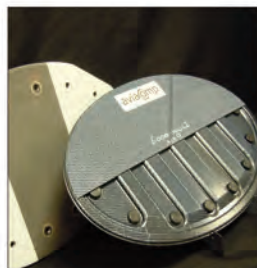
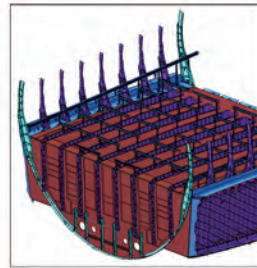
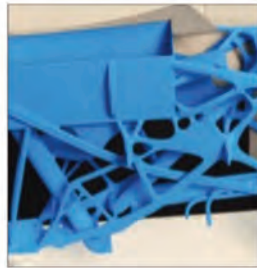


Annual Report



SOGECCLAIR

Key figures 2016

A word from the President

© Lydie Lecarpentier



Resolutely turned towards the future, Sogedair designs solutions and innovative high added-value products for the aerospace and land transport sectors in the civil and military areas.

Our 1,400 engineers and staff deploy their expertise in mechanics and simulation with and for major industrial companies – leaders on their markets – in

eight countries in Europe, in North America and in Tunisia.

Our combined service and product offering means that Sogedair is a player in a class of its own on the market.

Its services go from consulting, outsourced R&D through to production support.

The products include structural subassemblies, aircraft cabin furnishing, software and simulators, not to mention defence vehicles.

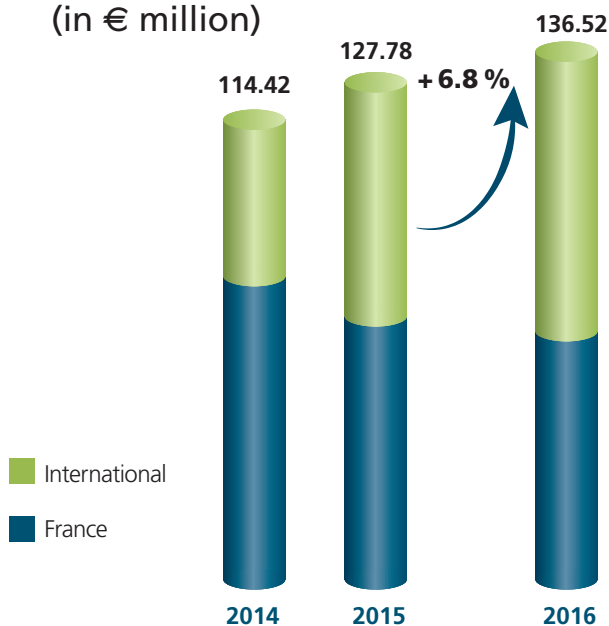
Our concentration – both in terms of our expertise and of the sectors we work in – makes Sogedair an incubator and a developer of technologies that can support long-term projects, such as thermoplastic composites, additive layer manufacturing and automobile simulation.

So, thanks to a strong R&D policy, we contribute to major forward-looking programmes such as the development of the autonomous vehicle in the automobile sector and the aircraft of the future, for example.

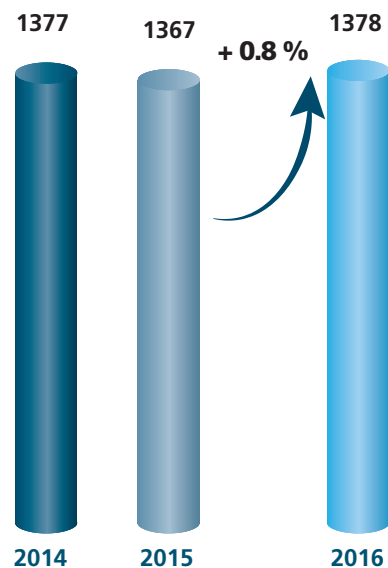
Philippe Robardey
President and CEO

TURNOVER TREND

(in € million)

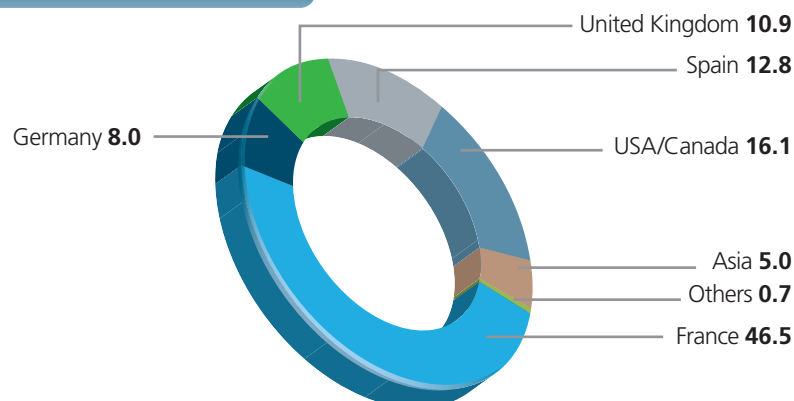


HEADCOUNT TREND



DISTRIBUTION OF ACTIVITY PER COUNTRY

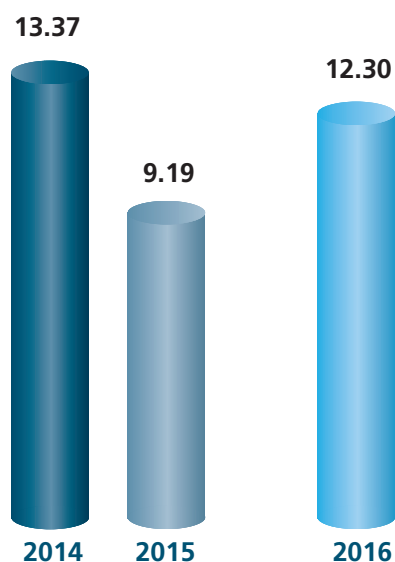
(in %)



Key figures 2016

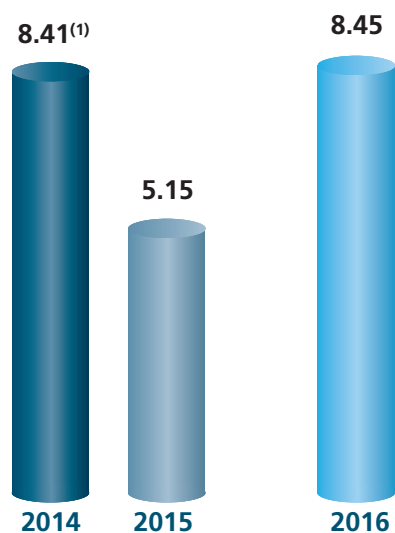
EBITDA TREND

(in € million)



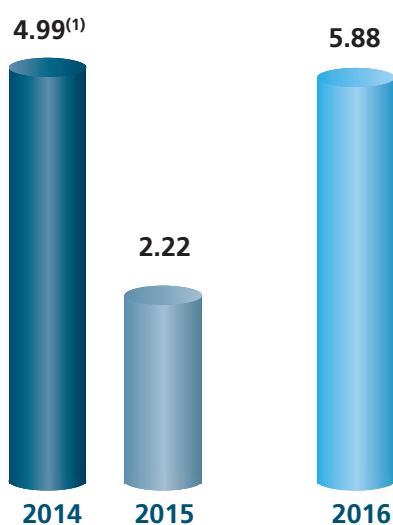
OPERATING RESULT TREND

(in € million)



NET RESULT TREND, GROUP SHARE

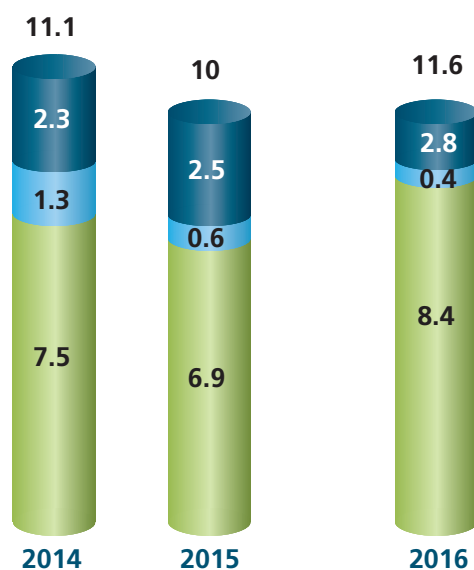
(in € million)



INVESTMENT TREND

(in € million)

Non-immobilized R&D invested
Immobilized R&D
Investments



(1) Costs of learning curve of serial production of the activity "access covers" immediately included into the cost.

Reference document 2016

including the annual financial report

SOGECLAIR

AUTORITÉ
DES MARCHÉS FINANCIERS



This reference document was registered with the Autorité des Marchés Financiers (AMF) (Financial Markets Authority) on 25 April 2017, in accordance with article 212-13 of its General Regulations. It may be used to support a financial operation only if it is completed by a transaction note signed by the AMF. This document was drawn up by the issuer and engages the responsibility of its signatories.

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1 PERSONS RESPONSIBLE

1.1. Persons responsible for the information

Mr Philippe ROBARDEY
President and Chief Executive Officer
Phone: 33 (0)5.61.71.71.71
Email: philippe.robardey@sogclair.com

Mr Marc DAROLLES
Executive Vice President
Phone: 33 (0)5.61.71.71.71
Email: marc.darolles@sogclair.com

1.2. Declaration of the person responsible for the reference document

I certify, after having taken every reasonable step to that effect, that the information contained in this reference document provides, to my knowledge, a true and fair picture of the existing situation and that there are no omissions that could affect its significance.

I certify that, to my knowledge, the accounts have been established in accordance with the applicable accounting standards and give a true and faithful picture of the asset base, financial situation and results of the company and of all the companies included in the consolidation, and that the management report, given in Chapter 26, presents a true and faithful picture of the business trends, results and financial situation of the company and of all the companies included in the consolidation as well as a description of the main risks and uncertainties with which they are faced.

I have obtained from the statutory auditors, MOREREAU AUDIT and EXCO FIDUCIAIRE DU SUD OUEST, an end-of-mission letter in which they state that they have verified the information concerning the financial situation and the accounts given in this reference document and have read the complete reference document.

The financial information presented in this reference document is the subject of a report drawn up by the auditors on the consolidated accounts and on the annual accounts. This report is included in § 20.4.1 of this document.

Blagnac, 24 April 2017
Mr Philippe ROBARDEY
President and Chief Executive Officer

2 AUDITORS

2.1. Contact details

Statutory Co-Auditor
EXCO FIDUCIAIRE DU SUD OUEST represented by Mr
Jean-Marie FERRANDO
2 rue des Feuillants
31076 TOULOUSE CEDEX 3

Renewed in this position by the Ordinary General Meeting held on 19 May 2016, for a period of 6 years, that is until the Ordinary General Meeting to be held in 2022 to approve the accounts for the year ending on 31 December 2021.

Statutory Co-Auditor
MOREREAU AUDIT SAS represented by Mr **Robert MOREREAU**
10 rue Reyer
31200 TOULOUSE

Renewed in this position by the Ordinary General Meeting held on 20 May 2015, for a period of 6 years, that is until the Ordinary General Meeting to be held in 2021 to approve the accounts for the year ending on 31 December 2020.

Substitute co-auditor

Mr André DAIDE
2 rue des Feuillants
31076 TOULOUSE

Renewed in this position by the Ordinary General Meeting held on 19 May 2016, for a period of 6 years, that is until the Ordinary General Meeting to be held in 2022 to approve the accounts for the year ending on 31 December 2021.

Substitute co-auditor

CABINET JEAN BONNET - CJB AUDIT
3 allée Van Dyck
87000 LIMOGES

Renewed in this position by the Ordinary General Meeting held on 20 May 2015, for a period of 6 years, that is until the Ordinary General Meeting to be held in 2021 to approve the accounts for the year ending on 31 December 2020.

2 AUDITORS

2.2. Auditors who verified the annual accounts presented in the reference document

First name and surname	Date of renewal or of first appointment	Mandate expiring at the General Meeting held to approve the accounts for the year ending:
Statutory Co-Auditor EXCO FIDUCIAIRE DU SUD OUEST represented by Mr. Jean-Marie FERRANDO 2 rue des Feuillants - 31076 TOULOUSE CEDEX 3	General Meeting held on 19 May 2016	31 December 2021
Statutory Co-Auditor MOREREAU AUDIT SAS Represented by Mr. Robert MOREREAU 10 rue Reyer - 31200 TOULOUSE	General Meeting held on 20 May 2015	31 December 2020

3 SELECTED FINANCIAL INFORMATION

3.1. Information relative to accounting periods

3.1.1. Main items on the income statement

(in € million)	2016	2015	2014
Sales	136.52	127.78	114.42
EBITDA(1)	12.30	9.19	13.37
Current Operating Income	8.45	5.15	8.41
Other operating income and expenses	-0.18	-0.01	-1.51
Operating income	8.22	5.09	6.89
Income before taxes	7.48	3.42	6.76
Net profit	6.38	2.20	4.71
Net profit, group share	5.88	2.22	4.99

(1) Operating income – Other operating income and expenses + operating amortisation and provisions

3.1.2. Financial structure

(in € million)	2016	2015	2014
Equity capital	45.55	39.68	37.89
Qualified pre-payments (QPP)	3.59	3.27	3.72
Net debt (excluding QPP)	-7.28	-10.81	-4.84
Net gearing (excluding QPP)	16%	27 %	13 %

3.1.3. Activity trends

Per country (in € million)	2016	2015	2014
France	63.4	65.3	77.2
Germany	10.9	13.6	16.1
United Kingdom	14.9	12.6	7.4
Spain	17.5	8.8	4.7
North America	22.0	21.8	3.6
Other countries	7.8	5.7	5.4

Per division and subsidiary (contribution to consolidated sales after elimination of intra-group operations)⁽¹⁾

(in € million)	2016		2015		2014	
	Value	As %	Value	As %	Value	As %
Aerospace Division	120.96	88.6 %	114.44	89.6 %	101.04	88.3 %
SOGECLAIR AEROSPACE SAS	58.84		61.95		71.84	
SOGECLAIR AEROSPACE GmbH	9.54		12.34		15.65	
SOGECLAIR AEROSPACE SA	5.70		3.81		2.41	
SOGECLAIR AEROSPACE Ltd	11.14		9.47		4.77	
SOGECLAIR AEROSPACE SARL	0		0		0	
SOGECLAIR AEROSPACE Inc	0		0		0.24	
AVIACOMP SAS	15.68		6.99		4.31	
S2E CONSULTING SAS	0		0		0	
CHECKAERO BV	0		0		0.07	
RESSOURCES GLOBALES Inc ⁽²⁾	13.00		10.34		0.64	
MSB DESIGN Inc ⁽²⁾	5.82		8.79		1.02	
MSB GLOBAL RESOURCES Corp ⁽²⁾	1.24		0.75		0.09	
Vehicle Division	1.53	1.1 %	2.03	1.6 %	2.29	2 %
SERA INGENIERIE SAS	1.53		2.03		2.29	
Simulation Division	14.04	10.3 %	11.29	8.8 %	11.08	9.7 %
OKTAL SAS	10.68		8.57		8.42	
OKTAL SE SAS	3.36		2.72		2.66	

(1) Excluding holding

(2) Subsidiaries acquired in mid-November 2014

3.1.4. Human resources

(full-time equivalence)	2016	2015	2014
Engineers, managers and senior technicians	1,033	1,048	1,078
Technicians and employees	305	306	100
TOTAL	1,338	1,354	1,178

Additional information is given in paragraph 1.1 of Appendix 1 of the Board of Directors' report to the AGM.

Working hours

Additional information is given in paragraph 1.3 of Appendix 1 of the Board of Directors' report to the AGM.

Training policy (French subsidiaries)

Additional information is given in paragraph 1.7 of Appendix 1 of the Board of Directors' report to the AGM.

Recruitment policy

Given the policy of promoting team loyalty, the recruitment needs are not particularly significant. Nevertheless, the company deploys a large number of means to satisfy its recruitment needs (head-hunters, websites, taking part in specialist trade shows, etc.).

3.1.5. The SOGECLAIR customer base

The major French and international industrial accounts addressed by SOGECLAIR are essentially the following: Acetrionix Co., Agency for Defence Development, Airbus (De, Es, Fr, UK), Airbus Defence & Space, Airbus Helicopters, Agusta Westland, Arianespace, Assistance Aéronautique Spatiale, Associated Air Center, ATR, Autosoft Asia, Bombardier (Aerospace, Transportation), CAE, C&D Aerospace Canada, Cnes, Daher, Dassault, DCN, DGA, Egis Avia, Embraer, Etienne Lacroix, Flying Colors, Gulfstream, HR Consultants, Honda, IARD Sensing solutions, IBM France, Icsa, Indra, Innosimulation Inc., Jet Aviation, LigneX1 Ltd, L3 Link Simulation and Training, MAC Systems

Corporation, MBDA, Mécachrome, Mitsubishi, MT Aerospace, Nissan Motor, Onera, Pacific Co Ltd, Peugeot Citroën Automobiles, PFW Engineering, Pratt & Whitney, Premium Aerotec, Ratp, Renault, Renault Trucks, Regional Transport District, SABCA, Sagem Défense Sécurité, Sefee, Sncf, Snecma Moteurs, Société de Transport de Montréal, Streetlab, Thales, The City of Calgary, Tongji University, Valeo, Zodiac Aerospace.

All sectors taken into account, over the financial year SOGECLAIR totalled, 218 active customers.

SOGECLAIR intervenes in its national and export markets from its installations in France, Germany, Benelux, Canada, Spain, United Kingdom, USA and Tunisia. Sales outside France represented 53.6% of consolidated turnover for the financial year.

In terms of work recurrence, analysis of the customer portfolio in 2016 once again shows that our customers are very loyal. Detailed information on the risk of dependence with respect to our customers is given in paragraph 1.6 of the Board of Directors' report to the AGM, in chapter 26 of this reference document.

The projects accomplished for our customers may last between a few days for expertise work (that is to say several tens of €k) and several years (and several tens of € million). The specific commercial nature of our contracts is not covered by our corporate communications in order to preserve SOGECLAIR's interests with respect to the competition.

3.2. Interim financial reporting

The interim financial information published by the issuer is available on our website www.sogclair.com in the “investors” section.

4 RISK FACTORS

The risk factors are given in paragraph 1.6 of the Board of Directors’ report to the AGM, in chapter 26 of this reference document.

5 INFORMATION CONCERNING THE ISSUER

5.1. Company history and development

5.1.1. Corporate name

SOGCLAIR SA

5.1.2. Issuer’s registration details

Corporate and Trade Register number:

335 218 269 RCS Toulouse

SIRET Company ID number: 335 218 269 00025

APE business activity code: 6420Z

5.1.3. Date of creation and duration

Date of creation: 1st February 1986

Duration: 60 years to run from the date of registration on the corporate and trade register, that is until 16 April 2046.

Financial year: 1 January to 31 December.

5.1.4. Issuer’s corporate headquarters, legal form and legislation

Corporate headquarters: 7, avenue Albert Durand - CS 20069 - 31703 BLAGNAC CEDEX (France)

Phone: 33 (0)5.61.71.71.71 - Fax : 33 (0)5.61.71.71.00

Website: www.sogclair.com

Legal form: Société Anonyme (Joint Stock Company) with a Board of Directors, subject to the provisions of Book II of French Commercial Law.

5.1.5. Important events

- 1986 :** Creation of SOGCLAIR to lead the development of companies.
- 1989 :** Diversification in the directions of engineering, consultancy and multimedia.
- From 1992 :** Strengthening of its skills and refocusing on high-tech professions; broadening of the customer base.
- 1998 :** Listing of SOGCLAIR on the Paris Stock Exchange (Alternative Investment Market).
- 2000 :** Takeover of OKTAL SA, an engineering company specialising in simulation and virtual reality.
Takeover of THARSYS, an electronics engineering company.
- 2001 :** Setting up in Spain with the creation of a joint venture with MASA.
- 2002 :** Setting up in Germany with the acquisition of a majority holding in HIGH-END ENGINEERING (HEE) in Germany, an engineering company.
Creation of a subsidiary in Spain.
Creation of the ADM company in France with MECACHROME (SOGCLAIR has a 35% holding).
- 2005 :** Setting up in the United Kingdom with the creation of a subsidiary.

2006 : Creation, with IGE+XAO, of S2E Consulting, a consulting company specialised in systems and electrical engineering.

2007 : Creation of SERA INGENIERIE, specialised in special vehicle engineering.

2008 : Creation with MECAHERS of AVIACOMP, a company specialised in the design, manufacture and assembly of complex composite subassemblies; SOGCLAIR owns 55% of the shares.
Sale of the THARSYS subsidiary.

2009 : Creation of a subsidiary in Tunisia; SOGCLAIR owns nearly 100% of the shares.
Buyout of minority holdings in the German subsidiary; SOGCLAIR owns more than 99% of the shares.

2010 : Splitting of the Engineering & Consulting unit into two divisions: Aerospace and Vehicles.
Announcement of a new operational organisation within the Aerospace Division’s engineering subsidiaries and adoption of the name: SOGCLAIR AEROSPACE.
Transfer of OKTAL SE shares to the minority shareholders; SOGCLAIR now owns nearly 65 % of the shares.

5 INFORMATION CONCERNING THE ISSUER

2011 : Creation of CHECKAERO BV.

SOGELAIR deployed its new organisation in 3 strategic divisions:

■ **Aerospace :**

Consulting, Engineering and aerostructure subassemblies

■ **Vehicle :**

Engineering and production of special light, industrial and military vehicles.

■ **Simulation :**

Design and training simulators, software workshops for simulation (environment, atmosphere, thermal, electromagnetism).

2013 : Creation of SOGELAIR AEROSPACE Inc in Canada.
Sale of OKTAL SE shares to the minority shareholders; SOGELAIR holds 56.06% of the shares.

2014 : Acquisition of 80% of the MSB group in Canada and the
2015 USA and integration of these entities.

Closing of CHECKAERO BV.

2016 : 100% of shares held in AVIACOMP.

2017 : Creation of the companies MSB AEROSPACE Corp and MSB AEROSPACE LLC in the USA

5.2. Main investments

5.2.1. Completed

The most significant investments in 2016 consisted of immobilising development expenses amounting to more than €0.4 million, and in IT resources and production networks for €2.8 million.

The information relative to issuer's development expenses are given in chapter 11.1 of this reference document.

5.2.2. Planned

Development expenses will continue to be incurred over the coming years in line with the programmes already initiated and for the development of new products and processes, in relation with our product and service lines.

5.2.3. In progress

Industrial investments are currently being made to support the series production of the "wing access door" activity and to increase our presence in North America.

6 OVERVIEW OF ACTIVITIES

6.1. Main activities

6.1.1. Operations and main activities

Designer of innovative, high added-value solutions and products, SOGECLAIR brings its skills in high-quality engineering and production to a broad range of cutting-edge sectors, notably aeronautics, space and transport. SOGECLAIR supports its customers and partners from the design and simulation stages through to the end of the product's lifetime, all along the production chain through to entry into service.

a) Acknowledged know-how in the areas of:

- aeronautical and space engineering that can include the production of aerostructure subassemblies and aircraft interiors,
- special vehicles engineering and production (from light vehicles to industrial and military vehicles),
- simulation of software workbenches and industrial product simulators (development of innovative simulation and virtual reality solutions used for design and training purposes).

b) The SOGECLAIR offer is organised around three types of contract according to the problems faced by its customers:

Technological Assistance

This type of intervention consists of calling on specialists who join the customers' teams for projects that take the form of a commitment of resources.

Work-Packages

This speciality allows our customers to outsource the design of all or part of their products. SOGECLAIR provides its knowledge of its customers' processes, methods and tools. These contracts provide medium-term visibility (3 to 5 years). For this type of development, SOGECLAIR is the project director and provides its know-how in the area of project management, means and methods, quality and management of subcontracting in general. This concerns contracts that take the form of a commitment to achieve a given result.

Products and Systems

This consists of taking charge of complete subassemblies or products, from their design phases through to production and series support. SOGECLAIR combines its own skills with those of its industrial partners.

This activity relies on R&D and project management skills and on programme management. This is based on a performance commitment.

These contracts may offer long-term visibility.

c) Activity of the division

Aerospace division: €120.96 million turnover (88.6% of the activity)

In this division, SOGECLAIR deploys its expertise in the areas of architecture and integration (process, methods, structures, installation of systems), design (primary and secondary structure, metallic and composite materials, mechanical and electrical systems, fittings), simulation and stress (finite element modelling, static, fatigue, damage tolerance, etc.), and lastly tests and qualifications.

Furthermore, throughout the life of the industrial product SOGECLAIR develops configuration management, operational quality and process and tools consulting and support activities.

Some examples of developments:

- **design and stress calculation:** Airbus A350 centre section and belly beam, structural subassemblies for Dassault Aviation FALCON 5X programme, support for series follow-up on all of Dassault Aviation's civil and military programmes, aeronautical equipment wiring, payloads, antennas and test equipment for satellites,

- **design and production:** Airbus A400M and Beluga XL (for Stelia) nose landing gear compartment, electrical racks, composite subassemblies for Airbus A350 and Bombardier CSeries,
- **supply:** replicas of real equipment for simulation purposes, aircraft interior furnishings,
- **engineering support:** quality assurance, configuration management, methods and processes,
- **Manufacturing Engineering:** industrialisation support and optimisation (products and processes).

Vehicle division: €1.5 million turnover (1.1% of the activity)

In this division, SOGECLAIR deploys its expertise in the area of engineering for the design and production of special civilian and military vehicles.

Some examples of developments:

- **design and stress calculation:** special light and industrial vehicles, electrically powered in particular,
- **design and production:** special military vehicles, terrestrial drones, multi-mission platform.

Simulation division: €14 million turnover (10.3% of the activity)

SOGECLAIR is a major player in the area of software publishing for simulation platforms and turnkey simulator design/manufacturing (hardware and software):

- Software publishing addresses the R&D and Engineering markets for the aeronautics, automobile, defence and space sectors.
- Design and manufacture of turnkey simulators addresses the automobile (R&D, Engineering, instructor training, etc.) and railway (training, studies) markets.

The development of these simulation technologies for R&D and Engineering makes it possible to design new systems, validate them, and shorten their development cycle.

The training and study simulators make it possible to train and assess, in a risk-free way, in highly realistic and economic conditions, future drivers in their initial and continuous training.

Some examples of developments:

- Upgradeable automobile simulation platforms for designing and developing stand-alone, connected vehicles,
- Automobile simulators for studying human factors, driving, eco-driving, developing lights (cars, trucks, special vehicles, etc.),
- Railway simulators for training drivers (train, metro, tram, etc.),
- Airport simulators for procedural training,
- Simulation platforms for training air traffic controllers,
- Synthetic environment software:
 - Military for designing weapons systems and mission training,
 - Civil for studying physical phenomena in the telecoms, vision and radio-navigation sectors.

6.1.2. New products

AVIACOMP designs and manufactures structural assemblies for aircraft using highly innovative thermoplastic composite material technologies. The company relies on advanced industrial resources to control and command these high-performance processes automatically. AVIACOMP develops and supplies wing access doors for commercial aircraft programmes and remains the sole-source on its main long-term contracts.

The MSB Group, acquired by SOGECLAIR at the end of 2014, designs and makes aircraft interior subassemblies, in parallel with its engineering speciality. These highly technical products are essentially designed for the business aviation sector on the North American markets.

6 OVERVIEW OF ACTIVITIES

OKTAL has developed a product, on its SCANer Studio platform, dedicated to the design/validation of the autonomous vehicle. This environment is used to model the different sensors (LIDAR, Radar, Ultrasound, Camera, etc.), integrate them in a virtual vehicle and check their behaviour in all their possible configurations (urban or motorway environment, weather or traffic conditions, etc.). This platform also makes it possible to validate the ergonomics of the HMI (Human-Machine Interfaces) and the study of human factors at the time of the autonomous/driver active mode transition and vice versa.

6.2. Main markets

SOGECLAIR supplies high added value solutions and products to the aeronautical, space, and civil and military transport industries.

There is not much data available concerning these sectors. Although we can refer in a general way to the technologies consulting market which represents around €20 billion in Europe, this covers a very wide range of activities going from product engineering to documentation, taking in processes, technical and/or embedded IT. The markets addressed are also highly varied: going from aerospace to chemicals/pharmaceuticals, and including telecommunications and energy...

Its knowledge of the market and its position as specialist have for many years enabled SOGECLAIR to innovate, anticipate the major changes in the sector, and notably accomplish a geographical diversification in 2014. SOGECLAIR's activity in 2016, up by 6.8% like for like, including 17.2% growth on its international markets, attests to the relevance of the internationalisation strategy it implements.

- In response to its customers' needs, SOGECLAIR today provides comprehensive services at the European and worldwide levels. Thanks to its 15 years of international experience with more than 41% of its workforce and 53.6% of its sales, SOGECLAIR has based its international development model on sharing its experience beginning either with startups or acquisitions; and offshoring which brings together, on the one hand, work in low-cost zones to reduce production costs and, on the other hand, offset to partially meet the compensation targets and make it possible to reduce the impact of strong currency variations. In this perspective, SOGECLAIR set up a subsidiary in Tunisia in 2009.
- In order to advance further in its approach to customer satisfaction, SOGECLAIR also has a comprehensive offering going from design, and production support through to follow-up of the product in service. This support for the players in the area of the in-service life of aircraft, is made possible thanks to the structuring of SOGECLAIR's know-how and experience in engineering and production.

