset share and the results trend as well as the economic interest of the Group companies. Any unfavourable variance is subject to provisions for depreciation of securities and loans of a financial nature.

Clients

Client receivables 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 was €391,624 at 31/12/2017.

Other receivables

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

Marketable securities

Negotiable securities are valued at their purchase price or the last month's market price if this is lower. For unlisted securities, if the inventory value is lower than the probable market value, a provision for depreciation is recorded.

Marketable securities include Altavia securities acquired as part of a share option plan set up during the first half of 2003 and a shareholder share purchase plan in 2008, 2009, 2010, 2012, and 2013. In 2017, 59,037 treasury shares were sold for €4,341,990.26.

In euros	Gross value at 31 Dec. 2017	Depreciation at 31 Dec. 2017	Net value at 31 Dec. 2017	Net value at 31 Dec. 2016
Treasury shares	5,385,109		5,385,109	9,727,100
Marketable securities	1,402,793		1,402,793	6,701,834
TOTAL	6,787,902	0	6,787,902	16,428,934

Stock options

The General Meeting on 20 May 2010 authorised the Board of Directors to grant, in one or more instalments, over a period of thirty-eight months, i.e., no later than 20 July 2013, stock options each giving the right to acquire one Altavia share, within the limit of 10% of the share capital. The options may be granted to management (as defined by Article L.225-185, paragraph 4 of the French Commercial Code) and to employees having a permanent employment contract with Altavia, and only to the employees of companies or an economic interest group of which at least 10% of the 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 the shares awarded in 2010.

Share subscription options allocated during financial 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, 50,519 have lapsed.

Share subscription options allocated during the 2011 financial year.

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, 29,313 have lapsed.

Share subscription options allocated during 2012 financial year.

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, 8349 have lapsed.

Share subscription options allocated during 2013 financial year.

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.

Pension benefits

In France, contractual pension benefits are payable when an employee retires provided that the employee still belongs to the group on the retirement date. These benefits are calculated and provisioned based on the employee's salary and length of service on the retirement date, in accordance with the rules of the applicable agreements.

The amount of the liability is calculated in application of the provisions of annex 1 of ANC recommendation no. 2013-02.

Actuarial differences are recognised using the "Corridor" method 1. The assumptions used to calculate liabilities are the discounting rate and the wage inflation rate, which were 1.57% and 1.55% in 2017.

The retirement age used was 65.

The social security contribution rate was 45%.

The provision at 31/12/2017 was €519,623, i.e. an allowance of €61,162 and corresponding deferred tax of -€17,125 for the 2017 financial year.

The corporation tax rate of 28% was used for the calculation of the deferred tax.

CICE

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

The amount for 2017 financial year was €14,883.

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 liabilities and expenses are recognised to cover clearly defined liabilities and expenses, whether for events that have occurred or may occur due to current events. The provisions recognised correspond to provisions against treasury shares under a stock option plan and pension benefits.

At 31/12/2017, €181,410 was reversed in respect of the provision against stock options which was no longer applicable.

Net income and other information relating to the company over the past five financial years

(French Commercial Code - Article R225-102)

Euros	31/12/2017	31/12/2016	31/12/2015	31/12/2014	31/12/2013
Capital at the end of the financial year					
Share capital	3,846,411	3,846,411	3,846,411	3,846,411	3,846,411
Number of existing ordinary shares (A)	1,282,137	1,282,137	1,282,137	1,282,137	1,282,137
Operations and income for the financial year					
Sales (excl. VAT)	13,067,369	13,399,997	12,567,902	12,064,499	11,552,594
Net income before taxes (B) and company profit sharing scheme charges to and reversals of depreciation and provisions	8,929,910	8,780,876	5,672,951	6,510,434	2,024,538
Corporation tax	345,417	-686,599	-631,708	42,904	-1,527,626
Net income (C)	8,653,077	9,204,692	5,896,293	5,985,388	7,589,527
Charges to and reversals of amortisation, depreciation, provisions	-68,584	262,784	408,366	482,142	-4,037,36
Net income distributed (D)	4,000,267	3,000,201	3,000,201	2,677,104	3,788,731
Earnings per share					
Net income before taxes and company profit-sharing scheme charges to and reversals of depreciation, depreciation, provisions = (B) / (A)	6.96	6.85	4.42	5.08	1.58
Income after taxes and company profit-sharing scheme depreciation and recovery on amortisation, depreciation, provisions	6.70	7.38	4.92	5.04	2.77
Net income after taxes and company profit-sharing scheme charges to and reversals of depreciation, depreciation and provisions = (C) / (A)	6.75	7.18	4.60	4.67	5.92
Dividend attributed to each share = (D) / (A)	3.12	2.34	2.34	2.09	2.96
Personnel					
Average number of employees during the year	29	31	31	31	30
Total payroll for the year	3,813,500	3,518,464	3,663,929	3,576,487	3,253,393
Payments for social benefits during the fiscal year (social security, company welfare service)					
(Social Security, social works)	1,731,990	1,525,938	1,536,358	1,502,500	1,638,835