6.3. Exceptional events

To date, no exceptional events have impacted the issuer's main activities.

6.4. Risk of dependency

The risk factors are given in paragraph 1.6 of the Board of Directors' report to the AGM in chapter 26 of this reference document.

6.5. Competition

SOGECLAIR is an acknowledged player in the engineering sectors intended for the aeronautical and space markets, special vehicles engineering and simulation markets where it is involved in the design of new products, providing a partial or overall service, or even as project manager for its customers.

Given the barriers to entry linked to each type of intervention, none of SOGECLAIR's competitors has an offer that is as comprehensive, going from support to Products and Systems.

The Aerospace division's main competitors should be analysed more in terms of geographic area for outsourced R&D:

- all countries taken into account: AKKA, ALTEN, ALTRAN, ASSYSTEM, SAFRAN ENGINEERING, P3 VOITH,
- in Germany: BERTRANDT, FERCHAU, RÜCKER AEROSPACE,
- in Spain: CT INGENIEROS, INHISSET, ITD, ATOS,
- in the United Kingdom: HYDE GROUP ENGINEERING,
- in Canada: AIR CABIN, BERLETEX, AEROTEK, CABIN INNOVATIONS, CCF SOLUTIONS, ENFLITE, NORAMTECH, STEECON, TECH MAHINDRA, GAL Aviation.

And per type for the product activities:

- for composite products: TODDS, BROKEHOUSE,
- for cabin furniture: ENFLITE, GAL, LIST
- for Design and Build: LATECOERE, FIGEAC AERO

The Vehicle division's main competitors are:

- For vehicle engineering: MATRA SEGULA and the vehicle departments of ALTEN, ALTRAN, AKKA...
- For countermine / counter IED vehicles: PEARSON (UK) and CSI (USA).
- For tactical robots: IAI (ISRAEL), TAROS (CZ) and in the future, robot developers specialised in mini-robots (ECA, ROBOSOFT...).

The Simulation division's main competitors are present worldwide and should be analysed more in terms of product type:

- Simulator manufacturers: ADACEL, CORYS-TESS, CS, CRUDEN, DRIVE-SAFETY, ECA-FAROS, EADS-DCS, FAAC, FORUM 8, INDRA, LANDER, KRAUSS-MAFFEI, MICRONAV, OPERANTIS, REALFUSION, RUAG, SYDAC, SOGITEC, THALES TRAINING SIMULATION, TRANSURB, VIREX, XPRIMARY IMAGE;
- Synthetic environments: comparable international software houses: BOHEMIA INTERACTIVE, CAE/PRESAGIS, JRM, SAIC, VT MAK; service companies in France: DIGINEXT, OPTIS.

SOGECLAIR actively monitors its markets and competitors by collecting and analysing data and information.

SOGECLAIR's strengths

SOGECLAIR benefits from key advantages that set it apart on its markets:

- A specialist strategy that makes SOGECLAIR a benchmark player capable of providing its customers with high added value;
- A great capability in innovation and R&D both on its proprietary products and its customer's programmes which make SOGECLAIR an incubator and then a developer of new technologies;
- Control of the product cycle, and supporting it from the specification stage to entry into service, through to the end-of-life;
- Synergy between its service and product offerings;
- Services and products capable of meeting its customers' needs on a variety of international markets, whether in Europe, North America or Asia;
- Legitimacy based on more than 40 years' experience.
- Acknowledged technical competence.

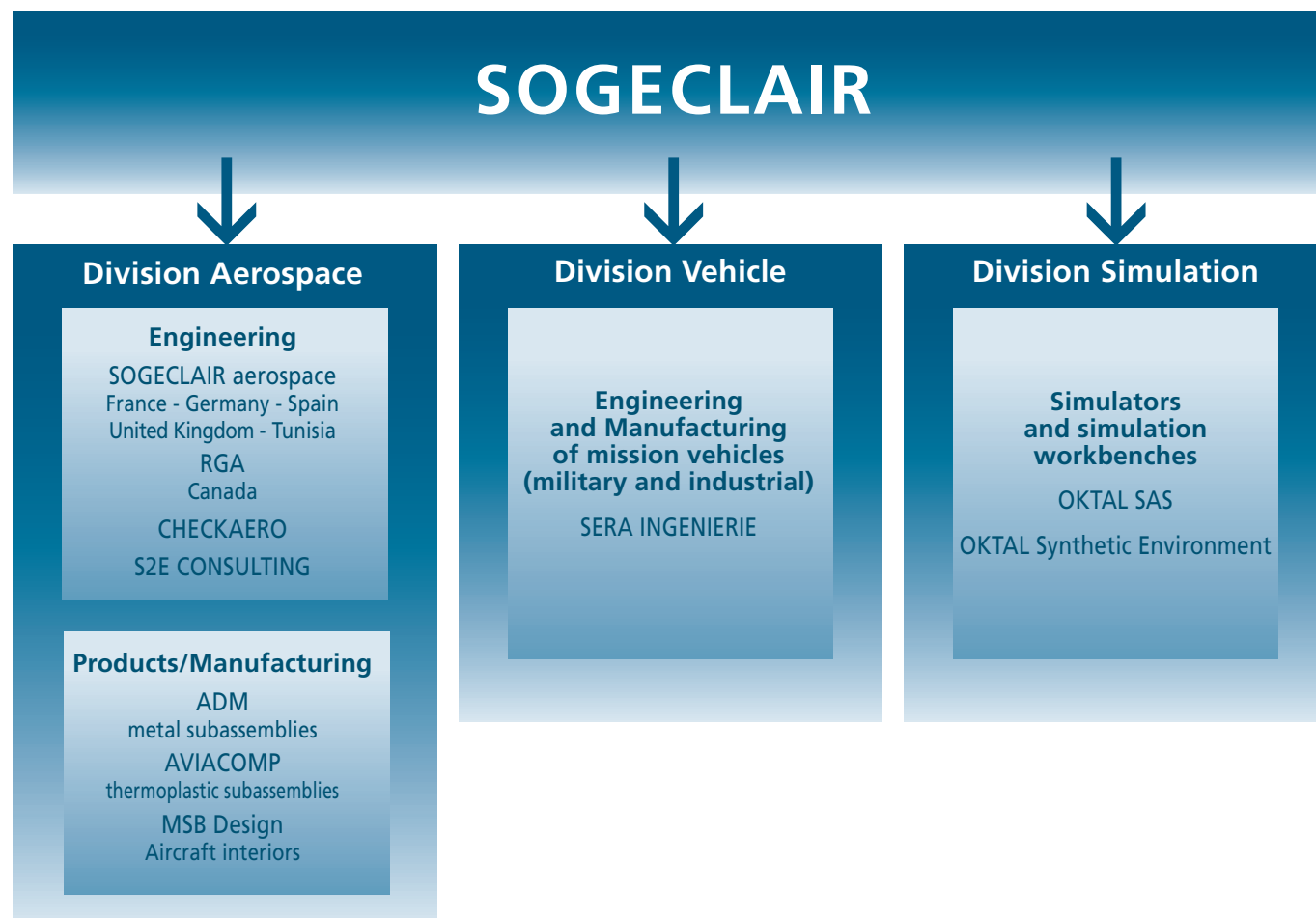
7 ORGANISATION CHART

The breakdown of the issuer's capital is given in paragraph 18.3 of this reference document.

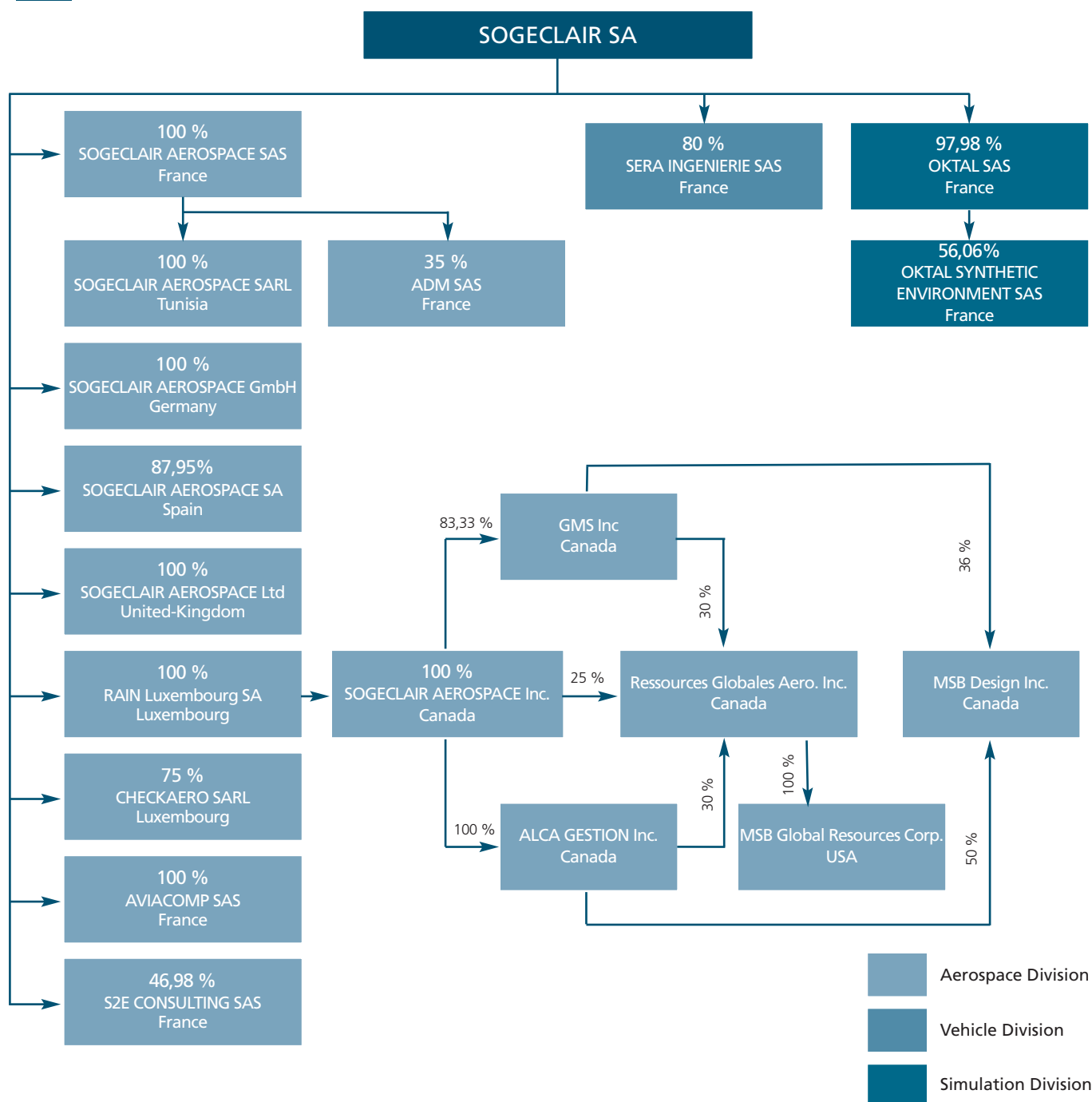
The list of subsidiaries integrated in the consolidation perimeter is available in paragraph 2 of the consolidated appendix given in chapter 20.3.2 of this reference document.

The financial information regarding the shareholdings is given in paragraph 2.2 of the Board of Directors' report to the AGM in chapter 26 of this reference document.

7.1. Functional organisation chart



7.2. Legal organisation chart on 31/12/2016



7.3. The issuer's role with respect to its subsidiaries

SOGECLAIR's General Management assumes responsibility for the following functions throughout the group:

- management and steering of strategic planning,
- growth by acquisition and resource allocation priorities,
- internal control and risk management, control of commitments, insurance policies,
- coordination of operational reporting, control of corporate accounts, establishing the consolidated accounts, interface with the auditors,
- long-term financing policy, optimisation of the financial structure,
- coherence, efficiency and reliability of the management information system,
- institutional and financial communication.

In parallel SOGECLAIR assumes responsibility, on behalf of its fully consolidated French subsidiaries, for their requirements in the areas of:

- cashflow and currency exchange management and third-party accounts follow-up,
- corporate accounts and regulatory declarations,
- financing of the working capital and investment requirements,
- pay, regulatory declarations and administration in general,
- legal secretariat.

Between 2013 and 2014, SOGECLAIR extended its perimeter and now takes charge for its subsidiaries in Germany, Benelux, the United Kingdom and Tunisia of their requirements in the areas of:

- cashflow and currency exchange management and third-party accounts follow-up,
- financing of the working capital and investment requirements,
- legal secretariat.

SOGECLAIR's subsidiaries have general and/or operational directorates that have responsibility for their business and staff; these directorates report to SOGECLAIR's Senior Management.

Different types of meetings and committees are put in place according to the specific needs of each organisation:

- "Strategy & Budget" meetings with the group's Management Committee: at year-end to prepare the budgets and at the beginning of each quarter to note any drift and provide solutions where necessary,
- monthly meetings with each Director to analyse each entity's indicators, economic performance and commercial and operational activity,
- twice-yearly Management Reviews linked to Quality management,
- Operational Management Committee meetings, held monthly depending on the subsidiaries, with the managers to examine workloads, sales and quality actions,
- Sales Directorate meetings with sales managers and sales engineers to examine quotes, order books and specific sales actions to be undertaken,
- monthly production meetings with the managers to analyse production,
- monthly Quality meetings,
- forecast management and career reviews where we examine changes in the distribution of skills and competences.

8 PROPERTY, PLANT AND EQUIPMENT

8.1. Investment policy

(in M€)	2016	2015	2014
Tangible and intangible immobilisations, excluding current and development costs	2,845	2,517	2,300

The investments mainly concern the renewal of our pool of software applications, servers, IT workstations, office hardware (PC, printers, etc.), and our industrial equipment. The main type of financing consists of financial leasing, purchase-leasing contracts, own funds and exceptionally medium-term loans.

The future investments will concern the same types of equipment.

8.2. Development costs

The issuer's policy in the area of development costs is given in chapter 11.1 of this reference document.

The information relative to the issuer's development costs is provided in paragraph 1.3.3 of the consolidated appendix given in chapter 20.3.2 of this reference document.

8.3. Leases and rentals for operating sites

The company rents the premises it needs for its activities from various property companies.

One of these companies, SCI SOLAIR, has a link with one of SOGECLAIR's directors and two of its shareholders who hold a fraction of voting rights greater than 10% (see special report of the Auditors).

On 31 December 2016, SOGECLAIR had 25 operating sites representing a total surface area of 18,209 sq.m, that is more than 13 sq.m per employee, for a total annual cost of €1,880 k exd. VAT:

- France: in the Toulouse region (5), Paris region (2), PACA region (2), Aquitaine region (1), Pays de Loire region (2),
- International: Benelux (1), Hamburg (2), Bremen, Donauwörth, Stade, Getafe (Madrid), Seville, Bristol, Broughton, Tunis, Montreal, USA

9 EXAMINATION OF THE FINANCIAL SITUATION AND OF THE CONSOLIDATED RESULTS

The issuer's financial situation and consolidated results are examined in paragraph 1 of the Board of Directors' report to the AGM in chapter 26 of this reference document.

10 CASHFLOW AND CAPITAL

10.1. Capital and cashflow

The information relative to the issuer's capital and cashflow is given in chapter 20.3 of this reference document.

10.2. Financing conditions and restrictive conditions

The information relative to the issuer's financing conditions and restrictive conditions is provided in paragraph 4.11 of the consolidated appendix provided in chapter 20.3.2 and in chapter 21.3 of this reference document.

10.3. Sources of financing

The information relative to the issuer's financing conditions is given in paragraph 4.11 of the consolidated appendix provided in chapter 20.3.2 and in chapter 8.1 of this reference document.

11 R&D, PATENTS AND LICENSES

11.1. Research and Development

The great majority of SOGECLAIR's work concerns development activities relative to the execution of contracts for its customers.

Furthermore, SOGECLAIR carries out certain self-financed development works on its own behalf, in which the group accepts to invest insofar as it has:

- clear commercial perspectives: confirmed market, existing direct and indirect distribution channels,
- sufficient forecast profitability: including the cost of financing and taking into account a degraded scenario,
- sufficient financing: partners, whether institutions or banks.

By default, the expenses are included on the balance sheet gradually as they are incurred. As an exception and in application of the

international accounting standards (IAS 38), the expenses relative to certain long-duration development works are immobilised as an asset provided they satisfy the assetisation criteria set by those standards.

The information relative to the projects eligible for research tax credit is given in paragraph 1.4 of chapter 26 of this reference document.

11.2. Patents and licenses

Initiated in 2006, the steps taken to create an Industrial Property asset base have continued with the publication and registration of new patents between 2011 and 2016.

The brands and domain names are subject to regular renewal.

12 INFORMATION REGARDING TRENDS

Several years ago, SOGECLAIR launched an initiative to adapt to the changes in its sectors of activity and implemented a strategy allowing it to anticipate its customers' new needs and build up its know-how in order to meet them.

This is marked by the strengthening of its Product activities and its international growth, with a greater presence in North America.

13 PROFIT FORECASTS AND ESTIMATES

SOGECLAIR does not provide any quantified forecasts in the area of sales and results.

14.1. Information concerning the members of the company's administrative and management bodies

14.1.1. Role and functioning of the Board of Directors

The company is managed by a Board of Directors with three members at least and eighteen at the most; however, in the case of a merger, this number of eighteen may be exceeded under the conditions and within the limits set by the provisions of Commercial Law.

Except where Commercial Law releases him/her from this obligation, each director must own a number of shares set at one.

The directors' term of office is six years. The number of directors who have reached the age of seventy-two may not exceed one third of the members of the Board of Directors. When the age limit is reached, the oldest Director is deemed automatically to have resigned.

The Board of Directors is convened by the President on his own initiative and, if he does not serve as Chief Executive Officer, at the request of the Chief Executive Officer or, if the board has not met for more than two months, at the request of at least one third of the Directors. Except in those cases where the agenda is set by the person(s) who requested the meeting, the agenda is set by the President. The meetings must be held at headquarters or on any other premises or in any other place indicated in the convocation but that is agreed to by at least half of the Directors in office.

The Board deliberates and makes its decisions under the conditions stipulated by Commercial Law.

The Board only validly deliberates if at least half its members are present. The internal regulations may stipulate that people are deemed to be present for the calculation of the quorum and of the majority of the Directors who take part in the meeting using videoconferencing or telecommunication means within the limits and under the conditions set by law and the regulations in force.

The Board of Directors determines the orientations of the company's activity and ensures they are implemented. Subject to the powers expressly granted to the shareholders' meetings and within the limit of the corporate object, it may examine any question relative to the correct functioning of the company and, through its deliberations, it settles the affairs concerning it. It carries out the controls and verifications it considers timely.

The company's President or Chief Executive Officer is obliged to submit to each Director all the documents and information required for the accomplishment of their mission.

The Board of Directors elects its President from amongst its members. It determines his/her remuneration. The age limit for exercising the office of President is set at seventy-two years.

The President of the Board of Directors organises and directs the latter's work. He/she ensures the satisfactory functioning of the company's bodies. He/she submits a report indicating the conditions under which the work of the Board of Directors is prepared and organised as well as the internal control procedures put in place in the company.

Internal regulations have been drawn up for the Board of Directors as of 16 March 2007, and they were last updated on 17 March 2017. They are available in the "investors" section on the company's website (www.sogeclair.com).

14.1.2. Members of the Board of Directors on 31 December 2016

The information concerning the composition of the Board of Directors is provided in paragraphs 5.1 and 5.2 of the Board of Directors' report to the AGM in chapter 26 of this reference document.

14.1.3. Expertise and experience of the members of the board of directors in the area of management

Chantal BOUCHER

Former Director of Banque de France, Midi Pyrénées region (Toulouse)
Former Director of major fiduciary projects at the Banque de France – head office in Paris
Former Deputy Director General at the Directorate General of Fiduciary and Investment Activities.

Gérard BLANC

Former Executive Vice President of Operations at Airbus and member of the Airbus Executive Committee. Director of Valéo.

Henri-Paul BROCHET

Thalès Alenia Space: former Director of integration at the time of the merger between Alcatel Space and Alenia Spazio,
Deputy Director General France: Advisor to the President and Director of the Toulouse Site,
Representative of Thalès Alenia Space on the Board of Directors of Intespace,
Director of Thalès Alenia Space Belgium & España,
Member of the supervisory board of Groupe Actia.

Alberto FERNANDEZ

Former President of EADS Casa and Airbus Military Company.
Former President of Afarmade (Spanish armament, defence and security equipment association).

Aurélie PICART

Director of the Development Branch – ACTIA Automotive (since 2012)
Former Director of Pôle Entreprises, Emploi et Economie (Companies, Jobs and Economy Unit) – Midi-Pyrénées DIRECCTE (Regional Agency for Enterprise, Competition, Consumption, Work and Employment)

Michel GRINDES (Censor)

Former President of Airbus North America. Has ensured management control, assistant financial director and procurement manager functions.

Jacques RIBA (Censor)

Entrepreneur. Founder of the Chipie Junior company, then President of Chipie. Has exercised the functions of director in several listed companies.

Alain RIBET

More than 40 years' experience in the aeronautical sector. In the framework of his activities in the Airbus France Design Office, responsible for the management and associated budget control for aircraft sections.

Philippe ROBARDEY

Managerial training. Chief Executive Officer of SOGECLAIR for 9 years before becoming President in 2003. Led SOGECLAIR's floatation and international development.

14.1.4. Specific information relative to the directors

On 31 December 2016, the company had four independent directors, chosen for their skills and the mastery they have of the company's strategic and/or financial challenges.

They are Ms Chantal Boucher and Ms Aurélie Picart as well as Messrs Gérard Blanc and Henri-Paul Brochet.

The criteria adopted are those recommended by the Middledent Code on corporate governance for medium and small listed companies in September 2016. The Board of Directors does not include any directors elected by the employees.

The Annual General Meeting on 28 May 2009, in its fifteenth resolution decided to grant the Board of Directors the possibility of setting up a Board of Censors and therefore to complete the company's articles of association with Article 13 bis, termed as follows:

« Article 13 bis – Censors

The Board of Directors may appoint one or more censors, physical people or legal entities chosen amongst the shareholders or elsewhere. There may not be more than three censors.

Their term of office is six years. The censors' functions come to an end at the end of the Annual General Meeting that voted on the accounts for the past financial year held during the year in which their term of office expires.

The censors may be re-appointed indefinitely, they may be removed from office at any moment by a decision of the Board of Directors.

The censors take part in the sessions of the Board of Directors and serve in an advisory capacity. Their right to information and communication is identical to that of the members of the Board of Directors.

They may receive a remuneration taken from the amount of the directors' fees allocated to the members of the Board of Directors.

The censors are responsible for ensuring the articles of association are applied. They may give an opinion on any point on the agenda of the board and ask its President to bring their remarks to the knowledge of the Annual General Meeting when they consider that appropriate."

Mr Jacques Riba, was appointed at the time of the Board meeting held on 27 May 2011 to the position of censor for a period of six years that will come to an end at the end of the AGM of the shareholders that will be held in 2017 to approve the accounts of the previous financial year. He was renewed in this position at the Board Meeting held on 17 March 2017 to take effect at the end of the next General Meeting, for a period of six years coming to an

end at the end of the General Meeting that will be held in 2023 to approve the accounts of the previous financial year.

Mr Michel Grindes was appointed at the time of the Board meeting held on 16 May 2014, to the position of censor for a period of six years that will come to an end at the end of the AGM of the shareholders that will be held in 2020 to approve the accounts of the previous financial year.

Lastly, the Board of Directors meeting held on 17 March 2017, after having taken note of Mr Brochet's resignation as Director of the Company, has decided to appoint Mr Brochet to the position of Censor, to take effect at the end of the next General Meeting for a period of six years coming to an end at the end of the General Meeting that will be held to approve the accounts of the previous financial year, and held in the year during which his term of office comes to an end.

For the needs of their directorships, the members of Board of Directors are domiciled at company headquarters.

To the knowledge of the company and on the day that this document was established, none of the members of the board of directors or of general management has over the last five years been:

- convicted for fraud,
- associated with a bankruptcy, or a receiving order,
- the subject of an indictment or official public sanction pronounced by a statutory or regulatory authority,
- banned by a court from acting in their capacity as member of a managerial, directorial or supervisory board or from being involved in the management or conducting the business of an issuer.

There are no family ties between the company's directors.

14.1.5. General Management function

The information concerning the exercising of General Management is given in paragraph 5.3 of the Board of Directors' report to the AGM in chapter 26 of this reference document.

14.1.6. Composition of the Management Committee on 31 December 2016

The issuer's Management Committee is made up as follows:

Committee Members	Functions	Name of the company
Mr Philippe ROBARDEY	President & CEO President President President President President Director (Co) Director (Co)	Sogclair SA Sogclair Aerospace Limited Sogclair Aerospace Inc Sera Ingénierie Oktal SAS ALCA Gestion Inc. Sogclair Aerospace SARL Checkaero SARL
Mr Marc DAROLLES	Executive Vice President President President President President CEO CEO Director (Co) Director (Co)	Sogclair SA Sogclair Aerospace SAS ADM SAS MSB Design Inc Ressources Globales Aéro Inc Sogclair Aerospace Limited Sogclair Aerospace GmbH Sogclair Aerospace SARL Checkaero SARL
Mr Jean-Marie HUET	President	Aviacomp SAS
Mr Javier FERNANDEZ	CEO	Sogclair Aerospace SA
Mr Mario SEVIGNY	Vice-President	MSB Design Inc Ressources Globales Aero Inc MSB Global Resources Inc
Mr Sylvain CROSNIER	CEO	Sera Ingénierie SAS
Mr Laurent SALANQUEDA	CEO	Oktal SAS
Mr Jean LATGER	President	Oktal Synthetic Environnement SAS

As of 31 December 2016, the gross annual remuneration paid to the members of the Management Committee represented a total amount of €1,266,730 breaking down as follows:

- gross basic salary (including non-cash benefits): €927,024
- variable pay: €339,706

14.2. Conflicts of interest at the level of the administrative, management and general management bodies

To the knowledge of the company and on the day that this document was established, no conflicts of interest have been identified between the duties of each of the members of the Board of Directors with

respect to the company in their capacity as director and their private interests and other duties.

To the knowledge of the company and on the day that this document was established, no arrangements or agreements have been reached with the main shareholders, customers or suppliers under the terms of which one of the members of the Board of Directors has been selected in that capacity.

To the knowledge of the company and on the day that this document was established, there are no restrictions accepted by the members of the Board of Directors concerning the transfer of their holding in the company's capital.

15 REMUNERATION AND NON-CASH BENEFITS

The information concerning the remuneration of the company's administrative and management bodies is given in paragraph 5.4 of the Board of Directors' report to the AGM in chapter 26 of this reference document.

16 FUNCTIONING OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

16.1. Positions occupied by the directors

The information concerning the positions occupied in the administrative and management bodies is given in paragraphs 5.1 and 5.2 of the Board of Directors' report to the AGM in chapter 26 of this reference document.

16.2. Directors' service contracts with the issuer

16.2.1. Holdings of the directors in the capital of the issuer, in that of a company that has control of the issuer, in that of a subsidiary of the issuer or in that of a customer or supplier of the issuer

Mr Alberto FERNANDEZ: service contract with SOGECLAIR (invoicing: €20,000 in 2016)

16.2.2. Assets belonging directly or indirectly to the directors or to the members of their families

Life annuity for the benefit of Mr Jean-Louis ROBARDEY as payment for a fully amortised business.

The agreements mentioned in paragraphs 16.2.1 and 16.2.2 are described in the auditors' special report given in paragraph 20.4.1.

16.2.3. Loans and sureties granted or made in favour of the members of the administrative, management or supervisory boards

None.

16.3. Committees

There is a Remunerations Committee that includes three directors (G rard Blanc, President, Alberto Fernandez and Henri Brochet) and a censor (Jacques Riba). Once a year, the Committee analyses the remuneration of the members of the Management Committee. It decides on the revision of the fixed remuneration of the President & CEO and proposes a revision framework for the other members of the Management Committee.

16 FUNCTIONING OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

The following method has been put in place to fix the remunerations and their revision for each of the members of the Management Committee.

Person concerned	Proposition of the President & CEO	Directors consulted	Frequency
President & CEO	NO	All except President & CEO	Once a year
Other Board Members	YES	All	Once a year

The Board decided at its meeting held on 12 March 2009, to extend the mission of the Remunerations Committee to the examination of the appointment of the directors and board members.

Further to the deliberations on 14 December 2010, the Board of Directors has decided, pursuant to the provisions of articles L. 823-20

and L. 823-19 of Commercial Law, to accomplish the missions assigned to the audit committee itself.

Additional information is provided in paragraph 1.2 of the President's report to the AGM in chapter 27.1 of this reference document.

17 EMPLOYEES

17.1. Distribution of the workforce

The information concerning the employees is given in appendix 1 of the Board of Directors' report to the AGM in chapter 26 of this reference document.

company's personnel and by the personnel of the companies associated with it in the framework of a Company Savings Scheme or of an Employees' Mutual Fund is zero.

17.2.2. Stock-options and share purchase plans

None.

17.2. Participation and stock-options

17.2.1. Employee participation

The proportion of capital represented by the shares held by the

17.3. Agreement on participation in the capital

To date, there is no agreement relative to employee participation in the capital at SOGECLAIR.

18 MAIN SHAREHOLDERS

18.1. Exceeding of thresholds

There are no provisions in the articles of association concerning the exceeding of thresholds. Consequently, it is the legal provisions that apply.

charge to a shareholder on the basis of former shares for which the shareholder already has double voting rights. The double voting right automatically ceases for any share that has been converted to bearer status or undergone a transfer of ownership, subject to any exceptions provided for by law.

18.2. Multiple voting rights

The AGM held on 22 June 1998 modified the articles of association as follows: (Article 15 of the articles of association)

Each shareholder at the meeting is entitled to as many votes as the number of shares he/she holds or represents, without limitation, subject to the legal or statutory provisions that could restrict the exercising of this right.

A double voting right is, however, granted to holders of fully paid-up nominal shares, if these shares have been registered for at least two years in the name of the same shareholder. Double voting rights are also granted, as soon as they are issued, to nominal shares allocated free of

The introduction of the rules for distributing voting rights between usufructuary and owner without usufruct into the articles of association will be proposed at the General Meeting on 18 May 2017, notably in the presence of Dutreil conservation undertakings. Thus, it will be proposed to the General Meeting to expressly state in the articles of association that the voting right will belong to the usufructuary for ordinary general meetings and to the owner without usufruct for the extraordinary general meetings (this modification simply being the pursuance of the legal provisions that applied until now), and to introduce an exception whereby: when the shares are the subject of a transmission in the framework of the provisions of article 787 B of General Tax Law with reservation of usufruct, the usufructuary's voting rights will be limited solely, for the shares given, to the decisions concerning the appropriation of profits.

18 MAIN SHAREHOLDERS

18.3. Control of the issuer

The company does not belong to a group. The company is controlled as shown below.

As of 31 December 2016, the shareholdings and voting rights broke down as follows for the last three years:

Shareholders	Situation on 31/12/2016				Situation on 31/12/2015			Situation on 31/12/2014		
	Number of shares	% of capital	% voting rights at OGM ⁽¹⁾	% voting rights at EGM ⁽¹⁾	Number of shares	% of capital	% voting right	Number of shares	% voting right	% voting right
Mr Philippe Robardey	993,628	34.26	40.67	40.67	996,704	34.37	41.09	996,704	34.37	41.17
Mrs Anne Robardey	371,644	12.82	11.03	15.21	269,376	9.29	11.10	269,376	9.29	11.13
Mr Jean-Louis Robardey	224,780 ⁽²⁾	7.75	9.20	2.76	224,780	7.75	9.27	224,780	7.75	9.28
Mrs Huguette Robardey	213,508 ⁽²⁾	7.36	8.74	2.62	213,508	7.36	8.80	213,508	7.36	8.82
Other members of the Robardey family :	453,712	15.64	10.2	18.58	246,100	8.49	10.15	246,100	8.49	9.97
- Antoine Robardey	234,634 ⁽²⁾	8.09	5.42	9.60						
- Alexandre Robardey	219,042 ⁽²⁾	7.55	4.78	8.97						
- Paul Robardey	36	0.00	0.001	0.001						
Robardey family total	1,950,468	67.26	79.83	79.83	1,950,468	67.26	80.41	1,950,468	67.26	80.37
Miscellaneous (registered)	80,977	2.79	1.66		138,820	4.79	2.88	137,419	4.74	2.86
Public	721,319	24.87	14.76		666,372	22.98	13.74	656,226	22.61	13.54
Own shares	147,236	5.08	-		144,340	4.94	-	155,887	5.39	-
TOTAL	2,900,000				2,900,000			2,900,000		

(1) On 31 December 2016, the total number of gross voting rights amounted to 4,886,520 and the total number of voting rights exercisable at General Meetings amounted to 4,739,284

(2) Shares partially subject to a subdivision of proprietary rights

The difference between the number of shares and the voting rights can be explained by the provisions of article 15 of the articles of association (see above section 18.2).

There has not been any variation in the distribution of the capital since the end of the financial year, with the exception of the exceeding of the following threshold:

By letter received on 11 January 2017, completed by a letter received on 12 January 2017, the simplified joint stock company Inocap Gestion (40 rue de la Boétie, 75008 Paris), acting on behalf of the fund that it manages, declared it had exceeded, on 9 January 2017, the threshold of 5% in the capital of SOGECLAIR and holds, for said fund, 165,842 SOGECLAIR shares, representing the same number of voting rights, that is to say 5.72% of the capital and 3.39% of the voting rights in that company (AMF notification 217C0136).

The passing of this threshold results from the acquisition of SOGECLAIR shares on the market.

The following modifications in the distribution of the capital were made in 2016:

By letter received on 13 September 2016, the Financial Markets Authority (AMF) received the declaration regarding the passing of the following threshold, on 7 September 2016, further to ownership without usufruct donations being made (AMF notification 216C2053):

■ Mr Antoine Robardey declared he had individually exceeded the threshold of 5% of the voting rights at extraordinary general meetings (EGM) of SOGECLAIR and individually holds 92,436 SOGECLAIR shares representing 184,872 voting rights at ordinary general meetings (OGM) and 389,408 voting rights at EGMs, that is to say 3.19% of the capital, 3.71% of the voting rights at the OGMs and 7.81% of the voting rights

at the EGMs of this company¹;

■ Mr Alexandre Robardey declared he had individually exceeded the threshold of 5% of the voting rights at extraordinary general meetings (EGM) of SOGECLAIR and individually holds 76,844 SOGECLAIR shares representing 153,688 voting rights at ordinary general meetings (OGM) and 358,224 voting rights at EGMs, that is to say 2.65% of the capital, 3.08% of the voting rights at the OGMs and 7.18% of the voting rights at the EGMs of this company¹;

■ Mr Jean-Louis Robardey declared he had individually fallen below the threshold of 5% of the voting rights at extraordinary general meetings (EGM) of SOGECLAIR and individually holds 224,780 SOGECLAIR shares representing 449,560 voting rights at the ordinary general meetings (OGM) and 134,872 voting rights at the EGMs, that is to say 7.75% of the capital, 9.01% of the voting rights at OGMs and 2.70% of the voting rights at the EGMs of this company¹;

■ Ms Huguette Robardey declared she had individually fallen below the threshold of 5% of the voting rights at extraordinary general meetings (EGM) of SOGECLAIR and individually holds 213,508 SOGECLAIR shares representing 427,016 voting rights at ordinary general meetings (OGM) and 128,096 voting rights at EGMs, that is to say 7.36% of the capital, 8.56% of the voting rights at OGMs and 2.57% of the voting rights at the EGMs of this company¹.

(1) Resulting from the ownership without usufruct of 102,268 SOGECLAIR shares and full ownership of 269,376 SOGECLAIR shares.

18 MAIN SHAREHOLDERS

The Robardey family as a whole has not passed any thresholds and indicates it holds 1,950,468 SOGECLAIR shares representing 3,900,936 voting rights at OGMs and EGMs, that is to say 67.26% of this company's capital and 78.21% of the voting rights at its OGMs and EGMs¹, distributed as follows:

Summary of the holdings in terms of voting rights and of capital after the passing of the threshold(s)

	Shares*	% capital	Voting rights**			
			OGM***	%	EGM***	%
ANNE ROBARDEY	269,376	9.29%	538,752	10.80%	743,288	14.90%
HUGUETTE ROBARDEY	213,508	7.36%	427,016	8.56%	128,096	2.57%
JEAN-LOUIS ROBARDEY	224,780	7.75%	449,560	9.01%	134,872	2.70%
PHILIPPE ROBARDEY	990,552	34.16%	1,981,104	39.72%	1,981,104	39.72%
PAUL ROBARDEY (SUCCESSION)	36	0.00%	72	0.00%	72	0.00%
MARTINE ROBARDEY (SUCCESSION)	76,784	2.65%	153,568	3.08%	153,568	3.08%
ANTOINE ROBARDEY	92,436	3.19%	184,872	3.71%	389,408	7.81%
ALEXANDRE ROBARDEY	76,844	2.65%	153,688	3.08%	358,224	7.18%
PHILIPPE ROBARDEY (INDIVISION)	6,152	0.21%	12,304	0.25%	12,304	0.25%
Sub-total of the Robardey acting together	1,950,468	67.26%	3,900,936	78.21%	3,900,936	78.21%

* This includes the shares in usufruct held by assimilation in compliance with 5° of article L.233-9 of Commercial Law.

** Double voting right maintained in accordance with article L. 225-124 of Commercial Law.

*** In accordance with article L.225-110 of Commercial Law, the voting rights attached to the shares belong to the usufructuary at the ordinary general meetings and to the owner without usufruct at the extraordinary general meetings.

¹ On the basis of capital consisting of 2,900,000 shares representing 4,987,763 voting rights, pursuant to the 2nd paragraph of article 223-11 of the general regulations.

By letter received on 15 February 2017, completed in particular by a letter received on 17 February 2017, the Financial Markets Authority (AMF) received the declaration regarding the passing of the following thresholds, as regularisation (AMF notification 217C0479):

Mrs Anne Robardey declared she had individually exceeded the threshold of 15% voting rights at SOGECLAIR extraordinary general meetings (EGM) on 30 November 2016, further to a reduction in the total number of its voting rights, and individually holds 371,644 SOGECLAIR shares¹ representing 538,752 of the voting rights at ordinary general meetings (OGM) and 743,288 voting rights at EGMs, that is 12.82% of the capital, 10.92% of the voting rights at OGMs and 15.07% of the voting rights at EGMs of this company²; and

Mr Antoine Robardey declared he had individually exceeded the threshold of the capital and voting rights at SOGECLAIR OGMs on 27 December 2016, further to the settlement of the inheritance from Mrs Martine Robardey, and individually holds 234,634 SOGECLAIR shares³ representing 264,732 voting rights at OGMs and 469,268 voting rights at EGMs, that is 8.09% of the capital, 5.42% of the voting rights at OGMs and 9.60% of the voting rights at EGMs of this company⁴.

The Robardey family as a whole has not passed any thresholds and indicates that on 15 February 2017 it held 1,950,468 SOGECLAIR shares representing 3,900,936 voting rights at OGMs and EGMs, that is to say 67.26% of this company's capital and 81.15% of its voting rights⁵, distributed as follows:

(1) Resulting from the ownership without usufruct of 102,268 SOGECLAIR shares and full ownership of 269,376 SOGECLAIR shares.

(2) On the basis of capital consisting of 2,900,000 shares representing 4,931,515 voting rights, pursuant to the 2nd paragraph of article 223-11 of the general regulations.

(3) Resulting from the ownership without usufruct of 102,268 SOGECLAIR shares and the full ownership of 132,366 SOGECLAIR shares.

(4) On the basis of capital consisting of 2,900,000 shares representing 4,886,520 voting rights, pursuant to the 2nd paragraph of article 223-11 of the general regulations.

(5) On the basis of capital consisting of 2,900,000 shares representing 4,806,941 voting rights, pursuant to the 2nd paragraph of article 223-11 of the general regulations.

	Shares	% capital	Voting rights		% Voting rights	
			OGM	EGM	% OGM	% EGM
Philippe Robardey	993,628	34.26	1,987,256	1,987,256	41.34	41.34
Anne Robardey	371,644	12.82	538,752	743,288	11.21	15.46
Jean-Louis Robardey	224,780	7.75	449,560	134,872	9.35	2.81
Huguette Robardey	213,508	7.36	427,016	128,096	8.88	2.66
Antoine Robardey	234,634	8.09	264,732	469,268	5.51	9.76
Alexandre Robardey	219,042	7.55	233,548	438,084	4.86	9.11
Paul Robardey (succession)	36	ns	72	72	ns	ns
Robardey family total	1,950,468	67.26	3,900,936	3,900,936	81.15	81.15

In these same letters, the following declaration of intent was made:

"Mrs Anne Robardey declared that she:

- has exceeded the 15% threshold in voting rights at extraordinary general meetings passively owing to a reduction in the total number of theoretical voting rights resulting from a loss of double voting rights, which did not require any funding;
- acts in concert with the members of her family;
- does not envisage purchasing any SOGECLAIR shares, or acquiring sole control of SOGECLAIR, it being stated that the family group that she belongs to controls the SOGECLAIR company;
- does not envisage modifying the strategy with respect to SOGECLAIR, or to carry out any one of the operations listed in article 223-17 I, 6° of the AMF general regulations;

- does not hold any of the financial instruments or agreements mentioned in article L. 233-9 I, 4° and 4° bis of Commercial Law;

- is not party to any agreement for the temporary transfer of shares and/or voting rights in SOGECLAIR; and

- has no intention of requesting her appointment or that of one or more people to SOGECLAIR's Board of Directors. »

To the knowledge of the company, there are no other shareholders holding, directly or indirectly, alone or in concert, more than 5% of the capital or voting rights.

18.4. Shareholders' pact and agreements

There are no shareholders' pacts. However, as of 23 December 2013, some members of the Robardey family made various commitments regarding the conservation of the SOGECLAIR shares they hold, as summarised in the table below:

	'Dutreil' pacts 2013
Rules	art. 885 I bis of CGI General Tax Law
Date of signing	20 and 23/12/2013
Length of the collective commitment	2 years
Contractual length of the pact	2 years
Renewal method	tacit renewal year on year
% of the capital covered by the pact on the date the pact was signed	20%
% of the voting rights covered by the pact on the date the pact was signed	20%
Names of the signatories who are directors	Mr Philippe ROBARDEY Mr Marc DAROLLES
Names of the signatories who have close ties with the directors	Ms Anne ROBARDEY Mr Jean-Louis ROBARDEY Mrs Huguette ROBARDEY Mr Alexandre ROBARDEY Mr Antoine ROBARDEY
Names of the signatories who hold at least 5% of the company's capital and/or voting rights	Mr Philippe ROBARDEY Ms Anne ROBARDEY Mr Jean-Louis ROBARDEY Mrs Huguette ROBARDEY Mr Antoine ROBARDEY Mr Alexandre ROBARDEY (at EGMs)

18 MAIN SHAREHOLDERS

18.5. Key stock market data

18.5.1. Change in stock market price and in the transaction volumes since 1 January 2016

	Highest price in €	Lowest price in €	Transactions in shares	Transactions in €K
January 2016	19,300	16,000	14,719	263.47
February 2016	19,300	16,380	10,183	179.80
March 2016	20,280	18,090	16,276	316.20
April 2016	18,390	17,550	8,673	157.09
May 2016	20,630	18,000	11,790	228.46
June 2016	20,330	17,750	25,009	499.48
July 2016	20,150	18,100	7,409	139.95
August 2016	21,200	19,760	14,026	286.77
September 2016	21,730	20,490	7,657	160.62
October 2016	22,500	21,330	11,600	252.27
November 2016	27,260	21,490	78,529	1 855.43
December 2016	26,250	24,950	9,667	245.60

Market capitalisation on 31/12/2016: €73 370 000

	Highest price in €	Lowest price in €	Transactions in shares	Transactions in €K
January 2017	30,500	24,760	124,452	3,362.93
February 2017	30,900	29,100	20,504	617.75
March 2017	37,990	29,650	53,036	1,787.70

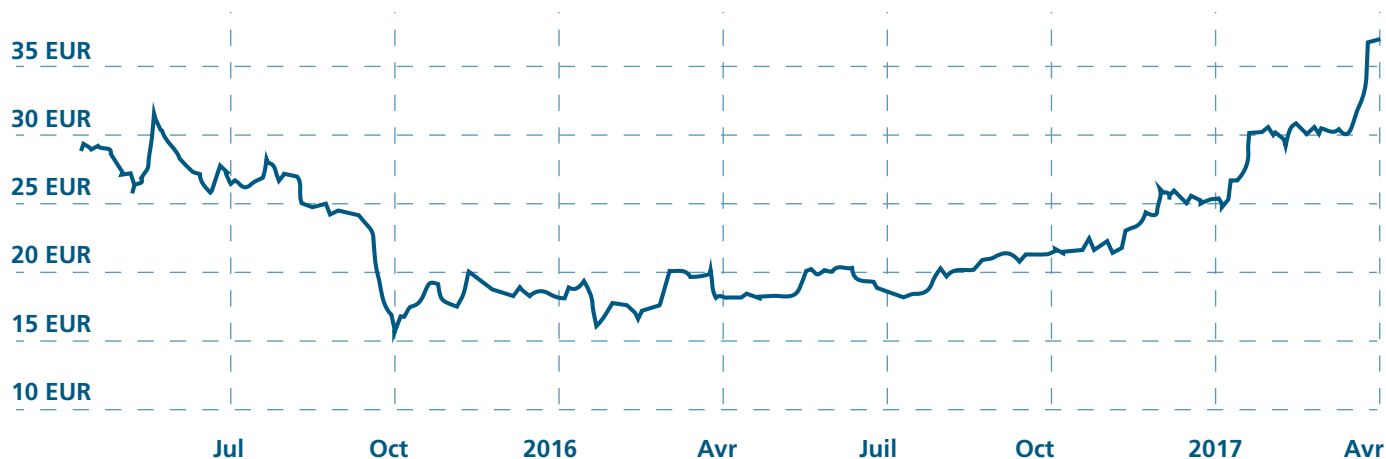
Identification sheet

Euronext Paris – Compartment C – Code ISIN : FR0000065864 – PEA PME 150

(Reuters SCLR.PA – Bloomberg SOG.F)

18.5.2. Stock market trends

SOGECLAIR share price over 2 years



19 OPERATIONS WITH ASSOCIATED COMPANIES

The information relative to the operations with associated companies is given in paragraph 6 of the consolidated appendix provided in chapter 20.3.2 of this reference document.

20.1. Historical financial information

The historical financial information is included in the financial statements presented hereinafter.

20.2. Pro-forma financial information

Not applicable.

20.3. Financial statements (year ending 31 December 2016)**20.3.1. Consolidated accounts****1. CONSOLIDATED FINANCIAL SITUATION**

ASSETS in thousands of Euros	Notes	2016	2015	2014
Goodwill	1.3.1 & 4.1	12,596	12,063	12,142
Intangible assets	4.1	7,692	8,883	9,808
Property, plant and equipment	4.2	5,528	4,940	5,023
Equity investments		66	17	65
Investments in associates	4.3	1,308	1,213	1,041
Non-current assets		27,191	27,117	28,079
Inventories	4.4	8,790	7,293	4,754
Trade and other receivables	4.5	46,103	43,231	46,239
Other current debtors		13,249	13,488	11,507
Deferred income tax	4.6	4,427	4,162	3,834
Cash and cash equivalents	4.7	14,878	11,074	17,553
Current assets		87,447	79,248	83,886
TOTAL ASSETS		114,638	106,365	111,965

LIABILITIES in thousands of Euros	Notes	2016	2015	2014
Share capital	4.8	2,900	2,900	2,900
Share premium account		2,630	2,630	2,630
Own shares	4.8	-712	-712	-734
Reserves and accumulated results		34,966	28,817	28,427
Equity capital, group share		39,784	33,635	33,223
Minority interest	4.9	5,761	6,044	4,666
Total consolidated equity		45,545	39,679	37,889
Provisions for other liabilities and charges	4.10	2,875	2,594	2,402
Payables and other financial liabilities	4.11	2,953	3,055	3,109
Borrowings	4.11	12,965	10,746	13,399
Other long-term liabilities		1	97	118
Non-current liabilities		18,795	16,492	19,029
Short-term pre-payments	4.11	634	216	605
Current part of borrowings and financial debt	4.11	3,868	4,583	4,337
Short-term borrowings and financial debt	4.11	5,325	6,551	4,654
Short-term provisions	4.12	244		
Trade and other payables		13,896	12,933	15,448
Tax and social liabilities		19,702	19,991	22,461
Deferred tax liabilities	4.13		171	179
Other current liabilities		6,628	5,750	7,363
Current liabilities		50,298	50,195	55,047
TOTAL LIABILITIES		114,638	106,365	111,965

2. GENERAL INCOME STATEMENT

INCOME STATEMENT (in thousands of Euros)	Notes	2016	2015	2014
Sales	4.14	136,523	127,782	114,421
Other income from the activity	4.15	3,312	3,565	7,528
Cost of goods sold		-52,210	-46,670	-40,710
Personnel charges		-73,812	-74,096	-66,526
Taxes and duties		-1,172	-1,081	-1,121
Amortisation and provisions		-3,853	-4,044	-4,968
Other charges		-339	-305	-219
Current operating profit		8,449	5,151	8,405
Result of the sale of consolidated holdings	4.16			
Other operating income and charges	4.17	-184	-13	-1,514
Operating profit before result of equity investments		8,265	5,138	6,891
Share in profit from equity share affiliates		-47	-47	-2
Operating profit		8,218	5 091	6,889
Income from cash flow and cash flow equivalents		53	-1 075	279
Gross finance costs		-629	-630	-401
Net finance costs	4.18	-577	-1 706	-122
Other financial income and charges	4.19	-159	32	-8
Pre-tax profit		7,482	3 417	6,760
Income tax expenses	4.20	-1,099	-1 220	-2,051
Net profit		6,383	2,197	4,708
Group share		5,881	2,216	4,986
Minority share		502	-19	-278

(in euros)		2016	2015	2014
Profit per share		2.03	0.76	1.72
Diluted profit per share		2.03	0.76	1.72

NET INCOME AND GAINS AND LOSSES RECORDED DIRECTLY IN EQUITY CAPITAL (in thousands of Euros)		2016	2015	2014
Net profit		6,383	2,197	4,708
<u>Elements that will be reclassified as Net result at a later time:</u>				
Exchange rate difference resulting from the conversion of entities abroad		553	-708	158
Restatement of the fair-value of assets and long-term debts		583	-670	180
		-31	-38	-22
<u>Elements that will not be reclassified as Net result at a later time:</u>		29	-79	-125
Actuarial gains and losses on defined benefit schemes		45	-120	-191
Linked taxes		-15	41	66
Total gains and losses booked directly as equity capital		582	-787	33
Overall profit		6,965	1,410	4,748
Share of the owners of the parent company		6,247	1,661	5,018
Holdings not giving control		717	-251	-270
Overall profit		6,965	1,410	4,748

3. CASHFLOW

3.1. CONSOLIDATED CASHFLOW STATEMENT

CONSOLIDATED CASHFLOW (in thousands of Euros)	2016	2015	2014
Consolidated net result (including minority interests)	6,383	2,197	4,708
+/- Amortisation and provisions (excluding those linked to current assets)	4,304	3,955	3,741
-/+ Latent gains and losses linked to fair value variations	-6	17	37
-/+ Other calculated income and expenses			-36
-/+ Transfer capital gains and losses	-30	-3	2
+/- Share in the result linked to equity method affiliates	47	47	2
- Dividends (non consolidated shares)	-31		
- Dividends (non-consolidated securities)	10,666	6,214	8,453
+ Net finance costs	516	634	214
+/- Tax charge (including deferred tax)	1,099	1,220	2,051
Self-financing capacity before net finance costs and tax (A)	12,281	8,067	10,718
- Tax paid (B)	-792	-3,854	-5,868
+/- Variation in working capital requirement linked to the activity (including debt related to personnel benefits) (C)	-3,528	-4,986	-1,477
= CASHFLOWS FROM OPERATING ACTIVITIES (D) = (A + B + C)	7,962	-772	3,373
- Outflows linked to the acquisition of tangible and intangible assets	-2,779	-1,843	-2,345
+ Inflows linked to the sale of tangible and intangible assets	247	47	158
- Outflows linked to the acquisition of financial assets (non-consolidated securities)	-96	-42	
+ Inflows linked to the sale of financial assets (non-consolidated securities)	42	9	
+/- Impact of variations in scope	237	-55	-10 063
+ Dividends received (equity method affiliates, non-consolidated securities) * see alternative processing 7.2	31		
+/- Variation in loans and advances granted	-142	-158	-116
= CASHFLOWS FROM INVESTMENT ACTIVITIES (E)	-2,459	-2,041	-12,366
+ Sums received from shareholders at time of capital increases			
- Paid by the parent company's shareholders			
- Paid by the integrated company minority interests			283
-/+ Buyback and sale of own shares		143	43
- Dividends allocated for payment during the year			
- Dividends paid to the parent company shareholders	-1,101	-1,372	-1,371
- Dividends paid to the integrated company minority interests	-186	-261	-244
+ Revenue from loan issues	5,828	1,200	6,602
- Loan reimbursements (including leasing contracts)	-4,513	-4,854	-4,082
- Net finance costs (including leasing contracts)	-422	-568	-147
+/- Other flows linked to financing operations			
= NET CASHFLOWS FROM FINANCING ACTIVITIES (F)	-395	-5,711	1,082
+/- Impact of changes in currency exchange rates (G)	-79	149	43
= NET CASH VARIATION (D + E + F + G)	5,029	-8,376	-7,868

3.2. NET FINANCE COSTS VARIATION

NET FINANCE COSTS (in thousands of euros)	OPENING	VARIATION	VARIATIONS OF SCOPE	VARIATION IN FAIR VALUE	EXCHANGE RATE DIFFERENCES	RECLAS- SIFICATION	CLOSING
Gross cashflow (a)	11,075	3,801			21	-19	14,878
Debit balance and cash credit (b)	6,551	-1,326			100		5,325
Net cashflow (c) = (a) - (b)	4,525	5,127			-79	-19	9,553
Gross finance costs (d)	18,601	1,815		19	35	-49	20,421
Net finance costs (d) - (c)	14,076	-3,312		19	115	-30	10,868

The debt ratios are given in chapter 3 of the 2016 reference document. The sources of investment financing are detailed in chapters 8 and 10 of the 2016 reference document. During the year SOGECLAIR had recourse to customer and tax credit claims in a subsidiary for a balance €2,252 k on 31 December 2016.

SOGELAIR also has self-owned shares whose off-balance sheet market value (excluding liquidity contract), based on the stock market price on 31 December 2016, amounted to €3.65 million, not included in the cashflow.

4. CONSOLIDATED EQUITY CAPITAL VARIATION

(in thousands of Euros)	Group share							
	Capital	Reserves linked to the capital	Self-owned-shares	Consolidated reserves and profits	Gains and losses recorded directly in capital	Equity capital - group share	Equity capital - Minority interests	Total equity capital
Closing equity capital N-2 (31 December 2014)	2,900	2,630	-734	28,552	-124	33,223	4,666	37,889
Capital operations							1,445	1,445
Share-based payments								
Operations on self-owned shares			22	80		101		101
Dividends				-1,372		-1,372	-261	-1,633
Result for the period				2,216		2,216	-19	2,197
Gains and losses recorded directly in equity capital					-555	-555	-232	-787
Net result and gains and losses recorded directly in equity capital				2,216	-555	1,661	-251	1,410
Variation of scope					29	29	-37	-9
Other movements					-7	-7	482	475
Closing equity capital N-1 (31 December 2015)	2,900	2,630	-712	29,476	-657	33,635	6,044	39,679
Capital operations								
Share-based payments								
Operations on self-owned shares								
Dividends				-1,101		-1,101	-186	-1 288
Result for the period				5,881		5,881	502	6 383
Gains and losses recorded directly in equity capital					367	367	215	582
Net result and gains and losses recorded directly in equity capital				5,881	367	6,247	717	6,965
Variation of scope								
Other movements				1,023	-20	1,003	-814	189
Closing equity capital N (31 December 2016)	2,900	2,630	-712	35,279	-311	39,785	5,761	45,546

(1) including the buyback of minority interest in the Aviacomp company

20.3.2. Appendixes to the consolidated accounts

1- INFORMATION RELATIVE TO THE ACCOUNTING BASELINE, THE CONSOLIDATION PROCEDURES AND THE VALUATION METHODS AND RULES

1.1. Standards applied

Pursuant to regulation N°1606/2002 adopted on 19 July 2002 by the European Parliament and Council, the accounts of the SOGECLAIR group have been established in accordance with the IFRS baseline such as adopted in the European Union and presented in accordance with recommendation N°2013-03 dated 7 November 2013 issued by the Conseil National de la Comptabilité (National Accounting Council).

Standards, amendments and interpretations of the IFRS standards applicable as from 1st January 2015

The new standards and amendments applicable as of 1st January 2016 do not have any significant impact on the accounts to 31 December 2016.

Standards not applied by SOGECLAIR

- Standards, amendments and interpretations of the IFRS standards, already published by IASB and adopted by the European Union, but whose application was not yet obligatory on 31 December 2016 and that have not been applied in advance by the SOGECLAIR Group when they apply to it.

- New standards, revisions of the IFRS standards and interpretations published by IASB not yet adopted by the European Commission. These standards are not applied by the SOGECLAIR Group.

1.2. CONSOLIDATION PROCEDURES

The companies of significant size, controlled exclusively and in which the group exercises direct or indirect control over more than 50% of their capital have been consolidated by overall integration.

Subsidiaries are companies controlled by the group. Control means that power is exercised over relevant activities, and exposure to variable yields as well as the capacity to use power to have an influence over these yields.

The applicable consolidation methods come under the IFRS 11 standard regarding the partnerships.

The shares in non-consolidated shareholdings are posted in the "Investments in associates" item for their cost of acquisition.

Furthermore, companies are excluded from the scope of consolidation when they only represent a negligible interest and their exclusion cannot negatively impact the faithful image principle.

Here, this concerns:

ADM (subsidiary 35%-owned by SOGECLAIR AEROSPACE SAS).

On 31/12/2016, the Checkaero BV was closed down and no longer enters into the scope of consolidation.