Other important information**Directors' remuneration**

The remuneration paid to the corporate officers of Altavia amounted to €1,519,426.

Information on entries

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

The parent company of the Group is Altavia. The tax consolidation scope expanded as at 01/01/2009 with subsidiaries initially consolidated under Altavia France.

The subsidiaries falling within the scope of the tax consolidation are Altavia Europe since 1 January 2007, Altavia Newco since 1 January 2008, since renamed in 2013 as Altavia Coach, Altavia France, Altavia Paris, Altavia Nantes, Altavia Lille, Altavia Nantes Newco, since renamed Wetail 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, since renamed Altavia Fiber Value since 1 January 2015, IMS since 1 January 2016.

Altavia Saint-Étienne was removed from the scope of the tax consolidation with effect from 01/01/2017.

The group's parent 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 recognised in the group's parent company.

The group's taxable earnings were €8,324,942.

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

The taxable earnings of Altavia itself were €3,006,735.

The tax savings associated with the tax consolidation recorded at Altavia were €780,987 as at 31/12/2017.

Altavia bore the tax charge on behalf of companies that had become profitable at 31/12/2017, namely Altavia CEI for €1,634, Altavia Nantes for €175,931, Altavia France for €91,502, Altavia Fiber Value for €1,547, Agence Cosmic for €120,498.

Borrowings and financial debts

The Altavia group had a confirmed credit facility of up to €135 million; At 31/12/2017, €1.9 million of this credit facility was in use.

The credit facility was no longer hedged at 31/12/2017.

Furthermore, in 2015 Altavia signed with the BPI a loan agreement for €5 million, to be repaid at the rate of €1 million per year over five years. The first repayment took place on 15/01/2016 so the outstanding balance of this loan is €3 million as at 31/12/2017.

List of subsidiaries and equity stakes

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
Subsidiaries and shareholdings					
A. Detailed information about subsidiaries and holdings					
1. Subsidiaries more than 50% owned					
Altavia Fiber Value	200,000	100	287,739	94,006	
Altavia France	1,646,784	100	21,241,220	3,924,028	3,000,900
Altavia Asia	404,491	100	1,927,792	1,461,660	1,447,170
Altavia Europe	5,594,928	99.99	10,723,078	3,961,951	2,070,122
Altavia Coach	1,931,292	100	2,098,442	-861,456	
Altavia International	10,000	100	-2,157,977	-1,217,521	
Disko	30,000	65.83	1,067,323	301,622	
Altavia Inc.	93	100	35,331	-51,030	
Altavia Newco	10,000	100	9,390	-610	
Altavia Newco 2	1,000	100	489	-511	
2. Equity interests (5% - 50% owned)					
Altavia Connect	50,000	34	2,643,848	636,313	
B. General information on other securities with a gross value not exceeding 1% of the capital of the company required to publish financial statements					
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 2017

To the General Meeting of the shareholders of Altavia,

Opinion

As part of the assignment entrusted to us by your General Meeting, we carried out the audit of Altavia's consolidated financial statements for the financial year ended 31 December 2017 attached to this report.

We hereby certify that, with regard to accounting principles applicable in France, the annual financial statements are free from misstatements and present a true and fair image of operations during the previous financial year and of the assets, financial situation of the company at the end of this financial year.

Basis of our opinion

Audit framework

We conducted our audit in accordance with the professional standards applicable in France. We believe that the information that we collected, on which we based our opinion, was sufficient and appropriate.

The responsibilities which are incumbent on us by virtue of the standards are indicated in the "Responsibilities of the statutory auditors relating to the audit of the annual financial statements" section of this report.