1.3. Valuation methods and rules

1.3.1. Conversion of foreign companies' accounts

The group's presentation currency is the euro, the foreign companies' operating currency is their local currency (pound sterling for SOGECLAIR Aerospace Ltd, Tunisian dinar for SOGECLAIR Aerospace Sarl, Canadian dollar for SOGECLAIR Aerospace Inc, MSB Design Inc and Ressources Globales Aéro Inc, US dollar for MSB Global Resources Corp.).

The accounts for the group's foreign companies are drawn up in their operating currency, their accounts then being converted into the group's presentation currency as follows:

- The balance sheet items, with the exception of the equity capital maintained at its historical cost, are converted at their closing rate.
- The income statement accounts are converted at the average rate for the period.

The income statement conversion difference is included in the other elements of the overall result and therefore does not impact the net result (it will be recycled in the income statement when control of the subsidiary is lost).

The goodwill shown at the time of the grouping together with foreign companies is treated as the acquired entity's assets and liabilities: it is therefore integrated in their operating currency and converted into euros at its closing rate. This therefore results in variations in the value of the assets explained in the general income statement.

1.3.2. Goodwill and assimilated

In compliance with the IFRS standards, goodwill – frozen in 2004 – is no longer amortised, but depreciation tests are performed annually, however tests may be performed half-yearly should signs of losses of value appear.

Depreciation is recorded once the recoverable value of the CGU to which the goodwill is assigned is lower than its net book value.

A Cash Generating Unit (CGU) is the smallest identifiable group of assets whose continuous utilisation generates cash inflows that are largely independent from the cash inflows generated by other assets or groups of assets.

Thus, the CGUs identified in the group are the legal entities, it being stated that when the legal entities have strong economic ties several entities are grouped together within one CGU.

Furthermore, a CGU necessarily and exclusively belongs to one of the operational sectors chosen by Sogecclair by way of application of IFRS 8.

In this respect, the legal entities named Sogecclair Aerospace (GmbH in Germany, Ltd in the UK, SA in Spain, SARL in Tunisia, SAS in France)

have been grouped together in a single CGU given their indivision as transactional economic assets and their strong ties with the aeronautical industry. This also applies for the Canadian entities, MSB Ressources Globales Inc and MSB Design Inc, which have been grouped together in a single CGU.

The Oktal SAS and Oktal Synthetic Environnement SAS entities are grouped together in a single CGU due to their technical synergy.

The recoverable values are determined per legal entity, but their appreciation is analysed within the CGU to which they are attached.

The recoverable value is the highest value between the net fair value of the cost of disposal, when that can be determined, and the going concern value.

The net fair value of the costs of disposal corresponds to the best estimate of the net value that could result from a transaction made under the conditions of normal competition between well-informed and consenting parties. This estimate is determined on the basis of the market information available taking any special situations into account.

The going concern value adopted by Sogecclair corresponds to the present value of the cash-flows from the identified CGUs. These flows are determined in the framework of the following economic assumptions and forecast operating conditions:

- the cashflows used are derived from three-year "Medium-Term Plans" for the entities concerned available on the valuation date and are extended to a five-year horizon,
- beyond that horizon, the terminal value corresponds to the capitalisation to infinity of the last flow within the horizon, on the basis of a rate to infinity of 2%,
- the actualisation rate stood at 8.61%, at the end of 2016, based on:
 - the 10-year risk-free loan rate of 0.68%,
 - and of a market premium of 6.5% to which an average over five years of the Beta coefficient specific to Sogecclair is assigned, confirmed by other sources (Bloomberg, Thomson, Infanciales), of 1.22.

A "shock" called "mathematical shock" is applied to the most sensitive underlying parameters (growth of the activity, level of the operating margin, investments) to test the sensitivity of the estimation to an unfavourable change in the CGU's economic environment; the hypotheses adopted for the mathematical shock consist of halving the activity's growth rate and reducing the level of the operating margin (EBITDA) by 30%, and halving the amount of the investments, with respect to the values of the basic business plan.

The recoverable values, based on the going-concern values, are then compared with the net book values of the goodwill for determining any depreciation

On 31 December 2016, there was no evidence of a loss of value putting the valuation tests into question.

1.3.3. Intangible assets – development expenses

Concerning the work immobilised as development expenses, the amounts posted as assets include all of the development expenses through to completion of the work in accordance with IAS 38 along with the related financial costs in accordance with IAS 23.

The amounts immobilised are straight-line amortised over a period of 3 to 10 years depending on the programmes, according to the most probable perspectives of the economic return on the results of the work.

There are seven main programmes leading to development expenses and the related financial expenses being posted as assets:

(in thousands of Euros)	Assetisation period	Length of amortisation	Gross amount	Amount still to be amortised
Aerospace Division				
Thermo-compression aeronautical subassemblies	Since 2009	10 years running from series deliveries	7,397	5,717
Modular aeronautical training platform	Since 2014	4 years running from commercialisation of the modules	63	63
Aircraft interior monuments	Since 2009	7 years running from series deliveries	1,112	622
Aircraft modification authorisation label	Since 2014	3 years running from assetisation	78	32
Vehicle Division				
Multi-mission terrestrial drone	Since 2013	5 years running from assetisation	173	77
Simulation Division				
Terrain modellers (Agetim, Ray and Fast products) for simulators	Since 2003	3 years running from assetisation	2,045	279
Simulation motors for the following sectors: - automobile (ScanNer product), - rail (OkSimRail product) - air traffic (ScanAds product)	Since 2005	3 years running from assetisation	2,468	328

1.3.4. Financial instruments

In respect of IFRS 7, it should be noted that the loans contracted by the group are fixed-rate loans and that there are no off-balance sheet financial instruments, nor any securitisation of the customer posting.

In the framework of its exposure to exchange rate risks, since 2012 SOGECLAIR has been hedging some of its contracts in US and Canadian dollars. These instruments have a guaranteed rate and do not involve any restatement in respecting of hedging accounting. The hedging losses and profits are posted as a result at the time the exchange operation is carried out and for their fair value at each half-yearly/annual closing of the accounts.

On 31 December 2016 the hedging taken out by SOGECLAIR amounted to USD 5.19 million with due date September 2017.

To date there are no commitments within SOGECLAIR SA or the group involving complex financial instruments.

1.3.5. Current assets

In accordance with the IAS 1 standard (Presentation of financial statements), an asset is classified current if you are intending to realise or sell it in the framework of the normal operating cycle, or realise it within the twelve months following the balance sheet date, or lastly if it is a cash asset.

The following assets are therefore classified as being current:

- inventory,
- payments in advance,
- trade and other receivables,
- deferred tax assets,
- cash and cash equivalents,
- prepaid expenses,
- other receivables.

1.3.6. Utilisation of estimates

The drawing up of the financial statements per the IFRS baseline requires the utilisation of estimates and assumptions that may have an impact on the book value of certain balance sheet and income statement items.

These estimates and assessments are updated by Management on a going concern basis according to the information available on the date the accounts are closed. They may vary according to events or to information that may put into question the circumstances under which they are made.

These estimates mainly concern:

- Sales recognition (Note 1.3.8)
- Deferred tax assets (Note 4.6)
- End-of-career indemnities and provisions for disputes (Note 4.10)
- Valuation of goodwill (Note 1.3.2)

1.3.7. Current and non-current liabilities

In accordance with the IAS 1 standard (Presentation of financial statements) liabilities are classified current and non-current. A liability is classified current if it must be settled in the framework of its normal operating cycle, or settled within the twelve months following the balance sheet date.

The following contingent liabilities are therefore classified current:

- the part of finance costs and qualified prepayments that are reimbursable within less than one year following the balance sheet date,
- trade and other payables,
- tax and social liabilities,
- short-term provisions,
- deferred tax liabilities,
- other liabilities.

The other contingent liabilities are classified non-current.

1.3.8. Sales recognition

Sales correspond to the amount of work performed for customers by all of the companies that enter into the scope of consolidation. The sales and costs recognition method depends on the type of intervention.

Consulting and support activities

These contracts are subject to an obligation regarding the means. Sales for the consulting and support activities are posted gradually as the works are performed.

All-in development contracts and the associated systems, products and services

These contracts are subject to an obligation to achieve a given result and a performance-related commitment. Sales and the result are recorded in application of the IAS 18 standard using the percentage of completion method defined by the IAS 11 standard. Completion is calculated as a percentage of the costs borne for the works performed with respect to the total costs re-adjusted each month. When it is probable that the total of the re-adjusted costs of the contract will be higher than the total sales generated by the contract, the expected loss on completion is posted as a liability in the financial situation statement.

1.3.9. Dividends paid

The distribution of dividends paid out in respect of the year 2015 to the parent company's shareholders during the year ending 31 December 2016 is as follows:

- single voting right €266 k
- double voting right €835 k

1.3.10. Events after the balance sheet date

None.

1.3.11. Other information

SOGELAIR has posted the fair value of the exchange rate hedging instruments as permitted by the IAS39 standard.

It should be noted that, in an economic logic, only non-interest bearing financial commitments given or received are subject to IAS 39.

SOGELAIR has posted income to be received for the period, as a deduction from the personnel expenses in respect of the CICE (Corporate Competitiveness Tax Credit) totalling €1,149 k.

2- SCOPE OF CONSOLIDATION

List of consolidated companies

NAME	COUNTRY	ACTIVITY	% OF CONTROL in 2016	% OF CONTROL in 2015
Companies consolidated by full consolidation*				
Aviacomp SAS	France	Aeronautical and defence structural subassemblies	100.00%	59.09%
Checkaero BV	Netherlands	Stress calculation expertise	0.00%	75.00%
Checkaero SARL	Luxembourg	Stress calculation expertise	75.00%	75.00%
MSB Design Inc**	Canada	Aircraft interior subassemblies	80.00%	80.00%
MSB Global Resources Corp**	USA	Aerostructure, Systems installation, Configuration management, Equipment	80.00%	80.00%
Oktal SAS	France	Simulators	97.98%	97.98%
Oktal Synthetic Environment SAS	France	Virtual environments	54.94%	54.94%
Ressources Globales Aéro Inc**	Canada	Aerostructure, Systems installation, Configuration management, Equipment	80.00%	80.00%
Rain Luxembourg SA	Luxembourg	Sub-holding	100.00%	100.00%
Séra Ingénierie SAS	France	Vehicles	80.00%	80.00%
Sogclair SA	France	Holding	Parent	Parent
Sogclair Aerospace GmbH	Germany	Aerostructure, Systems installation, Configuration management, Equipment	100.00%	100.00%
Sogclair Aerospace Inc	Canada	Sub-holding	100.00%	100.00%
Sogclair Aerospace Ltd	United Kingdom	Aerostructure, Systems installation, Configuration management, Equipment	100.00%	100.00%
Sogclair Aerospace SA	Spain		87.95%	87,95%
Sogclair Aerospace Sarl	Tunisia		100.00%	100.00%
Sogclair Aerospace SAS	France		100.00%	100.00%
Equity method affiliates				
S2E Consulting SAS	France	Systems engineering and electricity	46.98%	46.98%

* excluding two companies in Canada without any operational activities

** From an accounting viewpoint, the acquisition has been analysed as a firm acquisition with deferred payment for the 20% minority holdings by 2017. This deferred payment has been posted for its discounted amount such as stipulated contractually (fair valuation on the basis of business plans) as minority interests.

In order to preserve the company's interests, SOGELAIR does not wish to communicate further on the price of the operation and, consequently, on how debts noted with respect to minority holdings are taken into account.

3 - INFORMATION MAKING IT POSSIBLE TO COMPARE THE ACCOUNTS

Method

No changes in the accounting or valuation methods relative to the processing of the financial information, that could have an impact on the comparability of the accounts, have been made during the period.

4 - EXPLANATIONS ON THE ITEMS ON THE CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT

4.1. Intangible assets

GROSS VALUES (in thousands of Euros)	AT BEGINNING OF YEAR	INCREASES	ASSETS GENERATED INTERNALLY	CHANGES IN THE SCOPE OF CONSOLIDATION	SALES AND DISPOSALS	EXCHANGE RATE DIFFERENCES	RECLASSIFICATION	AT YEAR- END
Goodwill	13,102					533		13,635
Research & development expenses	24,920		447			56		25,423
Software and brands	7,693	245			-94	8		7,852
Current assets		225						225
Total	45,716	471	447		-94	596		47,136

AMORTISATION & PROVISIONS (in thousands of Euros)	AT BEGINNING OF YEAR	PROVISIONS FOR AMORTISATION AND DECREASES OF VALUE	CHANGES IN THE SCOPE OF CONSOLIDATION	SALES AND DISPOSALS	EXCHANGE RATE DIFFERENCES	OTHER VARIATIONS	RECLASSIFICATION	AT YEAR- END
Goodwill	-1,039							-1,039
Research & development expenses	-17,743	-1,281			-21			-19,044
Software and brands	-5,988	-843		83	-17			-6,765
Total	-24,769	-2,124		83	-38			-26,848
Net value	20,946							20,288

The detail of the immobilised expenses is given in paragraph 1.3.3 of this document.

4.2. Tangible assets

GROSS VALUES (in thousands of Euros)	AT BEGINNING OF YEAR	INCREASES	CHANGES IN THE SCOPE OF CONSOLIDATION	SALES AND DISPOSALS	EXCHANGE RATE DIFFERENCES	RECLASSIFICATION	AT YEAR- END
Technical installations, plant & equipment	2,918	36		-25	57		2,986
Installations & fittings	2,448	124		-13	43	1	2,604
IT & office hardware	8,184	328		-248	-7	3	8,260
Current assets	812	1,457				-369	1,901
Other	1,271	428		-56	1	365	2,009
Total	15,632	2,374		-342	94		17,759

AMORTISATION & PROVISIONS (in thousands of Euros)	AT BEGINNING OF YEAR	PROVISIONS FOR AMORTISATION AND DECREASES OF VALUE	CHANGES IN THE SCOPE OF CONSOLIDATION	SALES AND DISPOSALS	EXCHANGE RATE DIFFERENCES	RECLASSIFICATION	AT YEAR- END
Technical installations, plant & equipment	-1,453	-371		3	-30		-1,852
Installations & fittings	-1,457	-154			-14		-1,625
IT & office hardware	-6,674	-895		68	8		-7,493
Other	-1,108	-194		42			-1,260
Total	-10,692	-1 614		113	-37		-12,230
Net value	4,940						5,528

The exchange rate differences concern the British, Canadian and Tunisian subsidiaries: MSB Design Inc, MSB Global Resources Corp, Ressources Globales Aero Inc, Sogclair Aerospace Ltd, Sogclair Aerospace Inc and Sogclair Aerospace Sarl.

Additional information concerning the financial leasing contracts (IAS 17):

Net book value of the current financial leasing contracts:

(in thousands of Euros)	GROSS AMOUNT	AMORTISATION	NET BOOK VALUE
Intangible assets	1,894	-1,403	492
Tangible assets	6,019	-5,019	1,000
Total	7,913	-6,421	1,491

Current leasing contract schedule:

(in thousands of Euros)	< 1 YEAR	1 TO 2 YEARS	3 TO 5 YEARS
	672	388	431

4.3. Investments in associates

GROSS VALUES (in thousands of Euros)	AT BEGINNING OF YEAR	INCREASES	CHANGES IN THE SCOPE OF CONSOLIDATION	SALES AND DISPOSALS	VIATION IN FAIR VALUE	EXCHANGE RATE DIFFERENCES	RECLASSIFICATION	AT YEAR- END
Shareholdings	103	96		-42	-47			110
Other investments								
Loans, guarantees and other receivables	1,158	175		-34	-5	1	-1	1,295
Total	1,261	272		-76	-53	1	-1	1,405

AMORTISATION & PROVISIONS (in thousands of Euros)	AT BEGINNING OF YEAR	PROVISIONS FOR AMORTISATION	CHANGES IN THE SCOPE OF CONSOLIDATION	SALES AND DISPOSALS	VIATION IN FAIR VALUE	EXCHANGE RATE DIFFERENCES	RECLASSIFICATION	AT YEAR- END
Shareholdings	-30							-30
Other investments								
Loans								
Total	-30							-30
Net value	1,231							1,374

4.4. Inventory and work in process

GROSS VALUES (in thousands of Euros)	AT BEGINNING OF YEAR	VARIATIONS	CHANGES IN THE SCOPE OF CONSOLIDATION	SALES AND DISPOSALS	EXCHANGE RATE DIFFERENCES	RECLASSIFICATION	AT YEAR- END
Raw materials, supplies and other procurement inventory	2,966	-37			97		3,025
Production work in process inventory	2,339	1,655			14		4,008
Finished and intermediate product inventory	3,025	-652			21		2,394
Total	8,330	966			131		9,427

PROVISIONS ET DEPRECIATIONS (in thousands of Euros)	AT BEGINNING OF YEAR	PROVISIONS FOR DEPRECIATION and LOSSES OF VALUE	CHANGES IN THE SCOPE OF CONSOLIDATION	WRITE-BACKS of DEPRECIATIONS and LOSSES OF VALUE	EXCHANGE RATE DIFFERENCES	RECLASSIFICATION	AT YEAR- END
Depreciation of raw materials, supplies and other procurement inventory							
Depreciation of work in process inventory	-486	-362		486			-362
Depreciation of finished and intermediate product inventory	-551	-234		510			-275
Total	-1,037	-596		996			-637
Net inventory value	7,293						8,790

The gross value of the goods and supplies is evaluated at the purchase price (including ancillary expenses less any reductions, discounts, refunds, etc.).

Manufactured products are evaluated at the standard cost of production including:

- consumption of goods and supplies,
- consumption of subcontracting according to the cost generally observed,
- consumption of the standard machine-hours and man-hours indicated in the manufacturing procedures.

The provisions for stock depreciation mainly concern manufactured products whose cost price is greater than the sale price, owing to the learning curve.

4.5. Trade and other receivables

The customer payment times have shortened over the year and are the subject of close monitoring.

4.6. Deferred tax assets

DEFERRED TAX ASSETS (in thousands of Euros)	2016	2015	2014
Temporary differences	1,134	1,252	1,263
Tax deficits	3,116	2,659	2,394
Restatement	177	252	177
Total	4,427	4,162	3,834

A deferred tax asset is constituted on the tax losses and temporary differences if it is probable that the company will dispose of future tax profits to which they may be charged.

SOGELAIR limits the amount of its deferred taxes on the tax deficits of its subsidiaries concerned to 10% of the sales for the year, at year-end, or to 10% of the annual budget at the time of the half-year accounts.

Only the deferred tax of the tax deficits of newly created companies is posted in its entirety.

The accumulated amount of the non-assetised deficits on 31 December 2016 stood at €2.3, million, representing non-posted deferred tax of €0.8 million.

4.7. Cash and cash equivalents

(in thousands of Euros)	2016	2015	2014
Cash	7,895	4,204	4,796
Cash equivalents	6,983	6,870	12,756
Total	14,878	11,074	17,553

On 31 December 2016, the cash equivalents concerned liquid short-term investments on:

- deposit account for a length of one month renewable,
- interest-bearing account,
- European fund with guaranteed capital and minimum rate with the possibility of annual buy-back of a proportion without any significant penalty.

4.8. Equity capital, group share

Equity capital, set at €2,900k, now consists of 2,900,000 shares with a nominal value of €1 each.

It must be remembered that in accordance with notification 2002-D of the Emergency Committee of the CNC on 18 December 2002 and according to the deliberation of the Board of Directors of SOGELAIR held on 23 December 2002, the self-owned shares are deducted from the consolidated shareholders' equity.

On 31 December 2016, the balance of these shares on the company's books amounted to 144,340 shares (4.98% of the capital) showing no change since 31 December 2015. This restatement leads to an accumulated reduction in the consolidated share capital of €712 k.

4.9. Minority interests

(in thousands of Euros)	2016	2015	2014
At beginning of year	6,044	4,666	2,552
Variation of reserves	-785 ⁽¹⁾	1,397	2,392
Total income and expenditure entered during the period	502	-19	-278
At year-end	5,761	6,044	4,666

(1) Including buyback of minority interest in Aviacomp for €1,030k.

4.10. Long-term provisions

LONG-TERM PROVISIONS (in thousands of Euros)	AT BEGINNING OF YEAR	CONTRIBUTIONS	CHANGES OF SCOPE	WRITE BACKS	ACTUARIAL GAINS & LOSSES	EXCHANGE RATE DIFFERENCES	RECLASSIFICATION	AT YEAR END
Provisions for retirement benefits	1,876	105		-29	-45			1,908
Provisions for restructuring operations								
Other provisions for charges	83	4		-50		2		39
Provisions for losses on contracts	119	100		-119				100
Other provisions for risks	516	489		-177		-1		828
Total	2,594	699		-375	-45	2		2,875

The other provisions for risks mainly concern fiscal and social risks.

There is no event later than 31 December 2016 liable to put into question the notion of going concern, nor any non-measurable risk and loss.

The impact of reclassifying the actuarial gains and losses (IAS19R) to the reserves amounts to -€45 k.

The discount rate used concerning the pension commitments corresponds to the TEC 10 which stood at 0.68% on 31 December 2016..

4.11. Current and non-current financial debts

NON-CURRENT FINANCIAL DEBTS (in thousands of Euros)	AT BEGINNING OF YEAR	INCREASE	CHANGES OF SCOPE	REDUCTION	VARIATION IN FAIR VALUE	EXCHANGE RATE DIFFERENCES	RECLASSIFICATION	AT YEAR END
Qualified prepayments (+ 1 year)	3,055	500			19		-620	2,953
Borrowings and debts with credit institutions (+ 1 year)	9,278	5,733				26	-4,703	10,333
Sundry loans and financial liabilities	1,468	1,271		-107				2,632
Total	13,801	7,504		-107	19	26	-5,324	15,918

CURRENT FINANCIAL DEBTS (in thousands of Euros)	AT BEGINNING OF YEAR	INCREASE	CHANGES OF SCOPE	REDUCTION	VARIATION IN FAIR VALUE	EXCHANGE RATE DIFFERENCES	RECLASSIFICATION	AT YEAR END
Current qualified prepayments (-1 year)	216			-203			620	634
Current borrowings and debts with credit institutions (-1 year)	3,350			-4,250		10	4,703	3,813
Bank loans and overdrafts	6,551	-1,326				100		5,325
Sundry current loans and financial liabilities	1,233	-13		-1,117			-49	55
Total	11,351	-1,339		-5,569		110	5,275	9,827

The medium/long term bank loans trend (excluding leases) is detailed below:

MEDIUM/LONG TERM LOANS (excluding leases) (in thousands of Euros)		2016
Contracted during the year		5,372
Repaid during the year		3,164

The gross financial debts schedule is given below:

GROSS FINANCIAL DEBT SCHEDULE (in thousands of Euros)		TOTAL	< 1 year	1 to 2 years	2 to 3 years	3 to 4 years	Longer
Qualified prepayments (+ 1 year)	2,953			895	984	1 014	61
Borrowings and debts with credit institutions (+ 1 year)	10,333			1,760	1,474	1,304	5,795
Sundry non-current loans and financial liabilities	2,632			1,427	302	315	588
Non-current financial debt	15,918			4,082	2,760	2,633	6,444
Current qualified prepayments	634		634				
Current borrowings and debts with credit institutions	3,813		3,813				
Bank loans and overdrafts	5,325		5,325				
Sundry current loans and financial liabilities	55		55				
Current financial debt	9,827		9,827				

Characteristics of the loans contracted	Financial debts with due date(1)	Conditions	Due dates	Coverage	Covenants
Fixed rate depreciable	12,596	1.7 to 3.4%	2009-2020	N/A	None
Fixed rate depreciable in Canadian dollars	8	Interest-free	2012-2021	N/A	None

(1) Overall amount to be reimbursed on 31 December 2016

4.12. Short-term provisions

SHORT-TERM PROVISIONS (in thousands of Euros)	AT BEGINNING OF YEAR	CONTRIBUTIONS	VARIATIONS OF SCOPE	WRITE-BACKS	EXCHANGE RATE DIFFERENCES	RECLASSIFICATION	AT YEAR- END
Provisions for restructuring operations	-	-	-	-	-	-	-
Other provisions for charges	-	-	-	-	-	-	-
Other provisions for risks	-	244	-	-	-	-	244
Total	-	244	-	-	-	-	244

4.13. Deferred tax liability

DEFERRED TAX LIABILITIES (in thousands of Euros)	2016	2015	2014
Temporary differences			
Restatement		171	179
Total		171	179

4.14. Income

In accordance with IFRS 8, income is presented division by division in paragraph 5 of this appendix.

4.15. Other operating income

OTHER OPERATING INCOME (in thousands of Euros)	2016	2015	2014
Production in stock			1,050
Production immobilised			1,324
Operating and investment subsidies	1,005	806	1,231
Write-back of provisions, transfers of charges			871
Other income	2,307	2,759	3,052
Total	3,312	3,565	7,528

The operating subsidies mainly concern innovation projects. They have been posted at their allocation date and are attached to the financial year according to the programmes' degree of advancement.

4.16. Result on sale of consolidated shareholdings

No consolidated shareholdings have been sold over the last three years.

4.17. Other operating income and charges

The other operating income and charges correspond to the result of other non-current operations during the year.

OTHER OPERATING INCOME AND CHARGES (in thousands of Euros)	2016	2015	2014
Tax risks (provisions, write-backs, charges and income for the year)			
Social risks (provisions, write-backs, charges and income for the year)	-101		
Reimbursement on write-downs			
Profit or loss on sale of tangible assets	30	5	-2
Gains or losses on goodwill			36
Other income and charges	-113	-18	-1,548
Total	-184	-13	-1,514

4.18. Cost of net financial debt – Other financial charges and income

The cost of net financial debt includes:

- the income from cash and cash equivalents, that is to say:
 - the interest generated by the cash and cash equivalents
 - the result of the transfer of cash equivalents
 - the cost of the gross financial debt, which essentially corresponds to the interest charges on financing operations and exchange rate differences.
- The net exchange rate losses amount to -€61k on 31 December 2016.

4.19. Other financial charges and income

The other financial income and charges amounted to -€159k for the year, and include the income and charges linked to the other financial assets such as income from shareholdings, provisions and write-backs on financial provisions and conversion rate adjustments.

4.20. Income tax

The SOGECLAIR SA company has opted for the tax consolidation scheme for the following companies: SOGECLAIR SA, SOGECLAIR AEROSPACE SAS and OKTAL SAS on 31 December 2016.

TAX CHARGE (in thousands of Euros)	2016	2015	2014
Deferred tax	600	243	1,159
Tax payable ⁽¹⁾	-1,646	-1,836	-3,179
Income or charge linked to tax consolidation	46	512	80
Carry-back			
Contributions on dividend distributions	-99	-139	-111
Sponsorship tax credit			
Total	-1,099	-1,220	-2,051

(1) including the CVAE (Corporate Value Added Contribution)

Tax proof is presented below:

TAX PROOF (in thousands of Euros)	2016	2015	2014
Pre-tax profit (loss)	7,581	3,417	6,760
Parent company's tax rate	34.43%	34.43%	34.43%
Theoretical income (charge) on tax on profits	-2,610	-1,177	-2,327
Permanent differences and others	-102	-197	-163
Tax-exempted revenue and non-fiscally deductible charges	320	509	75
Impact of foreign tax rate differences	7	8	52
Income taxed at reduced rate(1)	-528	-703	-672
Impact of deferred tax deficits and amortisations	632	-929	-426
Tax credit	1,182	1,268	1,410
Income tax benefit (charge) posted	-1,099	-1,220	-2,051

(1) Impact of the CVAE in France and of the Trade Tax in Germany

4.21. Average workforce

WORKFORCE (full-time equivalence)	2016	2015	2014
Engineers, managers and senior technicians	1,033	1,048	1,078
Technicians and other non-managerial	305	306	100
Total	1,338	1,354	1,178

4.22. Financial commitments

OFF-BALANCE SHEET COMMITMENTS (in thousands of Euros)	2016	2015	2014
Commitments made:			
Relative to financing the company			
Pledged shareholdings			
Securitised receivables			
Counter-guarantee on overdraft line			
Relative to the issuer's operating activities			
Acquisition of tangible assets			
Counter-guarantee on securities	13	13	13
Counter-guarantee securities on markets	15	50	1,553
Counter-guarantee securities on calls for tenders			
Sub-total	28	63	1,566

OFF-BALANCE SHEET COMMITMENTS (in thousands of Euros)	2016	2015	2014
Commitments received:			
Relative to the issuer's operating activities			
Acquisition of tangible assets			
Counter-guarantee securities on markets			
From customers in long-term programmes ⁽¹⁾	119,000	123,600	113,000
Linked to company's financing operations			
Payment guarantees received from customers			
Sub-total	119,000	123,600	113,000

(1) we draw your attention to the fact that SOGECLAIR has received commitments from its customers on its long-term contracts dependent on their sales and on the basis of firm orders received by those customers. The updated value of this future income, on the basis of a TEC 20 (20-year constant rate) of 1.32% on 31 December 2016, was €112,000 k.

Additional information on the programmes subject to risk-sharing is provided in paragraph 1.6 of chapter 26 of the 2016 reference document.

5 - SECTOR-BASED INFORMATION

In accordance with IFRS 8, the issuer has chosen to present the group's activity in 3 operational sectors corresponding to the sectors reviewed by the main operational decision-maker. It is stated that no grouping of sectors is carried out.

NAME	COUNTRY	ACTIVITY
Aerospace Division*		
Aviacomp SAS	France	Aeronautical and defence structural subassemblies
Checkaero BV	Netherlands	Stress calculation expertise
Checkaero SARL	Luxembourg	Stress calculation expertise
MSB Design Inc	Canada	Aircraft interior subassemblies
MSB Global Resources Corp	USA	Aerostructure, Systems installation, Configuration management, Equipment
Ressources Globales Aéro Inc	Canada	
Sogclair Aerospace GmbH	Germany	
Sogclair Aerospace Ltd	United Kingdom	
Sogclair Aerospace SA	Spain	
Sogclair Aerospace Sarl	Tunisia	
Sogclair Aerospace SAS	France	
S2E Consulting SAS	France	Systems engineering and electricity
Simulation Division		
Oktal SAS	France	Simulators
Oktal Synthetic Environment SAS	France	Virtual Environments
Vehicle Division		
Séra Ingénierie SAS	France	Vehicule
Holding		
Sogclair SA	France	Holding
Rain Luxembourg (Holding Am Du Nord)	Luxembourg	Sub-holding
Sogclair Aerospace Inc	Canada	Sub-holding

* excluding 2 holding companies in Canada that do not have any operational activities or commitments

SOGECLAIR's main customers are listed in the reference document available on the company's website (www.sogclair.com).

SOGECLAIR has facilities in France, Germany, Spain, Canada, Luxembourg, the Netherlands, the UK, Tunisia and the USA.

Besides the countries where it has facilities, the following countries were addressed by SOGECLAIR in 2016: Australia, Austria, Belgium, Brazil, China, Denmark, Ireland, Israel, Italy, Japan, Norway, Poland, Portugal, Qatar, Singapore, Slovenia, South Korea, Sweden, Switzerland and Turkey.

5.1. Consolidated financial situation per division

ASSETS	AEROSPACE		VEHICLE		SIMULATION		HOLDING		GROUPE	
in thousands of Euros	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Goodwill	10,899	10,366			1,694	1,694	3	3	12,596	12,063
Intangible assets	6,765	8,046	78	116	634	629	215	91	7,692	8,883
Property, plant and equipment	4,567	3,887	497	499	271	297	193	258	5,528	4,940
Equity method affiliates	66	17							66	17
Investments in associates	891	780	6	6	239	215	172	212	1,308	1,213
Share eliminations	-21,511	-20,224	-200	-200	-2,823	-2,823	24,534	23,247		
Non-current assets	1,678	2,872	381	421	15	13	25,117	23,812	27,191	27,117
Inventory and work in-process	8,745	7,231			45	62			8,790	7,293
Trade and other receivables	39,491	37,611	1,167	1,379	5,440	4,237	5	3	46,103	43,231
Other circulating assets	3,974	3,531	218	250	1,228	3,623	7,829	6,084	13,249	13,488
Deferred income tax	3,740	3,239	100	32	365	659	222	232	4,427	4,162
Cash and cash equivalents	2,739	3,286		341	1,546	428	10,593	7,021	14,878	11,075
Current assets	58,688	54,898	1,485	2,003	8,624	9,009	18,750	13,340	87,548	79,250
TOTAL ASSETS	60,366	57,769	1,867	2,423	8,639	9,022	43,767	37,151	114,638	106,365

LIABILITIES	AEROSPACE		VEHICLE		SIMULATION		HOLDING		GROUPE	
in thousands of Euros	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Equity capital							2,900	2,900	2,900	2,900
Capital contribution							2,630	2,630	2,630	2,630
Own shares							-712	-712	-712	-712
Reserves and consolidated result	13,854	9,180	1,559	1,557	6,195	5,494	13,358	12,585	34,966	28,817
Equity capital, group share	13,854	9,180	1,559	1,557	6,195	5,494	18,176	17,403	39,784	33,635
Minority interests	3,880	4,326	440	439	1,441	1,278			5,761	6,044
Consolidated equity capital	17,734	13,506	1,999	1,997	7,636	6,773	18,176	17,403	45,545	39,679
Long-term provisions	1,584	1,261	103	90	945	925	243	318	2,875	2,594
Long-term qualified pre-payments	2,881	2,752			72	303			2,953	3,055
Long-term borrowings and financial debts	3,257	3,700	11	32	102	48	9,594	6,966	12,965	10,746
Other long-term liabilities	1	97							1	97
Non-current liabilities	7,724	7,809	114	122	1,120	1,276	9,837	7,284	18,795	16,492
Short-term qualified pre-payments	407	66			227	150			634	216
Current part of provisions for other liabilities and charges	1,139	2,923	21	21	82	36	2,626	1,605	3,868	4,583
Short-term borrowings and financial debts	5,072	6,315	4		248	1	1	235	5,325	6,551
Short-term provisions	244								244	
Trade and other payables	12,388	11,968	92	87	1,100	596	316	283	13,896	12,933
Tax and social liabilities	15,027	15,928	413	531	2,770	2,563	1,492	969	19,702	19,991
Deferred tax liabilities		170		1		1				171
Other liabilities	2,887	3,810	68	133	3,673	1,807			6,628	5,750
Intra-group eliminations	-2,256	-4,725	-845	-467	-8,218	-4,181	11,318	9,373		
Current liabilities	34,908	36,454	-246	304	-117	973	15,754	12,463	50,298	50,195
TOTAL LIABILITIES	60,366	57,769	1,867	2,423	8,639	9,022	43,767	37,151	114,638	106,365

5.2. Consolidated operating income statement per division

INCOME STATEMENT (in thousands of Euros)	AEROSPACE		VEHICLE		SIMULATION		HOLDING		GROUPE	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Sales	120,955	114,449	1,530	2,025	14,038	11,294		15	136,523	127,782
Other income from the activity	1,439	1,606	133	144	1,718	1,772	21	43	3,312	3,565
Cost of goods sold	-44,332	-41,237	-406	-373	-5,536	-3,081	-1,936	-1,979	-52,210	-46,670
Personnel charges	-63,896	-64,783	-1,016	-861	-6,587	-6,607	-2,313	-1,845	-73,812	-74,096
Taxes and duties	-783	-677	-36	-37	-144	-153	-208	-214	-1,172	-1,081
Amortisation and provisions	-3,205	-3,399	-111	-94	-499	-388	-37	-162	-3,853	-4,044
Other charges	-251	-224		-1	-10	-9	-78	-72	-339	-305
Intra-Group operations	-4,606	-4,467	-160	-375	-428	-378	5,193	5,220		
Current operating income	5,320	1,268	-67	428	2,553	2,451	643	1,005	8,449	5,151
Income from sale of consolidated shareholdings										
Other operating income and charges	-62	-11	1	-7	-19	6	-105	-2	-184	-13
Operating income before income from equity method affiliates	5,258	1,257	-66	421	2,534	2,457	538	1,003	8,265	5,138
Share of income from equity method affiliates	-47	-47							-47	-47
Operating income	5,211	1,210	-66	421	2,534	2,457	538	1,003	8,218	5,091

6 - RELATED COMPANIES

6.1. Commercial lease

SCI SOLAIR, has a link with the directors of SOGECLAIR and there are shareholders who have voting rights greater than 10% (refer to chapter 8.3 of the 2016 reference document).

The contractual terms and conditions have been drawn up according to the rules of the market.

To 31 December 2016, the contractual relations with SCI SOLAIR have been exercised correctly and do not lead us to anticipate any risk for SOGECLAIR. There were no debts with respect to SCI SOLAIR on 31 December 2016.

The future payments will concern the payments of the rentals and charges relative to the rental contracts.

6.2. Board of Directors

The number of independent directors exceeds the minimum threshold recommended by the Middlednext Code.

The remuneration paid to the members of the Board of Directors is shown in paragraph 5.4 of the Board of Directors' report to the AGM in chapter 26 of the 2016 reference document.

You are also reminded that there is a life annuity paid for the benefit of Mr Jean-Louis ROBARDEY, further to the purchase of a business completed on 27 December 1985 (Refer to chapter 16.2.2 of the 2016 reference document).

6.3. Directors

No changes have been made during the year regarding the main directors' short- or long-term benefits.

20.3.3. Annual accounts

I - BALANCE SHEET (in Euros)

ASSETS	31/12/2016	31/12/2015	31/12/2014
Intangible assets	214,688	90,305	84,550
Property, plant and equipment	192,972	257,550	320,087
Investments in associates	26,207,468	24,960,428	21,848,831
IMMOBILISED ASSETS	26,615,128	25,308,284	22,253,469
Advances and payments on account	1817		1,912
Trade and other receivables	2,015,269	2,179,039	2,260,586
Other debts	15,776,377	13,085,807	10,478,487
Cash and cash equivalents	10,588,825	7,015,317	13,035,825
Prepayments	70,604	21,522	340,796
CIRCULATING ASSETS	28,452,893	22,301,685	26,117,606
TOTAL ASSETS	55,068,021	47,609,969	48,371,074
LIABILITIES	31/12/2016	31/12/2015	31/12/2014
Share capital	2,900,000	2,900,000	2,900,000
Share premium account	2,629,849	2,629,849	2,629,849
Other reserves	1,442,551	1,442,551	1,442,551
Retained earnings	10,723,758	7,750,913	6,308,045
Profit for the financial year	1,752,225	4,073,996	2,814,704
EQUITY	19,448,383	18,797,309	16,095,149
Provisions	242,995	317,981	254,096
Borrowings and debts with credit institutions	6,985,316	8,803,447	10,180,520
Sundry loans and financial liabilities	26,564,553	18,454,010	20,026,580
Payment in advance on orders			
Trade and other payables	320,681	288,461	361,865
Tax and social liabilities	1,469,136	947,849	1,374,984
Liabilities on fixed assets and related accounts			
Other debts			
Unearned income	36,957	913	77,881
DEBTS	35,376,643	28,494,679	32 021 830
TOTAL LIABILITIES	55,068,021	47,609,969	48 371 074

II - INCOME STATEMENT (in Euros)

	31/12/2016	31/12/2015	31/12/2014
SALES	5,238,427	5,263,037	5,009,570
Write-back on provisions, transfers of charges	77,261	18,230	4,432
Other income	21,120	43,049	107,034
OPERATING INCOME	5,336,808	5,324,316	5,121,036
Purchases and external expenses	1,962,847	2,005,207	1,635,139
Taxes, duties and assimilated	259,194	265,374	264,512
Payroll expenses	2,296,088	1,827,671	2,132,273
Amortisations	106,501	100,165	95,736
Provisions on current assets			
Provisions for risks and charges		76,896	38,175
Other operating expenses	77,661	72,087	90,354
OPERATING PROFIT	634,516	976,917	864,847
Financial income	2,108,266	3,286,980	2,487,816
Financial expenses	389,936	425,098	307,608
FINANCIAL EARNINGS	1,718,330	2,861,883	2,180,208
CURRENT INCOME BEFORE TAX	2,352,847	3,838,800	3,045,054
EXTRAORDINARY INCOME	42,330	130,718	101,429
EXTRAORDINARY EXPENSES	655,937	11,379	31,259
EXTRAORDINARY PROFIT	(613,607)	119,339	70,171
Income tax	(12,986)	(115,857)	300,521
NET PROFIT	1,752,225	4,073,996	2,814,704

20.3.4. Appendixes to the annual accounts

Sogclair is a Joint Stock Company with a Board of Directors. It is listed on Euronext Paris – compartment C.

The year ending 31/12/2016 shows a total balance before distribution of €55,068,021, total income for the year presented in list form of €7,487,405 and a profit of €1,752,225.

The financial year runs for 12 months from 1st January 2016 to 31 December 2016.

Notes (or tables) No. 1 to 14 hereinafter are an integral part of the annual financial statements.

These annual accounts were closed by the Board of Directors on 17 March 2017.

CONTENT

Item No.	APPENDIX TO THE BALANCE SHEET AND INCOME STATEMENT FROM 01/01/2016 TO 31/12/2016	INFORMATIONS			
		PRODUCED		NOT PRODUCED	
		note n°	Tax status	not significant	not applicable
	I – FACTS RELEVANT TO THE FINANCIAL YEAR				
1	II – ACCOUNTING RULES AND METHODS				
	Valuation methods	1			
	Calculation of amortisation and provisions	1			
	Dispensations				X
	Additional information to provide a true reflection				X
	III – ADDITIONAL INFORMATION RELATIVE TO THE BALANCE SHEET AND INCOME STATEMENT				
2	Immobilised assets statement	2			
3	Amortisation statement	2			
4	Provisions statement	3			
5	Debt and liabilities due dates statement	4			
6	Additional information on:				
	<i>Elements relevant to several items in the balance sheet</i>				X
	<i>Revaluation</i>				X
	<i>Setting up charges</i>				X
	<i>Applied research and development expenses</i>				X
	<i>Goodwill</i>				X
	<i>Immobilised interests</i>				X
	<i>Interest on elements of the current assets</i>				X
	<i>Difference of valuation on fungible elements of the current assets</i>				X
	<i>Advances to directors</i>				X
	<i>Prepaid charges and income</i>	5			
	<i>Composition of the equity capital</i>	6			
	<i>Shares participating in profits</i>	7			
	<i>Extraordinary result</i>	8			
	<i>Apportionment of net sales</i>			X	
	<i>Apportionment of income tax</i>	9			
	IV – FINANCIAL COMMITMENTS AND OTHER INFORMATION				
7	Lease			X	
8	Financial commitments	10			
9	Debts guaranteed by real sureties				X
10	Impact of dispensary tax valuations				X
11	Increasing and lightening of the future tax debt	11			
12	Remuneration of the directors	12			
13	Average workforce	13			
14	Identity of the parent companies consolidating the company's accounts				X
15	List of subsidiaries and participations	14			
	V – OTHER SIGNIFICANT INFORMATION				X

APPENDIX NOTE N° 1

ACCOUNTING RULES AND METHODS

VALUATION METHODS

GENERAL PRINCIPLES AND CONVENTIONS

The accounts for the past year were drawn up and presented in compliance with the accounting rules stipulated by articles 121-1 to 121-5 and in line with the 2014 General Accounting Plan.

The basic method adopted for the valuation of the items posted in the accounts is the historical costs method.

The accounting conventions have been applied in compliance with the provisions of Commercial Law (Art. 123-12 to 123-23), with the decree dated 29 November 1983, and with the ANC 2014-03 regulation.

SOGELAIR SA has posted a tax credit for the year to reduce its personnel charges, in respect of the CICE (Employment Competitiveness Tax Credit) amounting to €18,620.

CONSISTENCY OF METHODS

No changes have been made to the valuation methods with respect to the previous financial year.

MAIN ACCOUNTING METHODS USED

Intangible assets

Patents, concessions and other immobilised intangible assets have been valued at their cost of acquisition, but excluding the expenses incurred for their acquisition. These items are amortised over the duration of their utilisation by the company (that is to say between 3 and 10 years).

Tangible assets

The gross value of the property, plant and equipment in the immobilised assets corresponds to the value of the articles' entry in the asset base taking into account the expenses required to put those articles into utilisation condition but excluding the expenses incurred for their acquisition.

Amortisation method

The company applies the ANC 2015-06 regulations.

The amortisations applied, both on the accounting and tax levels, are representative of the economic amortisation; as a consequence, no dispensatory amortisation has been posted to the liabilities on the balance sheet.

The amortisation times – identical in the individual accounts and in the consolidated accounts – are given below:

CATEGORY	MODE	DURATION
Software	Straight-line	3 years
Patents	Straight-line	5 to 10 years
Other fixtures, and fittings, installations	Straight-line	10 years
Transport equipment	Straight-line	3 years
Computer hardware	Straight-line	3 to 5 years
Office furniture	Straight-line	5 to 10 years

Fixed investments

The shareholdings and other fixed investments have been valued at their cost of acquisition, but excluding the expenses incurred for their acquisition.

The depreciation tests, carried out annually, consist of checking that the fair value of the subsidiary's equity capital is higher than its book value, that is:

- For the holding company's accounts, the book value of the shares

in associated companies.

The recoverable value is the highest value between the net fair value of the cost of disposal, when that can be determined, and the going concern value.

The net fair value of the costs of disposal corresponds to the best estimate of the net value that could result from a transaction made under the conditions of normal competition between well-informed and consenting parties. This estimate is determined on the basis of the market information available taking any special situations in to account.

The going concern value adopted by Sogclair corresponds to the present value of the cash-flows from the subsidiaries. These flows are determined in the framework of the following economic assumptions and forecast operating conditions:

- the cashflows used are derived from three-year "Medium-Term Plans" for the entities concerned available on the valuation date and are extended to a five-year horizon,
- beyond that horizon, the terminal value corresponds to the capitalisation to infinity of the last flow within the horizon, on the basis of a rate to infinity of 2%,
- the actualisation rate stood at 8.61% at the end of 2016, on the basis of:
 - the 10-year risk-free rate of 0.68%,
 - and a market premium of 6.5% to which an average over five years of the Beta coefficient specific to Sogclair is assigned, confirmed by other sources (Bloomberg, Thomson, Infanciales), of 1.22.

A "shock" called "mathematical shock" is applied to the most sensitive underlying parameters (growth of activity, level of operating margin, investments) to test the sensitivity of the estimation to an unfavourable change in the economic environment; the hypotheses adopted for the mathematical shock consist of halving the activity's growth rate and reducing the level of the operating margin (EBITDA) by 30%, and halving the amount of the investments, with respect to the values of the basic business plan.

The recoverable values, based on the going-concern values, are then compared with the net book values of the shares for determining any depreciation.

On 31 December 2016, the recoverable values calculated in that way exceeded the net book values for all the shares. The tests performed were therefore conclusive and lead us to maintain the value of the shares.

Own shares

In accordance with notification 2002-D of the Emergency Committee of the CNC on 18 December 2002, the own-shares owned by the company have been posted as other fixed investments. As from 1st July 2013 the number of shares has been multiplied by 4 further to the division by 4 of the nominal value. On 31 December 2016, SOGELAIR held 144,340 of its own shares for a value of €712,118. There have not been any movements during the year. Given the shares' latest quoted price (€25.30 on 31 December 2016) no depreciation has been posted.

Valuation of receivables and debts

The receivables and debts have been evaluated at their nominal value.

Depreciation of receivables

The receivables have, where applicable, been depreciated through the creation of provisions to take into account the recovery difficulties that they are liable to give rise to.

Cash equivalents

On 31 December 2016, the cash equivalents concerned liquid short-term investments on:

- deposit account for a length of one month renewable,
- interest-bearing account,
- European fund with guaranteed capital and minimum rate with the possibility of immediate buy-back of a significant proportion without any penalty.

Valuation of investments

The investments have been valued at their cost of acquisition excluding the expenses incurred for their acquisition.

In the case of sale of a set of securities of the same nature and providing the same rights, the value of the securities has been estimated using the "First-In First-Out" method.

Depreciation of investments

The investments have, where applicable, been depreciated through the creation of provisions to take into account:

- for listed securities, the average price for the last month of the financial year;
- for unlisted securities, their probable negotiable value at year-end.

A depreciation of €1,495 that was posted for 2015 was written back during the year.

Tax consolidation accounting method

SOGECLAIR has opted for the tax consolidation scheme. The scope of this consolidation includes the following companies: SOGECLAIR SA, SOGECLAIR AEROSPACE SAS, OKTAL SAS and AVIACOMP SAS.

The tax charge is recorded in the subsidiaries on the basis of their own tax result. The parent company records the balance with respect to the overall result.

For the 2016 financial year, SOGECLAIR posted a tax saving of €46,021 in respect of tax consolidation.

APPENDIX NOTE N° 2

STATEMENT OF FIXED ASSETS

The transactions for the financial year were as follows:

GROSS VALUES	At the beginning of the year	Increase	Decrease	At year end
Intangible assets	€647,899	€162 239		€810 138
Property, plant and equipment	€752,926	€4 067		€756 993
Investments in associates	€24,990,918	€1 304 578	€57 538	€26 237 957
	€26,391,743	€1 470 884	€57 538	€27 805 088

AMORTISATION AND PROVISIONS	At the beginning of the year	Increase	Decrease	At year end
Intangible assets	€557,594	€37,856		€595,450
Property, plant and equipment	€495,376	€68,645		€564,020
Investments in associates	€30,489			€30,489
	€1,083,460	€106,501		€1,189,960

APPENDIX NOTE N° 3

STATEMENT OF PROVISIONS

NATURE OF THE PROVISIONS	At the beginning of the year	Contributions for the year	Write-backs for the year(1)	At year end
Retirement benefit obligations and similar ⁽²⁾	€269,952		€26,957	€242,995
Provisions for bad debt		€101,082		€101,082
Provisions for risks and charges	€48,029		€48,029	
Provisions for financial depreciation	€31,984		€1,495	€30,490
	€349,965	€101,082	€76,481	€374,566

The company posts a provision whenever a risk creates an obligation with respect to a third party and for which the probable liability can be estimated with sufficient precision.

(1) including provisions used: €48,029

(2) the accounting of the retirement benefit obligations has taken into account the changes introduced by law No. 2010-1330 dated 9 November 2010 relative to pension reform. The company has modified the calculation parameters impacted by the reform, materialised in particular by a gradual increase in the legal age of retirement, and of the minimum age required in order to benefit from the full pension rate.

The lengthening of the period of activity resulting from this reform has an impact on the amount of the end-of-career indemnities, the probability of being present in the company and the number of years on which the discounting of the commitments bears.

APPENDIX NOTE N° 4

STATEMENT OF MATURITY OF RECEIVABLES AND DEBTS

ACCOUNTS RECEIVABLE	GROSS AMOUNT	LIQUIDITY OF ASSETS	
		LESS THAN 1 YEAR	MORE THAN 1 YEAR
Fixed asset debts			
• Loans	€915		€915
• Others	€883,600		€883,600
Current asset debts			
• Trade notes and accounts receivable	€2,015,269	€2,015,269	
• Taxes	€7,692,695	€7,692,695	
• Others	€101,082	€101,082	
• Subsidiaries' current accounts	€8,083,683	€8,083,683	
• Prepaid expenses	€70,604	€70,604	
TOTAL	€18,847,846	€17,963,332	€884,514

DEBTS	GROSS AMOUNT	TERM OF LIABILITY REALISATION		
		LESS THAN 1 YEAR	MORE THAN 1 YEAR	MORE THAN 5 YEARS
Borrowings and debts with credit institutions				
• One year at most initially	€630	€630		
• More than one year initially	€6,984,686	€1,591,829	€5,392,857	
Sundry loans and financial liabilities	€1,381,917	€600,000	€781,917	
Trade notes and accounts payable	€320,681	€320,681		
Social and tax debts	€1,469,136	€1,469,136		
Group and associates	€25,182,636	€25,182,636		
Other debt	€0	€0		
Unearned income	€36,957	€36,957		
TOTAL	€35,376,643	€29,201,869	€6,174,774	€0

DETAIL OF CHARGES PAYABLE	AMOUNT
Borrowings and debts with credit institutions	
Interest paid on borrowings	€20,400
Accrued interest payable	€601
Trade notes and accounts payable	€198,132
Social and tax debts	
Debt provisions/Paid Leave and Time Savings Account	€75,333
Charges payable on salaries	€608,000
Charges/ Paid Leave and Time Savings Account	€36,160
Social charges payable	€252,840
Tax charges payable	€21,279
Other debts	€21,456
TOTAL	€1,234,201

RECEIVABLES AND DEBTS WITH RESPECT TO RELATED COMPANIES (excluding current accounts, detailed in the table of subsidiaries and participations)		
	RECEIVABLES	DEBTS
SOGELAIR AEROSPACE SAS	€856,896	€12,277
SOGELAIR AEROSPACE GmbH	€188,740	
SOGELAIR AEROSPACE SA	€110,379	
SOGELAIR AEROSPACE SARL	€159,190	
SOGELAIR AEROSPACE LTD	€168,638	
AVIACOMP SAS	€312,000	
OKTAL SAS	€110,972	
OKTAL SYNTHETIC ENVIRONMENT SAS	€30,995	
SERA INGENIERIE SAS	€14,756	
S2E CONSULTING SAS	€2,703	
MSB DESIGN	€10,000	
RESSOURCES GLOBALES AERO	€50,000	
TOTAL	€2,015,269	€12,277

APPENDIX NOTE N° 5**PREPAID CHARGES AND INCOME**

	CHARGES	INCOME
Operating charges or income	€70,604	€36,957
Financial charges or income		
Extraordinary charges or income		
TOTAL	€70,604	€36,957

APPENDIX NOTE N° 6**BREAKDOWN OF SHARE CAPITAL**

	NUMBER	NOMINAL VALUE
Shares or partnership shares comprising the capital at the beginning of the financial year	€2,900,000	€1
Shares or partnership shares issued during the financial year		
Shares or partnership shares cancelled during the financial year		
Shares or partnership shares comprising the capital at year-end	€2,900,000	€1

The number and value of the shares making up the share capital are detailed in chapter 18 of the reference document.

APPENDIX NOTE N° 7**FINANCIAL CHARGES AND INCOME WITH RESPECT TO RELATED COMPANIES**

	CHARGES	INCOME
SOGECCLAIR AEROSPACE LTD		€5,411
SOGECCLAIR AEROSPACE SAS		€964,080
S2E CONSULTING SAS		€841
SERA INGENIERIE SAS		
OKTAL SAS		€846,540
OKTAL SYNTHETIC ENVIRONMENT SAS		€5
AVIACOMP SAS		€39,846
SOGECCLAIR AEROSPACE GmbH	€113,820	€9,751
SOGECCLAIR AEROSPACE SA		€4,288
CHECKAERO SARL		€6,481
RAIN Luxembourg SA		€17,913
TOTAL	€113,820	€1,895,157

APPENDIX NOTE N° 11**INCREASE AND DECREASE IN THE FUTURE TAX DEBT**

NATURE OF THE TEMPORARY DIFFERENCES	AMOUNT	TAX
DECREASE		
<i>To be deducted next year</i>		
• Organic		
• Latent added value	1 680 €	560 €
<i>To be deducted later</i>		
• Provisions for risks		
• Provisions for own shares		
• Provisions for pensions	242 995 €	80 998 €
TOTAL DECREASE	244 675 €	81 558 €
INCREASE	NONE	
TOTAL INDECREASE		

APPENDIX NOTE N° 8**EXTRAORDINARY RESULT**

The extraordinary result breaks down as follows for 2016.

■ Penalties	€-3,524
■ Intra-group charges	€-509,001
■ Provision for depreciation on receivables	€-101,082
	€-613,607

APPENDIX NOTE N° 9**BREAKDOWN OF CORPORATE INCOME TAX**

	Before tax	Corresponding tax	After tax
OPERATING PROFIT	€2,352,847	156,557	2,196,290
EXTRAORDINARY PROFIT	€-613,607	-156,557	-457,050
TAX SAVING LINKED TO TAX CONSOLIDATION		-46,021	46,021
Contribution on dividends		33,035	-33,035
Total	1,739,239	-12,986	1,752,225

There is a tax consolidation agreement between SOGECLAIR and its two subsidiaries SOGECLAIR AEROSPACE SAS and OKTAL SAS:

According to the terms of the agreement, the tax saving that may be made on the companies remains acquired to SOGECLAIR, the parent company. Simultaneously, any tax surcharge is borne by SOGECLAIR. For the year 2016, a tax saving of €46,021 was posted relative to tax consolidation.

APPENDIX NOTE N° 10**FINANCIAL COMMITMENTS**

COMMITMENTS MADE	AMOUNT
Notes receivable discounted	None
Guarantees and other security	None
Collateral	None
Other commitments made	
• Outstanding financial leasing payments	None
• Outstanding real estate leasing payments	None
• Surety for loans (subsidiary)	€766,528
COMMITMENTS RECEIVED	AMOUNT
• Write-off of loan to Sogecclair Aerospace GmbH with better fortunes clause valid until 31/12/2026	€600,000

The company has written off a loan to its subsidiary Sogecclair Aerospace GmbH amounting to €600,000 with a better fortunes clause.

APPENDIX NOTE N° 12**REMUNERATION OF THE DIRECTORS**

This includes the remuneration of the President & CEO, Executive Vice-President and the directors (fixed and variable remuneration, directors' fees and non-cash benefits), giving a total amount of €644,876.