Independence

We certify that we carried out our audit assignment in compliance with the independence rules that were applicable to us, between 1 January 2017 and the date of issue of our report, and in particular that no services prohibited by the code of ethics for the auditing profession were provided.

Justification of our assessments

In application of the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we would draw your attention to the following assessments which, in our professional opinion, were the most significant for the audit of the consolidated financial statements for the year:

– the note "Long-term financial assets" in the notes sets out the rules and methods for valuing equity interests and receivables related to these equity interests.

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. We are not expressing any opinion on the elements of these consolidated financial statements taken in isolation.

Verification of the management report and the other documents sent to the shareholders

We also carried out the specific checks stipulated by law, in accordance with the professional standards applicable in France. Information given in the management report and any other documents sent to the shareholders concerning the financial situation and the annual financial statements.

We do not have any observations to make on the accuracy and the consistency with the annual financial statements of the information given in the Chairman's management report and in the documents sent to the shareholders concerning the financial situation and the annual financial statements.

In accordance with the law, we ensured that the various disclosures related to equity interests and control held, and to the identity of the holders of capital and voting rights, were provided to you in the management report.

Information relating to corporate governance

We certify the existence, in the management report by the Board of Directors dealing with corporate governance, of the information required by Article L. 225-37-4.

Responsibility of the management and the persons constituting the corporate governance bodies relating to the annual financial statements

It is the responsibility of the management to prepare annual financial statements that provide a true and faithful view in accordance with the French accounting rules and principles, as well as to put in place the internal controls which they consider necessary for the preparation of annual financial statements that do not include any material anomalies, whether these result from fraud or from errors.

During the preparation of the annual financial statements, it is the responsibility of the management to evaluate the company's capacity to continue trading and to present in these financial statements, where applicable, the necessary information relating to the continuity of trading and to apply the going concern accounting convention, unless it is planned to liquidate the company or to cease trading.

The annual financial statements were approved by the Chairman.

Responsibilities of the statutory auditors relating to the audit of the annual financial statements

It is our responsibility to prepare a report on the annual financial statements. Our objective is to obtain reasonable assurance that the annual financial statements taken as a whole do not include any material anomalies. Reasonable assurance means a high level of assurance, without however guaranteeing that an audit carried out in accordance with professional practice standards will systematically detect any material anomaly. Anomalies may originate from fraud or from errors and are considered to be material where one may reasonably expect that they could, taken individually or together, influence business decisions which users of the financial statements take based thereon.

As specified in Article L. 823-10-1 of the French Commercial Code, our assignment for the certification of the financial statements does not involve guaranteeing the viability or the quality of the management of your company.

During the course of an audit carried out in accordance with the professional practice standards applicable in France, the statutory auditor exercises his professional judgement throughout this audit. In addition:

- he identifies and assesses the risks that the annual financial statements include material anomalies, whether these originate from fraud or errors, defines and implements audit procedures to deal with these risks and gathers the information which he considers sufficient and appropriate to support his opinion. The risk of the non-detection of a material anomaly originating from a fraud is higher than that of a significant anomaly resulting from an error, because fraud may involve collusion, falsification, deliberate omissions, false declarations or manipulation of the internal controls;
- he familiarises himself with the internal controls relevant for the audit in order to define audit procedures that are appropriate to the circumstances, rather than to express an opinion on the effectiveness of the internal control system;
- he assesses the appropriateness of the accounting methods selected and the reasonableness of the accounting estimates made by the management, as well as the information concerning them supplied in the annual financial statements;
- he assesses the appropriateness of the application by the management of the going concern principle and, based on the information collected, the existence or otherwise of any significant uncertainty related to events or circumstances likely to call into question the capacity of the company to continue its operations. This assessment is based on the information collected up until the date of this report, it being recalled however that subsequent circumstances or events could call into question the continuity of the business. If he concludes that there is any significant uncertainty, he draws the attention of the readers of his report to the information supplied in the annual financial statements on the subject of this uncertainty or, if this information is not supplied or is not relevant, he certifies the financial statements with a qualification or refuses to certify them.
- he assesses the presentation of the annual financial statements as a whole and evaluates whether the annual financial statements reflect the underlying transactions and events in a true and fair way.

Neully-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.