APPENDIX NOTE N° 13**AVERAGE WORKFORCE**

Managerial and Senior Technicians: 17

APPENDIX NOTE N° 14**TABLE OF SUBSIDIARIES AND SHAREHOLDINGS**

Financial information	CAPITAL	EQUITY CAPITAL AFTER RESULT	SHARE OF CAPITAL HELD	BOOK VALUE OF SECURITIES HELD		LOANS AND ADVANCES GRANTED NOT YET PAID BACK	AMOUNT OF GUARANTEES AND SECURITY GRANTED	SALES EXCL. VAT AT LAST YEAR-END	PROFIT/LOSS AT LAST YEAR-END	DIVIDENDS RECEIVED FOR 2013	REMARKS
				GROSS	NET						
Subsidiaries and shareholdings											
A) Detailed information concerning subsidiaries and shareholdings											
1 - Subsidiaries											
• SOGECLAIR AEROSPACE LTD	€1,168	€443,294	100.00%	€1,458	€1,458	€973,055		€11,428,113	€125,274		
• SOGECLAIR AEROSPACE SAS	€2,012,517	€17,753,282	100.00%	€4,162,655	€4,162,655	€-15,678,559		€59,838,117	€2,503,361	€964,080	
• SOGECLAIR AEROSPACE SA	€560,000	€1 461,138	87.95%	€640,748	€640,748	€587,412		€5,727,842	€343,597		
• SOGECLAIR AEROSPACE GmbH	€26,000	€195,331	100.00%	€4,772,264	€4,772,264	€1,258,909		€11,386,812	€523,076		
• RAIN Luxembourg SA	€7,410,000	€7,287 769	100.00%	€7,410,000	€7,410,000	€2,980,967			€132,156		
• AVIACOMP SAS	€4,729,670	€2,869,621	100.00%	€5,141,948	€5,141,948	€1,779,232		€15,675,305	€104,938		
• CHECKAERO SARL	€40,000	€133,501	75.00%	€30,000	€30,000			€113,719	€-43,445		
• OKTAL SAS	€1,000,000	€6,025,523	97.98%	€2,814,375	€2,814,375	€-5,054,754		€10,686,653	€1,700,803	€846,540	
• SERA INGENIERIE SAS	€250,000	€2,096,520	80.00%	€200,000	€200,000	€-856,390		€1,659,901	€-66,913		
2 - Shareholdings											
B) General information concerning the other subsidiaries and shareholdings				€149,505	€149,505	€-3,249,878					

20.4. Verification of the annual historical financial information**20.4.1. Declarations****AUDITORS' REPORT ON THE CONSOLIDATED ACCOUNTS**

MOREREAU AUDIT SAS
10. rue Reyer
31200 – TOULOUSE

EXCO FIDUCIAIRE DU SUD-OUEST
2. rue des Feuillants
31076 – TOULOUSE CEDEX 3

Auditors

Members of the «Compagnie Régionale de Toulouse»

S.A. SOGECLAIR
7. avenue Albert Durand
31700 - BLAGNAC

**AUDITORS' REPORT
ON THE CONSOLIDATED ACCOUNTS**

FINANCIAL YEAR ENDING 31 DECEMBER 2016

In performing the duty entrusted to us by your general meeting, we hereby present our report relative to the financial year ending 31 December 2016, on:

- the verification of SOGECLAIR SA's consolidated accounts, such as they are appended to this report;
- the substantiation of our assessments;
- the specific verification stipulated by law.

The consolidated accounts were prepared by your Board of Directors. It is our duty to express an opinion on these financial statements based on our audit.

I. OPINION ON THE CONSOLIDATED ACCOUNTS

We conducted our audit in accordance with the professional auditing standards in France; these standards require that we conduct proceedings with due care to give reasonable assurance that the annual accounts are free from significant irregularities. An audit entails examining, on a test basis, evidence supporting the amounts and disclosures these financial statements contain. An audit also involves assessing the accounting principles used and significant estimates made in preparing the accounts, as well as evaluating the overall presentation. We believe that our audit provides a reasonable basis for the opinion expressed below.

We certify that the consolidated accounts are, in view of the IFRS baseline such as adopted in the European Union, regular and sincere and provide a faithful image of the assets and financial situation, as well as of the result of the operations performed by all of the people and entities comprised in the consolidation.

II. SUBSTANTIATION OF THE ASSESSMENTS

Pursuant to the provisions of article L.823.9 of Commercial Law, we have proceeded with our own assessments and we draw your attention to the following points:

- Note 1.3.1 of the “goodwill and assimilated” appendix describes the procedures for implementing the loss-of-value tests on the goodwill.

On the basis of the information submitted to us, our work consisted of examining the way these loss-of-value tests are implemented and, in particular, the cashflow forecasts used, as well as the overall coherence of the assumptions adopted. Furthermore, we have made sure that the above-mentioned note provides appropriate information.

- Note 1.3.3. of the “intangible assets – development expenses”

appendix explains the accounting rules and methods relative to the way development expenses are recorded.

In the framework of our assessment of the accounting principles applied by your company, we have examined the procedures used to enter the development expenses in the assets, and those adopted for their amortisation and for the verification of their current value. Furthermore, we have made sure that the above-mentioned note provides appropriate information.

- Note 1.3.8. of the “Sales recognition” appendix explains the methods used to recognise sales and, where applicable, losses on completion.

In this framework, our work consisted of assessing, by testing, the reasonable nature of the assumptions adopted as well as their effective approval by general management.

The assessments thus made enter into our approach to auditing the consolidated accounts, taken in their entirety, and have therefore contributed to forming our opinion which is expressed in the first part of this report.

III. SPECIFIC VERIFICATION

We have also proceeded, in accordance with the applicable professional standards in France, with the specific verification stipulated by law on the information given in the report on group management.

We have no special comment to make regarding their fairness and conformity with the consolidated financial statements.

In application of the law, we inform you that your company has not appointed an independent third-party organisation to verify the social, environmental and societal information presented in the management report as stipulated by article L.225-102-1 of Commercial Law.

Toulouse, 14 April 2017
The Auditors,

MOREREAU AUDIT SAS
Robert MOREREAU

EXCO FIDUCIAIRE DU SUD-OUEST
Jean-Marie FERRANDO

AUDITORS' GENERAL REPORT ON THE ANNUAL FINANCIAL STATEMENTS

MOREREAU AUDIT SAS
10, rue Reyer
31200 – TOULOUSE

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2, rue des Feuillants
31076 – TOULOUSE CEDEX 3

Auditors

Members of the «Compagnie Régionale de Toulouse»

S.A. SOGECLAIR
7, avenue Albert Durand
31700 - BLAGNAC

AUDITORS' REPORT
ON THE ANNUAL ACCOUNTS

FINANCIAL YEAR ENDING 31 DECEMBER 2016

In performing the duty entrusted to us by your general meeting, we hereby present our report relative to the financial year ending 31 December 2016, on:

- the verification of SOGECLAIR SA's consolidated accounts, such as they are appended to this report;
- the substantiation of our assessments;
- the specific verifications and the information stipulated by law.

The annual accounts were prepared by your Board of Directors.

It is our duty to express an opinion on these financial statements based on our audit.

I. OPINION ON THE ANNUAL ACCOUNTS

We conducted our audit in accordance with the professional auditing standards in France; these standards require that we conduct proceedings with due care to give reasonable assurance that the annual accounts are free from significant irregularities. An audit entails examining, on a test basis, evidence supporting the amounts and disclosures these financial statements contain. An audit also involves assessing the accounting principles used and significant estimates made in preparing the accounts, as well as evaluating the overall presentation. We believe that our audit provides a reasonable basis for the opinion expressed below.

We certify that the annual accounts are, in view of the French accounting rules and principles, honest and sincere and give a true view of the result of the operations of the past year and of the company's assets and financial situation at year-end.

II. SUBSTANTIATION OF THE ASSESSMENTS

Pursuant to the provisions of article L.823.9 of Commercial Law, we have proceeded with our own assessments and we draw your attention to the following point:

The shares are valued at their cost of acquisition and depreciated, where applicable, on the basis of their going concern value according to the procedures described in the "main accounting methods used" note.

On the basis of the information submitted to us, our work consisted of examining the data on which the going concern values are based and, in particular, of examining the cashflow forecasts and the coherence of all the assumptions used. Furthermore, we have made sure that the above-mentioned note provides appropriate information.

The assessments thus made enter into our approach to auditing the consolidated accounts, taken in their entirety, and have therefore contributed to forming our opinion which is expressed in the first part of this report.

III. SPECIFIC VERIFICATIONS AND INFORMATION

We have also proceeded, in accordance with the applicable professional standards in France, with the specific verifications stipulated by law.

We have no special comment to make regarding their fairness and conformity with the annual financial statements of the information provided in the Board of Directors' management report and in the documents sent to the shareholders on the financial situation and the annual financial statements.

Concerning the information provided pursuant to the provisions of article L. 225-102-1 of Commercial Law on the remunerations and non-cash benefits granted to the directors and on the commitments made in their favour, we have checked their consistency with the accounts or with the data that was used to establish those accounts and, where applicable, with the information obtained by your company from the companies controlling it or controlled by it. On the basis of these verifications, we certify the exactness and sincerity of this information.

In application of the law, we inform you that your company has not appointed an independent third-party organisation to verify the social, environmental and societal information presented in the management report as stipulated by article L.225-102-1 of Commercial Law.

In application of the law, we have verified that the various items of information relative to the shareholdings and control, as well as to the identity of the shareholders or holders of voting rights, have been provided to you in the management report.

Toulouse, 14 April 2017
The Auditors,

MOREREAU AUDIT SAS
Robert MOREREAU

EXCO FIDUCIAIRE DU SUD-OUEST
Jean-Marie FERRANDO

SPECIAL REPORT OF THE AUDITORS ON THE REGULATED AGREEMENTS AND COMMITMENTS

MOREREAU AUDIT SAS

10, rue Reyer
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EXCO FIDUCIAIRE DU SUD-OUEST

2, rue des Feuillants
31076 – TOULOUSE CEDEX 3

Auditors

Members of the «Compagnie Régionale de Toulouse»

S.A. SOGECLAIR

7, avenue Albert Durand
31700 - BLAGNAC

FINANCIAL YEAR ENDING 31 DECEMBER 2016

SPECIAL REPORT OF THE AUDITORS ON THE REGULATED AGREEMENTS AND COMMITMENTS

ANNUAL GENERAL MEETING HELD TO APPROVE THE ACCOUNTS FOR THE FINANCIAL YEAR ENDING 31/12/2016

To the shareholders,

In our capacity as Auditors of your company we hereby present you with our report on the regulated agreements and commitments.

It is our task to inform you, on the basis of the information that we have been given, of the characteristics and essential features of the agreements and commitments that have been notified to us or that we discovered at the time of our mission, without having to express an opinion on their usefulness or merits nor to seek the existence of other agreements and commitments. It is your duty, pursuant to article 225-31 of Commercial Law, to assess the advantages of concluding these agreements and commitments with a view to approving them.

Furthermore, it is our responsibility, where applicable, to notify to you the information stipulated in article R. 225-31 of Commercial Law relative to the execution, during the past financial year, of the agreements and commitments already approved by the AGM.

We have exercised all the due diligence that we considered necessary with respect to the professional standards of the "Compagnie nationale des commissaires aux comptes" (National Company of Auditors) relative to this mission. This due diligence consisted of verifying the agreement of the information that we have been given with the basic documents from which it was taken.

AGREEMENTS AND COMMITMENTS SUBJECT TO THE APPROVAL OF THE ANNUAL GENERAL MEETING

Agreements and commitments authorised during the past financial year

Pursuant to article L. 225-40 of Commercial Law, we have been informed of the following agreements and commitments which have been the subject of a prior authorisation of your Board of Directors.

1. With SOGECLAIR AEROSPACE GmbH, with capital of €26,000 and headquartered in HAMBURG (Germany) - 21147 - Georg Heyken Strasse, 4.

■ Shareholder with a fraction of the voting rights greater than 10%:

- SOGECLAIR SA with capital of €2,900,000 headquartered in BLAGNAC – 31700 - 7, Avenue Albert Durand.

Nature of the agreement:

■ Write-off of debts:

- As of 17 May 2016, SOGECLAIR SA has agreed to write off its debts.

The parties have agreed, in the case where SOGECLAIR AEROSPACE GmbH returns to better fortunes, that the latter will pay back to SOGECLAIR SA, the amount of the sums written off by said agreement, without the payment of any interest. The better fortunes clause is limited to 10 years to run from 17 May 2016.

- Amount of the sums written off: €600,000

Reasons justifying the interest of this for the company:

- The Group's pursued commercial activities in Germany.

Authorisation :

- Board of Directors' meeting on 19/05/2016

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE ANNUAL GENERAL MEETING

Agreements and commitments approved during previous financial years

a) That have continued to be executed during the past financial year:

Pursuant to article R. 225-30 of Commercial Law, we have been informed that the execution of the following agreements and commitments, already approved by the AGM during previous fiscal years, has continued during the last financial year.

1. With Jean-Louis ROBARDEY, shareholder directly or indirectly holding fraction of the voting rights greater than 10%.

Nature of the agreement :

■ Life annuity:

Under the terms of an act under private writing drawn up in TOULOUSE dated 27/12/1985, Jean-Louis ROBARDEY transferred to S.A. "ECLAIR-INTERIM", which became "E.D.T.", and has been taken over by S.A.S. SOGECLAIR AEROSPACE on 31/10/2010, a temporary employment agency business, run from 39, Rue de Metz in TOULOUSE against payment of the sum of € 304,998, € 45,734 has been paid, the balance of € 259,204 having been converted into a life annuity of € 18,294 to his benefit for the rest of his life, and transferable after his death to his spouse, Huguette ROBARDEY, for the rest of her life.

This annuity being indexed on the cost of living throughout the time that it is due.

In 1994, subsequent to the moth-balling of "ECLAIR INTERIM" your company has continued to assume responsibility for the commitments contracted by its subsidiary.

The restated sum paid for the fiscal year to Jean-Louis ROBARDEY amounts to **€31,080**

Interest of maintaining this agreement:

■ Support for the work instrument.

2. With the SOCIETE CIVILE IMMOBILIERE SOLAIR, real estate company with capital of € 1,524.49 headquartered in BLAGNAC – 31700 - 7, Avenue Albert Durand.

Director concerned:

■ Philippe ROBARDEY, partner in this company.

Nature of the agreement:

■ Commercial leases concluded with that company concerning the rental of premises located at 7 avenue Albert Durand in Blagnac, breaking down as follows:

- Amendment No. 7 to lease No. 2 relative to a surface area of 1,156 sq.m and parking spaces.
- lease No. 3 relative to a surface area of 100 sq.m and parking spaces
- lease No. 4 relative to a surface area of 200 sq.m and parking spaces
- amendment No. 2 to lease No. 5 relative to a surface area of 2,868 sq.m and parking spaces.
- lease No. 6 relative to a surface area of 76 sq.m.
- lease No. 7 relative to a surface area of 39 sq.m

- Amount covered:	€762,743
- Rent	€521,013
- Rental charges	€96,718
- Insurance	€6,406
- Property taxes	€138,606

Interest of maintaining this agreement:

■ Support for the work instrument.

b) That have not been executed during the past financial year

Furthermore, we have been informed that the following commitment, already approved by the AGM at the time of a previous financial year, has been pursued but not executed during the past financial year.

1. With Philippe ROBARDEY, taken in his capacity as a private individual.

Nature of the commitment:

- The Board of Directors has authorised a commitment made to the benefit of Philippe ROBARDEY, pursuant to the provisions of article L. 225-42-1 of Commercial Law, whereby Philippe ROBARDEY will receive, in the event of termination of his term of office as the company's Chief Executive Officer, except in the case of failure such as defined in the paragraph below or of voluntary departure, an indemnity representing 24 months' remuneration (fixed and proportional calculated on the basis of the last annual period preceding the termination of his term of office).

The payment of this indemnity will be subject to the condition that the group has achieved, in respect of the last five financial years whose consolidated accounts have been ratified by the Board before termination, an average Operating Profit, increased by the contributions to amortisation and provisions, at least equal to 7.5 % of the sales for the corresponding years.

Toulouse, 14 April 2017
The Auditors,

MOREREAU AUDIT SAS
Robert MOREREAU

EXCO FIDUCIAIRE DU SUD-OUEST
Jean-Marie FERRANDO

20.4.2. Other information verified

None.

20.4.3. Other information not verified

None.

20.5. Latest financial information publication dates

The latest financial information audited dates back to 31 December 2016.

20.6. Interim financial and other information

SOGELAIR meets its obligations with regard to regulated information. The press releases for the first and third quarters and the financial report for the first half are available at www.sogeclair.com in the 'investors' section.

20.7. Dividend policy and distribution

20.7.1. Distribution of dividends with respect to the last three financial years

The dividend for 2016 proposed to the AGM is €0.62 per share, giving a total amount of €1,798,000.

The dividends and other income distributed for the last three years are given below:

	2016	2015	2014	2013
Total amount*	€1,798,000**	€1,160,000	€1,450,000	€1,450,000
Overall gross dividend / share	€0,62	€0,40	€0,50	€0,40
Percentage of the consolidated overall net result	28.17%	52.79%	30.80%	23.84%

* Including the amount of the dividend corresponding to the self-owned shares not paid out and carried forward.

** Proposed to the AGM on 18 May 2017

20.7.2. Dividend limitation period

The dividend limitation period is five years from the time it becomes payable. After this period, the dividends that have not been claimed will be paid to the State.

20.7.3. Future dividend policy

The company intends to pursue its dividend distribution policy and adapt it, if necessary, to the market requirements and constraints.

20.8. Legal and arbitration procedures

The risk factors are given in paragraph 1.6 of the Board of Directors' report to the AGM in chapter 26 of this reference document.

20.9. Significant change in the financial and commercial situation

There have not been any events since the end of the 2016 financial year of a nature to change significantly the issuer's financial and commercial situation.

21 ADDITIONAL INFORMATION

21.1. Share capital

21.1.1. Subscribed and authorised capital

As of 31 December 2016, the capital of SOGECLAIR amounted to €2,900,000, divided into 2,900,000 shares with a nominal value of €1 each.

As of 12 April 2017, the number of shares making up the share capital still amounts to 2,900,000. It represents 4,807,157 theoretical voting rights (gross) and 4,660,786 real voting rights (net). The difference between the number of theoretical and real voting rights corresponds to the number of self-owned shares and the difference between the number of shares and of voting rights is linked to the fact that a double voting right exists.

The table of current delegations in the area of capital increases is appended to the Board of Directors' report.

21.1.2. Other shares non-representative of the capital

None.

21.1.7. Capital history

Date	Type of operation	Amount of the operation	Share premium or contribution	Number of shares created	Total number of shares	Capital after operation
01/02/1986	Creation of the Société Anonyme (joint stock company)	F 250,000	0	2,500	2,500	F 250,000
EGM on 01/12/1988	Capitalisation of reserves and creation of 12,500 new shares	F 1,250,000	0	12,500	15,000	F 1,500,000
EGM on 11/12/1989	Investment in kind	F 675,000	F 2,025,000	6,750	21,750	F 2,175,000
EGM on 28/12/1989	Capitalisation of the share premium	F 2,025,000	0	20,250	42,000	F 4,200,000
28/03/1997	Cash contribution made by SOFICLAIR	F 1,200,000	0	12,000	54,000	F 5,400,000
EGM on 30/04/1998	Capital increase by issuing 5,400 new shares	F 540,000	F 5,459,400	5,400	59,400	F 5,940,000
EGM on 30/04/1998	Capital increase by capitalisation of part of the share premium and raising of the share's par value from FRF 100 to 190.	F 5,346,000	-	-	59,400	F 11,286,000
EGM on 30/04/1998	Reduction of the share's per value from FRF 190 to 20 by exchanging 2 old shares valued at FRF 190 for 19 new shares valued at FRF 20	-	-	504,900	564,300	F 11,286,000
Board Meeting on 08/09/1998 delegated by EGM on 22/06/1998	Issue in cash of shares proposed to the public	F 2,000,000	F 11,137,296	100,000	664,300	F 13,286,000
AGM on 09/04/2001	Capital increase by capitalisation of the issue premium and revaluation differentials and conversion into euros.	F 4,144,089.40	F 807,978 + revaluation differences F 3,336,111.40	-	664,300	F 17,430,089 that is €2,657,200
AGM on 07/06/2004	Capital increase by issue of new shares subsequent to merger by takeover of LPPI	€ 1,641,808	-	410,452	1,074,752	€4,299,008
AGM on 07/06/2004	Reduction of the capital by cancellation of 349,752 shares	€ 1,399,008	-	349,752	725,000	€2,900,000
AGM on 17/05/2013	Division by 4 of the nominal value of the share	-	-	-	€2,900,000	€2,900,000

21.1.3. Self-owned shares

The information relative to self-owned shares is given in paragraph 4.3 of the Board of Directors' report to the AGM in chapter 26 of this reference document.

21.1.4. Investments in securities

As of 31 December 2016, the company has not issued any securities giving access to the capital.

The information relative to investments in securities is given in note 4.7 of the consolidated appendix provided in chapter 20.3.2 of this reference document.

21.1.5. Acquisition conditions

None.

21.1.6. Options or agreements

None.

21.2. Memorandum and articles of association

21.2.1. Corporate object

(Article 3 of the articles of association): The object of the company is directly or indirectly to:

- create a group by acquiring stakes in any companies whose main activity involves technical engineering in the areas of simulation/design, design quality, training multimedia, documentation engineering, configuration management and all related or connected products or services,
- acquire stakes in any companies, acquire any securities and perform all operations related to portfolio management and to exercise all the rights resulting from the ownership of those shares,
- administer, manage, control and develop those shareholdings,
- provide all services, rental of equipment essentially for the benefit of the companies in the group and, in particular, to carry out coordination, direction, management and control functions,
- lastly, the direct or indirect participation of the company in any civil or commercial operations, under any form whatsoever, provided that these operations can be attached directly or indirectly to the management of the assets and cash or the corporate object or any similar connected or complementary objects.

It may carry out any operations that are compatible with this object, that relate to it and contribute to achieving it.

21.2.2. Provisions concerning the members of the administrative, managerial and supervisory bodies

The provisions concerning the members of administrative, managerial and supervisory bodies are given in paragraph 14.1.1 of this reference document.

21.2.3. Rights and privileges relative to the shares

The information regarding the rights and privileges relative to the shares is given in paragraph 18.2 of this reference document.

21.2.4. Modifications of the shareholders' rights

The information relative to the modifications of the shareholders' rights is given in paragraph 18.2 of this reference document.

21.2.5. Shareholders' meetings

(Article 15 of the articles of association)

Shareholders' meetings are convened and hold their debates under the conditions provided for by the law and regulations. They are held at company headquarters or at any other place in the same département.

Any shareholder has the right to take part in the general meetings or to have him/herself represented, however many shares he/she owns, provided that those shares have been fully paid up. However, the right to take part in the general meetings is subject to registration of the shares in the name of the shareholder or of the intermediary registered on his/her behalf, on the third working day preceding the meeting at midnight, Paris time, or in the nominative securities account held by the approved intermediary.

Any shareholder who owns shares of a given class may take part in the special shareholders' meetings for that class under the conditions stipulated above.

Shareholders taking part in the meeting by means of videoconference or telecommunications systems within the limits and under the conditions stipulated by the legislation and regulations in force are considered to be present for the calculation of the quorum and of the majority.

Voting shall be by a show of hands or by a nominal call. A secret ballot, whose procedures shall be set by the General Meeting, may only be held at the request of members representing, either themselves or in the capacity of representatives, the majority required to vote the resolution concerned.

(Article 18 of the articles of association)

The difference between the revenues and expenses for the fiscal year, after deduction of amortisation and provisions, represents the profit or loss for the fiscal year.

Five percent is taken from the profit, less any earlier losses if applicable, to form the legal reserve. This deduction ceases to be compulsory when the reserve fund reaches a sum equal to one tenth of the company's share capital. It is resumed if, for any reason whatsoever, the legal reserve falls below this amount.

The profit available for distribution is made up of the profit for the fiscal year, less any earlier losses and less the deduction stipulated above, plus any retained earnings. This profit is placed at the disposal of the General Meeting which, upon the recommendation of the Board of Directors, can carry forward all or part of it, allocate it to general or special reserve funds or distribute it to the shareholders as dividends.

Furthermore, the General Meeting may decide to distribute sums taken from the reserves that are at its disposal; in which case, the decision must expressly state the reserve items from which the sums are to be deducted. However, as a priority the dividend must be taken from the distributable profit for the year.

The General Meeting called to approve the annual accounts may, for all or part of the dividend or interim dividend to be distributed, offer each shareholder the option between payment of the dividend or of interim dividends in cash or in shares.

Concerning the liquidation surplus, the net assets after reimbursement of the share par value, are shared out equally between all the shares.

21.2.6. Change-of-control data

Besides the information given in paragraphs 18.2 and 18.3 of this reference document, there are no provisions in the articles of association liable to delay, defer or prevent any change of control.

21 ADDITIONAL INFORMATION

21.2.7. Shareholding thresholds

The information relative to shareholding thresholds is given in paragraph 18.1 of this reference document. None of the thresholds set by the articles of association have been exceeded.

21.2.8. Conditions governing modifications to the capital

The table summarising the delegations in the area of capital increases is given in appendix 2 of the Board of Directors' report to the AGM in chapter 26 of this reference document. Any modifications to the capital are made in compliance with the law and regulations.

21.2.9. Bearer securities identifiable in accordance with article L.228-2 of Commercial Law

(Article 9 of the articles of association)

The company is authorised at any moment to ask the organisation responsible for the clearing of securities, for the information provided for by law, relative to the identification of the holders of shares giving, either immediately or in the longer term, voting rights at the shareholders' meeting.

21.2.10. Share registration

(Article 9 of the articles of association)

At the holders' option, all shares are pure nominal shares or bearer shares. They may only take the form of bearer shares after they have been fully paid up (from the moment of listing).

CM CIC Securities provides the securities and pure registered nominal administration service. You may obtain all information at Company Headquarters.

21.3. Pledging, guarantees and securities

The guarantees and other securities are given in paragraph 4.22 of the consolidated appendix in chapter 20.3.2 of this reference document.

22 IMPORTANT CONTRACTS

To date, SOGECLAIR has not concluded any important contracts outside the normal framework of its business. Examples of works accomplished are given in paragraph 6 of this reference document.

23 THIRD PARTY INFORMATION, DECLARATIONS OF EXPERTS AND DECLARATIONS OF INTEREST

23.1. Experts' declaration

None.

23.2. Other declarations

None.

24 DOCUMENTS ACCESSIBLE TO THE PUBLIC

24.1. Documents accessible to the public

The articles of association, minutes of the general meetings and other corporate documents can be consulted at Company Headquarters.

This reference document is available on-line on the company's website, www.sogeclair.fr, and on that of the AMF, www.amf-france.org. Copies of this reference document may be obtained free of charge from the company.

24.2. Information for the shareholders and analysts

Since being listed on the stockmarket, SOGECLAIR has maintained a regular communication programme with a view to keeping all of its shareholders, and the financial community informed.

These communication actions have been materialised by a reference document including the annual financial report for the financial year, financial press releases and notifications, one SFAF information meeting (22 March 2017 for the annual results for 2016) and other information meetings with analysts, journalists and investors.

In order to meet the obligations on the effective and complete distribution of the regulated information, SOGECLAIR transmits the regulated information by electronic means via a professional distributor included on the list published by the AMF. This information is on-line on the www.sogeclair.com website, in the 'investors' section.

Forecast publications timetable for 2017

Turnover for 2016	8 February 2017
Annual results 2016	22 March 2017

Embargo period: From 08/03/2017 to 22/03/2017

Turnover for first quarter 2017	10 May 2017
Turnover for second quarter 2017	26 July 2017

Results for first half 2017	13 September 2017
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Embargo period: From 30/08/2017 to 13/09/2017

Turnover for third quarter 2017	08 November 2017
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This timetable is given as an indication; the dates given may be subject to change.

25 FINANCIAL INFORMATION ON THE SHAREHOLDINGS

The financial information on the shareholdings is given in paragraph 2.2 of the Board of Directors' report to the AGM in chapter 26 of this reference document.

The table of subsidiaries and shareholdings is available in the appendix to the annual accounts to 31 December 2016 presented in chapter 20 of this document.

26 THE BOARD OF DIRECTORS' REPORT TO THE COMBINED GENERAL MEETING HELD ON 18 MAY 2017

(FINANCIAL YEAR ENDING 31 DECEMBER 2016)

Dear Shareholders,

We have called this General Meeting pursuant to the law and the provisions of our articles of association with a view, in particular, to submitting the accounts (individual and consolidated) for the financial year ending 31 December 2016 to you for your approval.

The invitations to this Meeting have been regularly issued. The documents stipulated by the regulations in force have been sent to you or have been held at your disposal within the stipulated deadlines.

The purpose of this report is, in particular, to present to you the situation of our company and of our group.

1. Group situation – Progress made

The list of subsidiaries integrated in the scope of consolidation is available in paragraph 2 of the consolidated appendix given in chapter 20.3.2 of this reference document.

1.1. Activity statement

Turnover amounted to €136.52 million up by 6.84 % with respect to 2015. This growth was driven by the diversification of the Group's international activities. This progression in international turnover – which represents nearly 54 % of the Group's consolidated turnover – has made it possible to make up for the significant fall in the development of new aeronautical programmes.

The non-current charges represent €0.23 million compared with €0.06 million in 2015, whereas the current operating result stands at 6% of turnover.

The net result group share, that we are submitting to you for your approval, stands at €5.9 million, and represents 4.3 % of turnover. This improvement in the result is due to a turnaround in the Aerospace Division's profitability, and also to an improved financial result. Equity capital for the consolidated whole reached nearly €45.5 million. Cash stands at nearly €14.9 million with gearing at 16 %.

Activity of the divisions

Aerospace Division (Turnover €120.96 million - EBITDA* €8.5 million)

The activity was marked by the following in particular:

- Strong growth in the production “support” activity
- Continued sharp fall in the engineering works resulting from the significant fall in the development of new aeronautical programmes,
- an acceleration in 2016 in the transformation of our development activities, moving towards:
 - production support activities,
 - consolidation and growth in the support activities with respect to OEMs (Airbus, Dassault in particular) for maintaining a growing worldwide fleet in operating condition
 - the MROs (Sabena, Air France Industries, Lufthansa Techniks, etc.) where Sogclair has made significant breakthroughs
- sustained equipment activities,
- success of our plants in Loire Atlantique and PACA regions.

Simulation Division (turnover €14 million - EBITDA* €3 million)

The Simulation Division saw growth of 24.3% in its turnover with respect to 2015, notably thanks to the effects of a sustained system activity.

Vehicle Division (turnover €1.5 million - EBITDA* €0.04 million)

The Vehicle Division saw a fall in its turnover with respect to 2015. This reduction is linked to the late triggering right at the end of 2016 of contracts that were expected earlier in the year.

This year saw the continuation of the “ROBBOX” development programmes, along with strengthened relations with prime contractors in the Defence sector.

* operating result – other operating income and charges
+ operating amortisations and provisions

1.2. Foreseeable changes – Future perspectives

During the year, the company pursued its efforts to re-balance its offering in a lasting context of a significant downturn in the development of new aeronautical programmes. It is therefore

continuing its diversification by intensifying its product and service offerings linked to the production rates and in-service aircraft support, while preserving its historic and unique know-how regarding development activities.

1.3. Outstanding events since year-end

Since year-end, the MSB Aerospace Corp subsidiary has been created in the USA. This subsidiary is 100%-owned by MSB Design (Canada).

1.4. Research & development activities

The major part of the projects accomplished by the company are based on R&D works in the area of engineering (stress, design, development) for the aeronautics & space, automobile & rail, and defence & industry markets.

We draw your attention to the fact that we have immobilised on the assets side of the balance sheet (Development expenditure) the development expenses and related financial expenses for a certain number of projects, in compliance with and according to the principles fixed by the applicable accounting standards (IAS 23 and 38).

Development works that gave rise to new immobilisations in 2016:

(in € k)	Aerospace	Simulation
Immobilised development works	122	324

The development works that gave rise to amortisation concern all the Simulation division's programmes, one Vehicle division programme, and the Aerospace division's thermo-compression aeronautical subassembly programme and its aircraft modification authority label.

Detailed information is given in paragraph 1.3.3 of the consolidated appendix in chapter 20.3.2 of this reference document.

Furthermore, non-immobilised Development activities have been carried out in the area of software for simulators and synthetic environments, aircraft environments and electric and military vehicles.

The company has also carried out works eligible for research tax credit in the following areas in particular:

- aircraft of the future: 3 projects stemming from the CORAC programme in partnership with Airbus, Dassault and STELIA Aerospace
- development of new architectures (new technical solutions for composite floors and the associated equipment)
- development of new engineering processes,
- development of new concepts and processes for obtaining large-scale subassemblies using ALM (3D Printing)
- development of tools for enriching and extracting digital mockup data,
- research in the area of development and industrialisation of new composite material consolidation processes,
- research in the area of autonomous vehicles,
- synthetic environments: thermal, electromagnetic, infrared and 3D,
- counter-IED vehicles and civil electric vehicles

1.5. Analysis of the consolidated accounts

The group's consolidated accounts have been notified to you in IFRS format, and are commented on below. We request that you approve these accounts.

1.5.1. Consolidated income statement

The consolidated income statement is presented below:

INCOME STATEMENT (in thousands of Euros)	2016	2015	2014
Sales	136,523	127,782	114,421
Other income from the activity	3,312	3,565	7,528
Cost of goods sold	-52,210	-46,670	-40,710
Personnel charges	-73,812	-74,096	-66,526
Taxes and duties	-1,172	-1,081	-1,121
Amortisation and provisions	-3,853	-4,044	-4,968
Other charges	-339	-305	-219
Current operating profit	8,449	5,151	8,405
Result of the sale of consolidated shareholdings			
Other operating income and charges	-184	-13	-1,514
Operating profit before result of equity investments	8,265	5,138	6,891
Share in profit from equity share affiliates	-47	-47	-2
Operating profit	8,218	5,091	6,889
Income from cash flow and cash flow equivalents *	53	-1 075	279
Gross finance costs	-629	-630	-401
Net finance costs	-577	-1,706	-122
Other financial income and charges	-159	32	-8
Profit before tax	7,482	3,417	6,760
Income tax expense	-1,099	-1,220	-2,051
Net profit	6,383	2,197	4,708
Group share	5,881	2,216	4,986
Minority interest	502	-19	-278
(in euros)	2016	2015	2014
Profit per share	2.03	0.76	1.72
Diluted profit per share	2.03	0.76	1.72

Analysis of the income statement shows:

- increase in turnover thanks to international activities,
- improved current operating profitability essentially driven by the turnaround in the Aerospace division's profitability,
- improved cost of net financial debt with respect to 2015 linked to a more favourable exchange rate impact,
- reduction in the tax charge,
- significant improvement in the net result, group share.

1.5.2. Consolidated financial statement

The financial situation is presented below :

ASSETS (in thousands of Euros)	2016	2015	2014
Goodwill	12,596	12,063	12,142
Intangible assets	7,692	8,883	9,808
Property, plant and equipment	5,528	4,940	5,023
Equity method affiliates	66	17	65
Investments in associates	1,308	1,213	1,041
Non-current assets	27,191	27,117	28,079
Inventories	8,790	7,293	4,754
Trade and other receivables	46,103	43,231	46,239
Available-for-sale financial assets	13,249	13,488	11,507
Current tax asset	4,427	4,162	3,834
Cash and cash equivalents	14,878	11,074	17,553
Current assets	87,447	79,248	83,886
TOTAL ASSETS	114,638	106,365	111,965
LIABILITIES (in thousands of Euros)	2016	2015	2014
Share capital	2,900	2,900	2,900
Share premium account	2,630	2,630	2,630
Own shares	-712	-712	-734
Reserves and accumulated results	34,966	28,817	28,427
Equity capital, group share	39,784	33,635	33,223
Minority interest	5,761	6,044	4,666
Total equity	45,545	39,679	37,889
Provisions for other liabilities and charges	2,875	2,594	2,402
Long-term payables and other financial liabilities	2,953	3,055	3,109
Borrowings	12,965	10,746	13,399
Sundry long-term liabilities	1	97	118
Non-current liabilities	18,795	16,492	19,029
Short-term payables and other financial liabilities	634	216	605
Current part of long-term borrowings	3,868	4,583	4,337
Borrowings	5,325	6,551	4,654
Short-term provisions	244		
Trade and other payables	13,896	12,933	15,448
Tax and social liabilities	19,702	19,991	22,461
Deferred tax liabilities		171	179
Short-term provisions	6,628	5,750	7,363
Current liabilities	50,298	50,195	55,047
TOTAL LIABILITIES	114,638	106,365	111,965

Analysis of the financial statement shows:**On the asset side:**

- goodwill up under the effect of variations in the exchange rates for the foreign companies,
- intangible immobilisations down under the effect of the amortisation of the research & development expenses,
- tangible immobilisations up further to investments in the Aerospace division in order to cope with an increase in activity,
- inventory up strongly, mainly further to the increased production in the Aerospace division's industrial activities,
- trade debts up further to the increased activity in the Aerospace and Simulation divisions,
- other current assets down slightly due to the decreased fiscal receivables.

On the liability side:

- equity capital, Group share, up significantly given the results for 2016 after distribution of dividends to the SOGECLAIR SA shareholders and to the subsidiaries' minority shareholders totalling €1,288 k,
- decreased commitments to the minority shareholders further to the buy-back of the minority holdings in Aviacomp,
- qualified pre-payments up slightly given the new pre-payments and reimbursements made during the period,

- financial debts up slightly further to new loans being taken out during the period,
- supplier and other debts up further to higher levels of purchasing,
- other current liabilities up given the increase in the unearned income.

1.5.3. Consolidated income statement per division

The consolidated income statement per division shows the following after elimination of the intra-group operations and of the holding's operating expenses:

INCOME STATEMENT (in thousands of Euros)	AEROSPACE		VEHICLE		SIMULATION		HOLDING		GROUP	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Turnover	120,955	114,449	1,530	2,025	14,038	11,294		15	136,523	127,782
Other income from the activity	1,439	1,606	133	144	1,718	1,772	21	43	3,312	3,565
Cost of goods sold	-44,332	-41,237	-406	-373	-5,536	-3,081	-1,936	-1,979	-52,210	-46,670
Personnel charges	-63,896	-64,783	-1,016	-861	-6,587	-6,607	-2,313	-1,845	-73,812	-74,096
Taxes and duties	-783	-677	-36	-37	-144	-153	-208	-214	-1,172	-1,081
Amortisation and provisions	-3,205	-3,399	-111	-94	-499	-388	-37	-162	-3,853	-4,044
Other charges	-251	-224		-1	-10	-9	-78	-72	-339	-305
Intra-Group operations	-4,606	-4,467	-160	-375	-428	-378	5,193	5,220		
Current operating profit	5,320	1,268	-67	428	2,553	2,451	643	1,005	8,449	5,151
Income from the sale of consolidated holdings										
Other operating income and charges	-62	-11	1	-7	-19	6	-105	-2	-184	-13
Operating profit before result of equity investments	5,258	1,257	-66	421	2,534	2,457	538	1,003	8,265	5,138
Share in profit from equity share affiliates	-47	-47							-47	-47
Operating profit	5,211	1,210	-66	421	2,534	2,457	538	1,003	8,218	5,091

1.6. Risk factors

The company has reviewed the risks that could have a significant unfavourable effect on its activity, financial situation or results, and considers that there are no significant risks other than those presented below, except in cases of Force Majeure.

Execution risks

SOGECLAIR intervenes with its customers according to three different types of contract:

- Technological assistance projects account for 18% of the activity: this concerns virtually all of the contracts with an obligation regarding the means. They have a length situated within a time bracket of 3 months to 1 year.
- Work packages account for 53% of the activity: this concerns contracts with an obligation to achieve a given result. They have a term of between 1 month and 5 years.
- Products and systems account for 29% of the activity: this concerns contracts:
 - for the development and supply of equipment under the responsibility of SOGECLAIR as the only source. Their length depends on the type of equipment,
 - comprising an offer associated with that of SOGECLAIR (for example manufacturing on a partner's site). These are long-term

contracts with obligations to achieve a given result for periods that may be as long as 15 years or more.

The technological assistance contracts do not comprise any great execution risk, as SOGECLAIR only has an obligation regarding the means.

The work package contracts inherently include execution risks whose root causes are, in chronological order:

- initial underestimate in the offer,
- unclear technical specifications and very extensive contractual clauses,
- requests for additional works during the development phase without any prior formal commercial agreement,
- particular technical difficulties,
- final acceptance conditions subject to interpretation.

The control of these risks, especially those of origin b) and c) require a very particular type of organisation, both in commercial and programme management terms, that represents the difficulty of this type of contract but, in return, creates a great barrier to entry with respect to the traditional players in the area of outsourced R&D.

Regarding the supply of equipment, the risks are reduced due to the control over the definition of the product to be made; however, there may be risk inherent to series production and to the warranty period.

Dependence risks

Customers

In 2016 all markets taken into account, the company counted 218 active customers, that is to say customers who were invoiced during the financial year distributed over every sector of activity. This represents a sufficient degree of diversity, in terms of customer base, geographical zone and the number of contracts, to ensure we do not suffer from any unhealthy dependence.

Reciprocally, the quality and loyalty of the group's customers limit the risk of volatility and solvability with respect to debts, and the size and quality of these customers represents a source of markets to be developed for SOGECLAIR.

In terms of figures:

- the first 50 account for 95% of consolidated sales; amongst which, 5 were new customers in 2016,
- the first 20 account for 84% of consolidated sales; all of which were already customers in 2015,
- the first 10 account for 72% of consolidated sales and all of them were already customers in 2015,
- the first 5 account for 60% of consolidated sales, compared with 61% in 2015,

The group's No. 1 customer, AIRBUS France, represents 23.50% of consolidated sales, compared with 24% in 2015. The European company Airbus represents 48% of consolidated sales, compared with 44% in 2015 owing to the strong growth in 'product' sales. Our contractual relations concern around one hundred distinct contracts regarding products and services spread between the five entities that make up AIRBUS: France, Deutschland, España, United Kingdom and Central Entity.

Partners

The group has continued to strengthen its existing international network of partners, integrators and distributors. Its historical partnerships continued satisfactorily and do not lead us to anticipate any risk with respect to the group's business.

Suppliers and subcontractors

Independence from our suppliers and subcontractors is ensured by the application of the following guidelines:

- retaining control over the customer relationship and project management (specification, preliminary design and validation, production of the critical elements, quality), making it possible to keep the essential distinguishing factors,
- selection of companies that have neither the capacity or the possibility to handle SOGECLAIR's contracts directly,
- sufficient number making it possible to spread the industrial and financial risk,
- small number to make it possible to weigh sufficiently on the commercial and technical conditions.

The group as a whole works with several tens of suppliers and subcontractors who provide it with their support in the areas of mechanics, electronics and simulation.

Commercial risks

Customer programmes

SOGECLAIR is engaged in three "risk-sharing" contracts, in the framework of the Airbus A380 programmes in 2001, Airbus A350 in 2009 and Bombardier CSeries in 2011. To date, these are the only contracts involving financing by SOGECLAIR and a commercial risk

for it shared with its customer.

The contract relative to the A380 concerns the design and manufacture of floor structures for the aircraft nose section, in co-development with the ADM company. At the end of December 2015, the order book for the A380 announced by Airbus amounted to 317 firm orders and had suffered from the announcement of delays in the programme. But this does not in our view put into question the commercial viability of the programme.

Our total deliveries at the end of 2016 stood at 239 (including 20 for the year). This programme has been the subject of an immobilisation of the development expenses engaged and has been fully amortised.

The contracts relative to the Airbus A350 and Bombardier CSeries concern the design and production of composite parts for the aircraft via the AVIACOMP subsidiary created in 2008 with the MECAHERS group. Its holding was bought back by SOGECLAIR in 2016.

On 31 December 2016, the overall economics of these contracts was considered positive.

At the end of December 2016, the order book for the A350 announced by Airbus counted 821 firm orders. The order book for the CSeries announced by Bombardier counted 360 firm orders. The deliveries of the first shipsets began in 2013.

Detailed information is given in paragraph 1.3.3 of the consolidated appendix provided in chapter 20.3.2 of this reference document. Moreover, analysis of the group's contracts has made it possible to identify and make a provision for risks of loss on completion amounting to €100 k.

Proprietary sales

The goal for all of the group's divisions is to strengthen its product range and its customer portfolio. This applies to the equipment for flight simulators, (particularly for the products designed to meet the needs of the Full Flight Simulator and Helicopters) and to the Aviacomp products (wing access doors) and cabin furnishings for business aircraft (conference tables, furniture, mechanisms, etc.).

SOGECLAIR is completing and continuing to develop its simulation motors product range (SCANeR for automobiles, ScanSIM for aeronautics, and OKSimRail for rail), now including an ADAS module (Advanced Driver Assistance System) for the automotive part, a new AI engine for the Railway part and by adding compact simulators including the software and hardware parts: automobile compact simulator CDS 650 (Compact Driving Simulator), tramway simulator, metro simulator, rail transport simulator and airport operations simulator.

The SE-Workbench product (simulation of electro-optical and radiofrequency sensors), already well anchored in the defence sector in France, Europe and Asia, is opening up to the civil market thanks to several commercial successes with major French aircraft manufacturers and with the support of the DGAC. The SE-Workbench offer is also developing strongly to address Man-in-the-Loop simulation, whether in the area of studies or training.

Market risks

To allow it to monitor its interest and exchange rate and liquidity risks, SOGECLAIR's Management is organised to ensure:

- cashflow follow-up,
- monitoring of medium/long-term debt,
- monitoring of exchange rate exposure,
- frequent exchanges with the financial partners to discuss rate changes in the short or medium term,
- participation in various forums, discussion groups, presentations.

Share risk

As SOGECLAIR has not made any guarantees linked directly or indirectly to the share price trends, its share risk is limited to the impact of a change in the share price on its self-owned shares.

In respect of its share in the market-making contract, SOGECLAIR owned 2,896 of its own shares on 31 December 2016.

On 31 December 2016, besides the market-making contract, SOGECLAIR held 144,340 shares as detailed below:

Reasons / Events outside the market making contract	Number of shares concerned
Merger/takeover of the LPPI company	72,268
Share buy-back programme between December 2008 and February 2009	19,192
Share buy-back programme between March and June 2009	17,528
Share buy-back programme between December 2009 and January 2010	27,588
Share buy-back programme between August and September 2011	4,360
Share buy-back programme between September and October 2014	1,517
Share buy-back programme between September and October 2015	1,887
Total	144,340

The variation in the price of these shares does not have any impact on the group's consolidated accounts because they have been cancelled in the equity capital, in accordance with the accounting rules.

Financial risks

Interest rates

Our variable rate exposure at the end of December 2016 was limited to current short-term loans.

The loans taken out by SOGECLAIR are fixed-rate loans.

Additional information is given in paragraph 1.3.4 of the consolidated appendix given in chapter 20.3.2 of this reference document.

Given the structure of the financial debt, we do not think it is necessary to present an analysis of our sensitivity to interest rate risks.

Exchange rates

During the 2016 financial year, the impact on the accounts was slightly negative for €61 k compared with a negative impact of €1,072 k in 2015.

Several design contracts include partial or complete payment in US dollars, which has meant that coverage of the forward sale type has had to be put in place for a balance at the end of 2016 of \$5.19 million. We must also remind you that some of these contracts have led us to put in place a policy of subcontracting in USD and CAD.

The positive variation of the conversion differential for the subsidiaries' accounts in foreign currencies, posted in the consolidated accounts, stood at nearly €583 k in 2016, compared with a negative variation of nearly €670 k in 2015.

The information on these conversion differential trends are given in paragraph 2 of the consolidated appendix given in chapter 20.3.1 of this reference document.

Liquidity / Cashflow

The 2016 financial year did not see any liquidity risk; and the utilisation of our bank lending facilities remains far lower than the maximum credit authorised by our banking partners.

The company has reviewed its liquidity risk and it considers it is in a position to face up to its future commitments.

Cashflow net of debt excluding qualified pre-payments was negative at €7.3 million in 2016, compared with €10.8 million in 2015, under the effect of an improvement in the WCR and despite an increase in investments.

The sources of financing used by the company are spread between several financial establishments and are not the subject of any covenants.

Legal risks

With the exception of industrial and environmental risks, SOGECLAIR is not subject to any particular regulations and the exercising of its activity is not subject to any legal, regulatory or administrative authorisation.

The general and aeronautical product-related professional civil liability risks are covered by international insurance programmes.

To the knowledge of SOGECLAIR, there are no governmental, legal or arbitration procedures, including any procedure that the company is aware of, that is in abeyance or that it is threatened with, that would be liable to have or have had during the last 12 months any significant impact on the financial situation or profitability of the company and group, over and above the amounts provisioned.

However, in the event of disputes arising, they are subject to analysis as soon as the fact has been ascertained. The priority is to reach a quick and amicable solution. In the event of litigation and after having failed to reach an amicable settlement, a provision may be made according to the technical and contractual analysis and, if applicable, to the legal analysis. These elements make up the basis for creating the provision.

It is stated that the amount provisioned for current disputes stands at €828 k.

The legal proceedings in progress are continuing and do not lead us to anticipate any risks other than those already posted in the accounts for 2016.

Operational risks

Refer to the President's report to the AGM.

Industrial and environmental risks

The industrial and environmental risks mainly concern the industrial activities (France and Canada). The equipment has been declared and is conform to the Afnor 35009 and 35010 standards and regulation 97/23/CE, as well as to directive 87/404. Furthermore, the equipment is subject to waste recycling and elimination contracts.

Insurance policies

The main risks of the companies in the group are covered by insurance policies such as described below:

- the risks linked to equipment and trading loss (industrial comprehensive, machinery breakdown),
- the risks linked to their activities (general civil liability and aeronautical products).

The civil liability policies, covering all types of damage, cover the maximum contractual risk stipulated in our commercial contracts.

1.7. Off-balance sheet commitments

The presentation, made according to the accounting standards in force, does not omit any significant off-balance sheet commitment.

Detailed information is given in paragraph 4.22 of the consolidated appendix in chapter 20.3.2 of this reference document.

2. Situation of the Companies in the Group

The financial year was marked by:

- Opening of offices in Savannah (Georgia, USA);
- Decline in sales generated by the new programmes' development activities;
- Continuation with numerous research projects;
- Sharp ramp-up in aeronautical composite activities;
- Acceleration regarding the simulation products designed for the autonomous vehicle.

2.1. Activities and results of SOGECLAIR SA - Progress made

During the year ending 31 December 2016 SOGECLAIR SA achieved:

- turnover of €5,238 k (compared with €5,263 k for the previous year),
- profits of €1,752 k (compared with a profit of €4,074 k for the previous year).

We request that you approve these individual accounts.

In compliance with article R.225-102 of Commercial Law, a table is appended to this report showing the company's financial results for the last five years.

Forecast trends

The 2017 financial year will be marked by the pursued management and support activities for the benefit of all the subsidiaries.

Important events since year-end

Creation of the MSB AEROSPACE Corp and MSB AEROSPACE LLC companies in the USA.

Research & Development activities

The Research & Development-related activities concerning SOGECLAIR's subsidiaries are detailed in paragraph 1.4 of this report.

Role of the parent company

In this context, SOGECLAIR SA has exercised all of its missions to steer and coordinate the group's activities.

In parallel SOGECLAIR SA has continued to meet the requirements of:

- its French subsidiaries in the areas of administration, management, pay, accounting, cashflow and legal secretariat,
- its foreign subsidiaries in the areas of cashflow management and legal secretariat.

Information on the terms of payment

The table below summarises the information required in succinct form for the suppliers:

(in € k)	Non-due debts						Due debts	
	Less than 30 days		30 to 60 days		More than 60 days			
	On 31/12/2016	On 31/12/2015	On 31/12/2016	On 31/12/2015	On 31/12/2016	On 31/12/2015	On 31/12/2016	On 31/12/2015
Total supplier debts	51	44	5	33	4	none	63 ⁽²⁾	47 ⁽¹⁾

(1) settled in January 2016

(2) including 61 settled in January 2017

On 31 December 2016, the balance owed by customers, intra-group as a whole, amounted to €1,391,134 compared with €946,907 the previous year.

Acquisition of shareholdings and takeovers

Detailed information is given in paragraph 2 of the consolidated appendix provided in chapter 20.3.2 of this reference document.

Sanctions for anti-competitive practices

None.

Social and environmental consequences of the activity

This information is presented in appendix 1 to this report.

Financial information on the shareholdings

None.

2.2. Activities and results of the subsidiaries

Activities and results of the Aerospace Division

French subsidiaries

AVIACOMP SAS

Set up in mid-2008, this subsidiary – a supplier of equipment for Airbus and Bombardier – has won three major contracts between 2009 and 2011 for the design, manufacture and assembly of composite parts.

Since the end of 2009, the company has been immobilising its development expenses in the framework of risk-sharing programmes. These development expenses are described in paragraph 1.3.3 of the consolidated appendix provided in chapter 20.3.2 of this reference document.

The company continues to support the costs relative to the learning curve for series production in its results.

The company's activity is growing sharply, driven by the production ramp up for Airbus A350 and Bombardier Aerospace Cseries aircraft.

The main quantified indicators, such as they appear in the individual financial statements, are presented below:

SOGECCLAIR holding on 31/12/2016 100 %	2016 (€k)	2015 (€k)	Trend
Turnover	15,675	6,992	x 2.2
Operating result	408	-1,052	ns
Net result	105	-1,841	ns
Equity capital	2,870	1,642	74.80%
Cash net of financial debt ⁽¹⁾	-6,043	-5,869	-3%
Avg. workforce (full-time equivalence)	45	40	+12.5%

(1) Excluding qualified pre-payments

SOGECCLAIR AEROSPACE SAS

In the past, the company immobilised its development expenses in the framework of risk-sharing programmes. These development expenses, totally amortised since the end of 2012, are described in paragraph 1.3.3. of the consolidated appendix provided in chapter 20.3.2 of this reference document.

The year 2016 was marked by a downturn in the activity but with improved profitability. The main quantified indicators, such as they appear in the individual financial statements, are presented below:

SOGECCLAIR holding on 31/12/2016 100 %	2016 (€k)	2015 (€k)	Trend
Turnover	59,838	62,963	-5%
Operating result	2,896	1,460	+98.4%
Net result	2,503	1,438	+74.1%
Equity capital	17,753	16,214	+9.5%
Cash net of financial debt ⁽¹⁾	14,015	12,086	+16%
Avg. workforce (full-time equivalence)	611	645	-5.3%

(1) Excluding qualified pre-payments

S2E CONSULTING SAS

The year 2016 was marked by a fall in activity. Its main quantified indicators, such as they appear in the individual financial statements, are presented below:

SOGECCLAIR holding on 31/12/2016 46,98 %	2016 (€k)	2015 (€k)	Trend
Turnover	274	290	-5.50%
Operating result	-38	-250	+84.80%
Net result	-38	-187	+79.70%
Equity capital	125	-41	ns
Cash net of financial debt	-55	-205	+73.20%
Avg. workforce (full-time equivalence)	3	7	-57.10%

Foreign subsidiaries

SOGECCLAIR AEROSPACE LIMITED (UNITED KINGDOM)

The activity was up for the year whereas profitability remained negative under the effect of increased purchases. Its main quantified indicators, such as they appear in the individual financial statements, restated to the French standards, are presented below in local currency:

SOGECCLAIR holding on 31/12/2016 100 %	2016 (k£) ⁽¹⁾	2015 (k£) ⁽²⁾	Trend
Turnover	9,358	7,085	+32.10%
Operating result	4	-139	ns
Net result	107	-225	ns
Equity capital	380	272	+39.70%
Cash net of financial debt	-509	100	ns
Avg. workforce (full-time equivalence)	25	28	-10.70%

(1) Conversion rate used for establishing the consolidated accounts: closing rate 0.8562, average rate 0.8189

(2) Conversion rate used for establishing the consolidated accounts: closing rate 0.7339, average rate 0.7260

SOGECCLAIR AEROSPACE SARL (TUNISIA)

The company benefitted from a loan write-off totalling TND 878 k from its parent company SOGECCLAIR Aerospace France.

Year 2016 was marked by a downturn in the activity of this company which was set up in 2009. Its main quantified indicators, such as they appear in the individual financial statements, restated to the French standards, are presented below in local currency:

SOGECCLAIR holding on 31/12/2016 100 %	2016 (k TND) ⁽¹⁾	2015 (k TND) ⁽²⁾	Trend
Turnover	1,921	1,170	+64.20%
Operating result	-269	-791	+66%
Net result	507	-755	ns
Equity capital	47	-454	ns
Cash net of financial debt ⁽¹⁾	230	-83	ns
Avg. workforce (full-time equivalence)	47	39	+14.70%

(1) Conversion rate used for establishing the consolidated accounts: closing rate 2.4256, average rate 2.3849

(2) Conversion rate used for establishing the consolidated accounts: closing rate 2.2085, average rate 2.1748

SOGECLAIR AEROSPACE GmbH (GERMANY)

The company benefitted from a debt write-off totalling €600 k from SOGECLAIR SA.

The year 2016 was marked by a fall in the activity. The end of the restructuring costs and a loss-making contract continue to impact profitability.

Its main quantified indicators, such as they appear in the individual financial statements, are presented below:

SOGECLAIR holding on 31/12/2016 100 %	2016 (€k)	2015 (€k)	Trend
Turnover	11,387	13,465	-15.40%
Operating result	-76	-1,485	ns
Net result	523	-1,522	ns
Equity capital	195	-328	ns
Cash net of financial debt	-1,818	-1,623	ns
Avg. workforce (full-time equivalence)	130	144	-9.70%

SOGECLAIR AEROSPACE SA (SPAIN)

The year 2016 was marked by an increase in the company's activity, and also in its profitability.

Its main quantified indicators, such as they appear in the individual financial statements, are presented below:

SOGECLAIR holding on 31/12/2016 87,95 %	2016 (€k)	2015 (€k)	Trend
Turnover	5,728	4,233	+35.30%
Operating result	460	358	+28.50%
Net result	344	272	+26.50%
Equity capital	1,461	1,088	+34.30%
Cash net of financial debt	-81	-433	+81.30%
Avg. workforce (full-time equivalence)	82	60	+36.70%

SOGECLAIR AEROSPACE INC (CANADA)

Set up in the summer of 2013, the company acquired the Canadian MSB group in mid-November 2014. The company now only bears the management costs.

Its main quantified indicators, such as they appear in the individual financial statements, are presented below:

SOGECLAIR holding au 31/12/2016 100 %	2016 (k CAD) ⁽¹⁾	2015 (k CAD) ⁽²⁾	Trend
Turnover	0	0	ns
Operating result	-64	-35	ns
Net result	-70	-50	ns
Equity capital	9,266	9,335	ns
Cash net of financial debt	-3,578	-3,655	ns
Avg. workforce (full-time equivalence)	0	0	ns

(1) Conversion rate used for establishing the consolidated accounts: closing rate 1,4188, average rate 1,4664

(2) Conversion rate used for establishing the consolidated accounts: closing rate 1,5116, average rate 1,4176

MSB DESIGN INC (CANADA)

Subsidiary of the Canadian MSB group acquired in mid-November 2014, the company suffered a fall in its activity in 2016 with the ending of a contract with Bombardier Transport and a reduction in the business aircraft activity. Its main quantified indicators for 2016, such as they appear in the individual financial statements, are presented below:

SOGECLAIR holding on 31/12/2016 80,00 %	2016 (k CAD) ⁽¹⁾	2015 (k CAD) ⁽²⁾	Trend
Turnover	8,500	12,253	-30.60%
Operating result	-1,102	559	ns
Net result	-1,047	202	ns
Equity capital	504	1,551	-67.50%
Cash net of financial debt	-6,767	-6,034	-12.10%
Avg. workforce (full-time equivalence)	54	80	-32.50%

(1) Conversion rate used for establishing the consolidated accounts: closing rate 1.4188, average rate 1.4664

(2) Conversion rate used for establishing the consolidated accounts: closing rate 1.5116, average rate 1.4176

RESSOURCES GLOBALES AERO INC (CANADA)

Subsidiary of the Canadian MSB group acquired in mid-November 2014, the company saw strong growth in its activity driven by support for the entry into production of new aircraft. Its main quantified indicators for 2016, such as they appear in the individual financial statements, are presented below:

SOGECLAIR holding on 31/12/2016 80,00 %	2016 (k CAD) ⁽¹⁾	2015 (k CAD) ⁽²⁾	Trend
Turnover	19,345	15,241	+26.90%
Operating result	2,812	1,969	+42.80%
Net result	2,027	1,462	+38.60%
Equity capital	6,728	4,701	+43.10%
Cash net of financial debt	872	1,883	-53.70%
Avg. workforce (full-time equivalence)	199	174	+14.40%

(1) Conversion rate used for establishing the consolidated accounts: closing rate 1.4188, average rate 1.4664

(2) Conversion rate used for establishing the consolidated accounts: closing rate 1.5116, average rate 1.4176

MSB GLOBAL RESOURCES AERO CORP (USA)

Subsidiary of the Canadian MSB group acquired in mid-November 2014, this company's main quantified indicators for 2016, such as they appear in the individual financial statements, are presented below:

SOGECLAIR holding on 31/12/2016 80,00 %	2016 (k USD) ⁽¹⁾	2015 (k USD) ⁽²⁾	Trend
Turnover	1,556	834	+86.60%
Operating result	-191	-56	ns
Net result	-194	-72	ns
Equity capital	-239	-45	ns
Cash net of financial debt	48	155	ns
Avg. workforce (full-time equivalence)	12	9	+33.30%

(1) Conversion rate used for establishing the consolidated accounts: closing rate 1.0541, average rate 1.1066

(2) Conversion rate used for establishing the consolidated accounts: closing rate 1.0887, average rate 1.1096

Activities and results of the Vehicle Division**SERA INGENIERIE SAS**

2016 was marked by a fall in activity which affected profitability. Its main quantified indicators, such as they appear in the individual financial statements, are presented below:

SOGECLAIR holding au 31/12/2016 80,00 %	2016 (€k)	2015 (€k)	Trend
Turnover	1,660	2,025	-18%
Operating result	-69	420	ns
Net result	-67	316	ns
Equity capital	2,097	2,163	-3.10%
Cash net of financial debt	821	804	+2.10%
Avg. workforce (full-time equivalence)	15	14	+7.10%

Activities and results of the Simulation Division

OKTAL SAS

The company's activity and profitability were up for the year. Its main quantified indicators, such as they appear in the individual financial statements, are presented below:

SOGECCLAIR holding on 31/12/2016 97,98 %	2016 (€k)	2015 (€k)	Trend
Turnover	10,687	8,596	+24.30%
Operating result	1,503	1,513	ns
Net result	1,701	1,700	ns
Equity capital	6,026	5,189	+16.10%
Cash net of financial debt	5,894	3,087	+90.90%
Avg. workforce (full-time equivalence)	72	68	+5.90%

(1) Excluding qualified pre-payments

OKTAL SYNTHETIC ENVIRONMENT SAS

The activity and profitability were up for the year. Its main quantified indicators, such as they appear in the individual financial statements, are presented below:

SOGECCLAIR holding on 31/12/2016 54,94 %	2016 (€k)	2015 (€k)	Trend
Turnover	3,361	2,726	+23.30%
Operating result	948	806	+17.60%
Net result	717	646	+11%
Equity capital	3,693	3,360	+9.90%
Cash net of financial debt	3,612	1,579	x 2.3
Avg. workforce (full-time equivalence)	27	27	ns

3. Appropriation of the result

3.1. Proposed appropriation of the result

The appropriation of our company's results that we are proposing conforms to law and our articles of association.

We propose to assign the profit for the year, which amounts to €1,752,225.49 as follows:

Origin

- Balance carried forward	€10,723,758.18
- Profit for the financial year	€1,752,225.49
Giving a distributable profit of	€12,475,983.67

Appropriation

- As dividends	€1,798,000.00
- Balance carried forward	€10,677,983.67

The gross dividend payable for each share will therefore amount to €0.62. The distribution is eligible, for physical people fiscally domiciled in France, for the 40% rebate provided for in article 158-3 2° of General Tax Law.

Coupon detachment will take place on 22 May 2017. This dividend will be payable as from 24 May 2017.

In the case where, at the time of coupon detachment, the company holds certain of its own shares, the sums corresponding to the unpaid dividends relative to those shares shall be carried forward.

3.2. Prior distributions of dividends

Pursuant to the provisions of article 243 bis of General Tax Law, we remind you that for the last three financial years the dividends and other revenue* paid out were as follows:

For the financial year	Revenue eligible for the rebate		Revenue not eligible for the rebate
	Dividends	Other revenues distributed	
2013	€1,450,000 * that is €0.50 per share	None	None
2014	€1,450,000 * that is €0.50 per share	None	None
2015	€1,160,000* that is €0.40 per share**	None	None

* including the sums corresponding to the dividends relative to self-owned shares not distributed and carried forward

3.3. Non tax-deductible charges

We note that the non tax-deductible expenses and charges mentioned by articles 39-4 of General Tax Law engaged during the past financial year amounted to €12,412.

We request that you approve them, along with the corresponding tax, that is €4,137.

4. Company capital

4.1. Composition of the company shareholdings

We remind you below of the identity of the people who, on 31 December 2016, held directly or indirectly more than 5%, 10%, 15%, 20%, 25%, 30%, 33,33%, 50%, 66,66%, 90% or 95% of the company's capital or voting rights at the General Meeting:

Shareholders	In capital	In voting rights at AGMs	In voting rights at EGMs
With more than 5%	Ms Anne ROBARDEY Ms Huguette ROBARDEY Mr Jean-Louis ROBARDEY Mr Philippe ROBARDEY Mr Antoine ROBARDEY Mr Alexandre ROBARDEY	Ms Anne ROBARDEY Ms Huguette ROBARDEY Mr Jean-Louis ROBARDEY Mr Philippe ROBARDEY Mr Antoine ROBARDEY	Ms Anne ROBARDEY Mr Philippe ROBARDEY Mr Antoine ROBARDEY Mr Alexandre ROBARDEY
With more than 10%	Mr Philippe ROBARDEY Ms Anne ROBARDEY	Mr Philippe ROBARDEY Madame Anne ROBARDEY	Mr Philippe ROBARDEY Ms Anne ROBARDEY
With more than 15%	Mr Philippe ROBARDEY	Mr Philippe ROBARDEY	Mr Philippe ROBARDEY Ms Anne ROBARDEY
With more than 20%	Mr Philippe ROBARDEY	Mr Philippe ROBARDEY	Mr Philippe ROBARDEY
With more than 25%	Mr Philippe ROBARDEY	Mr Philippe ROBARDEY	Mr Philippe ROBARDEY
With more than 30%	Mr Philippe ROBARDEY	Mr Philippe ROBARDEY	Mr Philippe ROBARDEY
With more than one third	Mr Philippe ROBARDEY	Mr Philippe ROBARDEY	Mr Philippe ROBARDEY
With more than 50%	The Robardey family as a whole	The Robardey family as a whole	The Robardey family as a whole
With more than 2/3	The Robardey family as a whole	The Robardey family as a whole	The Robardey family as a whole
With more than 90%	None	None	
With more than 95%	None	None	

The changes in the composition of the shareholders made in 2016 are given in chapter 18.3 of the 2016 Reference Document.

4.2. Employee shareholding

At year-end, there was no employee holding in the company's equity capital as defined in article 225-102 of Commercial Law.

4.3. Own-shares holding

Main characteristics of the current own-shares buyback programme

The General Meeting held on 19 May 2016 authorised the Board, for a period of eighteen months, to proceed with the buyback of the Company's shares within the limit of 10% of the number of shares making up its capital with a view to pursuing the goals accepted by the regulations (market-making, growth through acquisitions, employee shareholding, coverage of securities providing access to the capital and cancellation). The maximum purchase price per share has been set at €40, giving an overall maximum amount for the programme of €11,600,000.

Operations carried out in the framework of the buyback programme

In the framework of a share buyback programme, the Company proceeded between the beginning and end of the financial year, with the following own-share purchasing and selling operations:

Liquidity contract

- Number of shares purchased: 34,209
Average purchase price: €20,0168
- Number of shares sold 35,978
Average sale price: €19,7661
- Total amount of the negotiation fees: €0 excl. VAT*
*The liquidity contract does not include any transaction expenses but is born by other expenses (market-making, marketing, financial analysis)

Outside the liquidity contract

- Number of shares purchased: none
Average purchase price: none
- Number of shares sold: none
Average sale price: none
- Total amount of the negotiation fees: none

Reasons for the acquisitions	%
Market making	100
Employee shareholding	/
Securities giving the right to the allocation of shares	/
Growth through acquisition operations	/
Cancellation	/

No operations on shares other than those listed above were accomplished during the financial year.

Year-end situation

The own-shares situation was therefore as follows at year-end:

Year-end situation	Outside of market making contrat	Market making contrat	Total
Number of shares held	144,340	2,896	147,236
Book value	€712,118	-	€712,118
Nominal value			€147,236

At year-end, the number of shares registered in the company's name represented 5.08 % of its capital.

The company did not proceed with any reallocation of shares to any other purpose during the financial year.

4.4. Share buyback programme

We propose that you should authorise the Board of Directors for a period of eighteen months, pursuant to articles L. 225-209 et seq. of Commercial Law, and of the articles of the general regulations of the AMF (Financial Markets Authority) or any provision replacing them, with the possibility of sub-delegation under the conditions stipulated by law and the company's articles of association, to proceed with the purchase, sale and transfer by the company of its own shares representing up to 10% of the number of shares making up the equity capital at any moment whatsoever, possibly adjusted to take into account any increases or reductions of capital that may be made during the term of the programme.

The purchases may be made with a view to:

- ensuring market making or the liquidity of SOGECLAIR shares through the intermediary of an investment service provider via a liquidity contract in line with the AMAFI code of ethics accepted by the regulations, it being stated that in this framework, the number of shares taken into account to calculate the above-mentioned limit corresponds to the number of shares purchased, minus the number of shares sold,
- keeping the purchased shares and putting them up later for exchange or as payment in the framework of any possible growth through acquisition operations,
- ensuring the coverage of share option purchase plans and/or free share allocation plans (or similar) for the benefit of the employees and/or the group's directors, as well as any allocation of shares in respect of a company or group savings scheme (or similar), in respect of company profit sharing and/or any other form of share allocation to employees and/or the group's directors,
- ensuring the coverage of securities giving the right to the allocation of company shares in the framework of the applicable regulations,
- proceeding with the possible cancellation of the shares purchased, in compliance with the authorisation given or to be given by the Extraordinary General Meeting.

These share purchases may be made by any means, including through the acquisition of blocks of shares, and at the moments that the Board of Directors may decide upon.

The company reserves the right to use option-based or derivative mechanisms in the framework of the applicable regulations.

The maximum price is set at €60 per share. In the case of operations on the capital, notably an increase of capital by incorporation of reserves and allocation of free shares, as well as in the case of division or grouping of shares, the prices indicated above will be adjusted in the same proportions (multiplication coefficient equal to the ratio between the number of shares making up the capital before the operation to this number after the operation).

The maximum amount of the operation is set at €17,400,000.

The general meeting shall give all powers to the Board of Directors, with the possibility of delegation, to place orders, reach any agreements, sign any purchase, sale or transfer documents, keep the share purchase and sale registers, accomplish all formalities and make all declarations to organisations and generally do everything necessary in the framework of the implementation of this authorisation.

This authorisation shall be given for a period of 18 months as from the day of this meeting. It shall supersede the previous authorisation given by the general meeting held on 19 May 2016.

5. Administration and control of the company

5.1. Composition of the Board of Directors

On 31 December 2016, SOGECLAIR was administered by a Board of Directors made up of seven members and two censors. The directors' and censors' term of office is set at six years.

5.1.1. Members of the Board of Directors during the past year

Name (Age)	Date of appointment	Date of end of term of office	Function Remarks (nationality, family ties)
Mr Philippe Robardey (57)	AGM on 17 May 2013 (renewal)	GM to be held in 2019 voting on the accounts for the past years	President and CEO Director French nationality
Mr Gérard Blanc (73)	AGM on 17 May 2013 (renewal)	GM to be held in 2019 voting on the accounts for the past years	Independent director, member of the remuneration committee French nationality
Mr Alain Ribet (72)	AGM on 17 May 2013 (renewal)	GM to be held in 2019 voting on the accounts for the past years	Director French nationality
Ms Martine Robardey (56)	OGM on 31 May 2012	4 April 2016 (deceased)	Director French nationality Spouse of Mr Philippe Robardey
Mr Alberto Fernandez (67)	OGM on 31 May 2012 (renewal)	GM to be held in 2018 voting on the accounts for the past year	Director, member of the remuneration committee Spanish nationality
Ms Chantal Boucher (66 ans)	AGM on 20 May 2015 (appointment)	GM to be held in 2021 voting on the accounts for the past year	Director, French nationality
Mr Henri-Paul Brochet (71)	AGM on 20 May 2015	GM to be held in 2021 voting on the accounts for the past year	Director, member of the remuneration committee French nationality
Ms Aurélie Picart (35)	OGM on 19 May 2016 (appointment)	GM to be held in 2022 voting on the accounts for the past year	Director, French nationality

The Board Members' experience is indicated in chapter 14.1.3 of this reference document.

In view of the criteria adopted regarding independence (Middelen criteria), the Board of Directors judges that Ms Chantal Boucher, Ms Aurélie Picart, Mr Henri-Paul Brochet and Mr Gérard Blanc can be considered to be independent.

5.2. Mandates and functions exercised by the directors in all companies other than the issuer over the last five years

Mr Philippe ROBARDEY, President & CEO, Director

Current mandates and functions

Within the group:

President of Sogclair Aerospace Limited
 President of Sera Ingénierie SAS
 President of Oktal SAS
 President of Sogclair Aerospace Inc.
 President of ALCA Gestion Inc.
 Co-Managing Director of Sogclair Aerospace SARL
 Co-Managing Director of Checkaero SARL
 Director of RAIN SA
 Director of Sogclair Aerospace SA
 Director of S2E Consulting SAS
 Director of GMS Inc.
 Director of MSB Design Inc.
 Director of Ressources Globales Aéro Inc.
 Member of the Executive Committee of Aviacomp SAS
 Member of the Executive Committee of Sogclair Aerospace SAS

Outside the group:

Director of IRDI
 Co-President of MEDEF Occitanie
 Member of the MEDEF Executive Board
 President of the Toulouse Chamber of Commerce and Industry
 1st Vice-President of the Occitanie Chamber of Commerce and Industry

Mandates and functions exercised during the last five years and expired

Within the group:

Outside the group:

President of the Haute Garonne MEDEF

Mr Gérard BLANC, Director

Current mandates and functions

Within the group:

Member of the SOGECLAIR remuneration committee

Outside the group:

Director of Valeo (listed company)

Mandates and functions exercised during the last five years and expired

Outside the group:

President of Marignac Gestion SAS

Ms Chantal BOUCHER, Director

Current mandates and functions

Within the group:

None

Mandates and functions exercised during the last five years and expired

Outside the group:

Director of major fiduciary projects
 at the Banque de France – head office in Paris
 Deputy Director General at the Directorate
 General of Fiduciary and Investment Activities

Mr Henri-Paul BROCHET, Director

Current mandates and functions

Within the group:

Member of the SOGECLAIR remuneration committee

Outside the group:

Alternate Executive Director of Aerospace Valley
 President of Aliage
 President of the Cancéropole Grand Sud-Ouest

Member of the Actia Group Supervisory Board
 President of HBIC

Managing Director of TAS (Toulouse Air Spares) and of the MBBCS holding

Mandates and functions exercised during the last five years and expired

Outside the group:

Technical adviser to the Toulouse Chamber
 of Commerce and Industry

Mr Alberto FERNANDEZ, Director**Current mandates and functions**

Within the group:
Member of the SOGECLAIR remuneration committee

Outside the group:
Member of the Asco Strategy Committee
President of Jefe Jeronimo SL

Mandates and functions exercised during the last five years and expired

Outside the group:
Director of Aries Industrial y Naval

Mr Alain RIBET, Director**Current mandates and functions**

Within the group:
Member of the Sogclair Aerospace SAS Executive Committee
President of SE2 Consulting SAS

Outside the group:
Director of Formidias
Member of the Sémidias Supervisory Board

Mandates and functions exercised during the last five years and expired

Within the group:
Director-Expert of Sogclair Aerospace SAS

Ms Aurélie PICART, Director**Current mandates and functions**

Within the group:
None

Outside the group:
Vice-President of the Pôle Cancer-Bio-Santé
Alternate Director of Aerospace Valley

Mandates and functions exercised during the last five years and expired

Outside the group:
None

Ms Martine ROBARDEY, Director until 3 April 2016**Current mandates and functions**

Within the group:
None

Mandates and functions exercised during the last five years and expired

Outside the group:
None

Mr Jacques RIBA, Censor (Director until 27 May 2011)**Current mandates and functions**

Within the group:
Member of the SOGECLAIR remuneration committee

Outside the group:
Managing director of Pagestri SARL
Managing director of Jari Conseil SARL

Mandates and functions exercised during the last five years and expired

Outside the group:
Director of Courtois SA (listed company)

Mr Michel GRINDES, Censor (Director until 16 May 2014)**Current mandates and functions**

Within the group:
None

Mandates and functions exercised during the last five years and expired

Outside the group:
None

5.3. General management

Since 23 May 2003, General Management of the company has been ensured by Mr Philippe ROBARDEY, President of the Board of Directors. The Board has thus decided not to separate the functions of President of the Board of Directors from that of Chief Executive Officer of the company.

5.4. Directors' remunerations

Below, we indicate the total remuneration and all the benefits of any nature whatsoever paid by the company or by the companies under its control to each Director during the financial year ending 31 December 2016:

Table 1

Table summarising the remuneration, options and shares granted to each Director (in €)

Mr Philippe Robardey	2016 financial year	2015 financial year
Remunerations owing in respect of the year (detailed in table 2)	598,011	399,164
Valuation of the multi-year variable remunerations granted during the year	-	-
Valuation of the options remunerations granted during the year (detailed in table 4)	-	-
Valuation of the shares granted for free (detailed in table 6)	-	-
TOTAL	598,011	399,64

Table 2

Table listing the remunerations of each Director (in €)

Mr Philippe Robardey	2016 financial year		2015 financial year	
	Amount due	Amount paid	Amount due	Amount paid
- Fixed gross remuneration	215,200	215,200	215,000	215,000
- Variable annual remuneration	364,911	175,208	165,808	270,048
- Multi-year variable remuneration	-	-	-	-
- Extraordinary remuneration	-	-	-	-
- Director's fees	17,900	12,714	18,356	18,356
- Non-cash benefits	-	-	-	-
TOTAL	598,011	403,122	399,164	503,404

The variable part of the remuneration paid to Mr Philippe Robardey in 2016 corresponds to the 2015 financial year.

At its meeting held on 17 March 2014, the SOGECLAIR board of directors adopted new terms for the variable remuneration paid to Mr Philippe ROBARDEY, with qualitative and quantitative targets. These terms have not been modified in 2015. Given the strategic and therefore confidential nature of these points, SOGECLAIR has decided not to make the qualitative targets known. The quantitative targets have been defined according to the following three criteria: operating cash, operating income and orders won. The expected level of accomplishment regarding these quantitative targets is not being made public for reasons of confidentiality. These terms have not been modified in 2016. The Board of Directors has however exceptionally imposed a ceiling on the calculation of the variable remuneration.

Table 3

Table of director's fees and other remuneration received by the non-executive Board Members (in €)

Non-executive Board Members	Amounts paid in 2016	Amounts paid in 2015
Mr Gérard Blanc		
Director's fees	8,714	7,178
Other remuneration	-	-
Ms Chantal Boucher		
Director's fees	8,714	-
Other remuneration	-	-
Mr Henri - Paul Brochet		
Director's fees	8,714	7,178
Other remuneration	-	-
Mr Alberto Fernandez		
Director's fees	8,714	7,178
Other remuneration ⁽¹⁾	20,000	20,000
Mr Michel Grindes		
Director's fees	8,714	7,178
Other remuneration	-	-

Non-executive Board Members	Amounts paid in 2016	Amounts paid in 2015
Mr Jacques Riba		
Director's fees	8,714	7,178
Other remuneration	-	-
Mr Alain Ribet		
Director's fees	8,714	7,178
Other remuneration brutes	-	66,000
Mr Jean-Louis Robardey		
Director's fees	-	7,178
Other remuneration	-	-
Ms Martine Robardey		
Director's fees	8,714	7,178
Other remuneration	-	-
TOTAL	89,712	143,424

(1) Remuneration in the form of fees amounting to €20,000 per financial year (in respect of the agreement mentioned in paragraph 16.2.1 of the reference document)

Rule for the distribution of Directors' Fees

In 2016, the distribution of directors' fees set for SOGECLAIR SA by the Board of directors was as follows: equality for the Directors and Censors. At the General Meeting held on 18 May 2017 it will be proposed to set the overall amount of the directors' fees to be allocated to the Board of Directors to the total gross amount of €135,000 for the year. This decision, which applies to the previous year, will be maintained until notice to the contrary is given.

Table 4

Subscription or purchase options for shares granted during the financial year to each Director by the issuer and by any company in the group

Name of the Director	Plan No. and date	Nature of the options (purchase or subscription)	Valuation of the options according to the method adopted for the consolidated accounts	Number of options granted during the financial year	Exercise price	Exercise period
			None			

Table 5

Subscription or purchase options for shares taken up during the financial year by each Director

Name of the Director	Plan No. and date	Number of options exercised during the financial year	Exercise price
		None	

Tables 6 and 7

Performance-related shares granted to each Director

Performance-related shares granted by the General Meeting of Shareholders during the financial year to each Director by the Issuer and by any company in the group (nominative list)	Plan No. and date	Number of shares granted during the financial year	Valuation of the shares according to the method adopted for the consolidated accounts	Acquisition date	Date of availability	Performance related conditions
	None					
Performance-related shares that have become available for each Director	Plan No. and date		Number of shares that have become available during the financial year	Acquisition conditions		
	None					

Table 8

History of share subscription or purchase option allocations

INFORMATION ON THE SUBSCRIPTION OR PURCHASE OPTIONS

None

Table 9

Share subscription or purchase options granted to the top ten non-director employees and options taken up by the latter	Total number of options granted / of shares subscribed to or purchased	Weighted average price	Plan 1	Plan 2
	None			

Table 10

History of the free granting of shares

INFORMATION ON THE SHARES GRANTED FOR FREE

None

Table 11

Directors	Contract of employment		Supplementary pension scheme		Indemnities or benefits owed or liable to be owed due to a termination or change of functions		Indemnities relative to a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Mr Philippe Robardey President & CEO Date of entry into office: May 2013 Expiry date: 2019 AGM		X		X	X			X

Commitments of any nature corresponding to elements of remuneration, indemnities or benefits owing or liable to be owed because of the taking up, termination or change of the director's functions or subsequent to it:

At the time of its session held on 15 March 2013, the Board of Directors authorised an undertaking for the benefit of Mr Philippe Robardey, pursuant to the provisions of article L.225-42-1 of Commercial Law, under the terms of which Mr Philippe Robardey shall receive, in the event of termination of his mandate as the company's Chief Executive Officer, except in the case of termination due to failure such as defined in the paragraph below or of voluntary departure, an indemnity corresponding to 24 months' remuneration (fixed and proportional calculated on the basis of the last annual period preceding termination of his mandate). This commitment was approved by the AGM held on 17 May 2013.

Payment of this indemnity shall be subject to the condition that the group has achieved, in respect of the past five years whose consolidated accounts have been approved by the Board before the termination, an average Operating Profit, increased by the amortisations and provisions, at least equal to 7.5% of the turnover for the corresponding financial years.

Remunerations and non-cash benefits paid in the form of the allocation of capital securities, debt securities or securities giving access to the capital or giving the right to the allocation of debt securities of the company or of the controlled or controlling companies:

None.

6. Auditors

None of the terms of office of the auditors expire at the time of this meeting.

Detailed information is provided in Chapter 2 of this 2016 reference document.

7. Regulated conventions

We inform you that the conventions covered by article L 225-38 et seq. of Commercial Law have been regularly authorised by your Board of Directors during the past financial year. The authorised agreement is as follows:

- Write-off of debts for €600,000 granted by SOGECLAIR SA for the benefit of its subsidiary SOGECLAIR AEROSPACE GmbH to enable the Group to pursue its commercial activities in Germany. We request that you approve this.

We have provided your auditors with the useful indications to allow them to present to you their special report indicating these conventions and which is included in paragraph 20.4.1 of the reference document.

8. Information that has an impact in terms of public offerings

The capital structure (taking into account the holdings that the company is aware of further to the declarations regarding the thresholds exceeded) is defined in paragraph 4.1 of this report and in paragraph 18.3 of the reference document.

There are no shareholders' pacts with respect to SOGECLAIR SA. However, a commitment was made on 23 December 2013 to keep Company shares in the framework of the preferential tax provisions put in place by the so-called "Dutheil Law". This commitment concerns the Robardey family and Mr. Marc Darolles and concerns 20% of the shares and the related voting rights (see paragraph 18.4 of the reference document).

The voting rights are exercised in accordance with article 15 of our articles of association. There are no shares with special rights of control. However, we inform you that all registered shares that have been held for two years have double voting rights.

There are no control mechanisms provided for in any possible personnel shareholding scheme with control rights that are not exercised by the latter.

The rules for appointing and removing members of the Board are the statutory legal rules, except for the age limit of 72 (that applies to 1/3 of the directors and to the President) provided for in article 13 of the articles of association

Concerning the powers of the Board of Directors, the current delegations are described in the delegation table given in Appendix 2 of this report. Furthermore, the powers of the Board regarding the buyback of shares are described in chapter 4.3 of this report.

Modifications of our company's articles of association are made in compliance with the legal and regulatory provisions.

The following agreements concluded by the company are liable to be modified or to come to an end in the event of a change of corporate control: referencing for AIRBUS E2S preferred supplier for engineering services, and certain bank loans.

The agreements providing for the indemnities in the case of a director relinquishing his/her functions are described in paragraph 5.4 of this report.

9. Delegations relative to capital increases

The table summarising the currently valid delegations in the area of capital increases is attached in Appendix 2 of this report.

10. Operations on the securities of the directors, top management and their next of kin carried out during the last financial year

Refer to Appendix 3 of this report.

The Board of Directors

APPENDIX 1

CORPORATE RESPONSIBILITY WITH RESPECT TO SOCIETY

Below we give the relevant and significant social, societal and environmental information concerning the group.

The group and its directors have numerous commitments in the economic world and in joint representation organisations (MEDEF (employers' organisation); professional branches; Local and Regional Chambers of Commerce, CPH (Industrial Tribunal); URSSAF (Social Security); Clusters; Corporate Clubs, etc.).

To date no report has been specifically drafted and/or audited. Furthermore, the following chapters detail certain aspects comparable with Corporate Responsibility with respect to Society.

1. Social and societal information**1.1. Employees**

The group's total consolidated workforce, as an average over the year 2016 expressed as a full-time equivalence, breaks down as follows:

	2016	2015	2014
Engineers, managers and senior technicians	1,033	1,048	1,078
Technicians and employees	305	306	100
TOTAL	1,338	1,354	1,178

There are 715 people employed in the Occitanie, Nouvelle Aquitaine, Pays de la Loire and Provence Alpes Côte d'Azur regions; and 82 in Ile-de-France.

The average age is 37.6 and the turnover rate was 7.16 %.

The fixed-term contracts represent approximately 1.5% of the workforce. The proportion of temporary staff with respect to the total workforce is not significant.

The activity perspectives in the framework of our development are leading us to maintain a high level of expertise.

1.2. Subcontracting

SOGELAIR regularly calls on the services of external companies (subcontracting).

The flexibility rate represents nearly 22% and this level results from the group's on-going efforts to adapt in order to meet the requirements in terms of:

- capacities in its professions, to make it possible to absorb any short-term additional workloads or workloads that are too sudden to be coped with immediately through the allocation of company resources, and to preserve a sufficient degree of flexibility to make it possible to confront changes in the economic factors,
- specialities to make it possible to meet our customers' requirements and quickly obtain know-how before we have capitalised this internally.

To achieve this, SOGELAIR maintains a network of relations with loyal, specialist partners:

- mainly in the euro zone, recognised for their skills, experience and competitiveness,
- and some from outside the euro zone with tried and tested skills, that provide greater competitiveness and satisfy our quality criteria.

1.3. Working hours / Absenteeism

The French-law companies are subject to compliance with the legal working hours. The 35 working hour agreements were negotiated between 2000 and 2002. Full-time employees work 35 hours a week, or on the basis of 218 days a year. The part-time staff work between 14 and 31 hours a week.

The rate of absenteeism stands at 2.3 %. The main reasons for absence are (in increasing order) paternity, maternity and sick leave.

1.4. Remuneration policy

For the French subsidiaries, the pay rises are subject to annual negotiations within each structure. In 2016, the remunerations increased on average by 1%, all staff categories taken into account.

For the French subsidiaries, there is a participation agreement, which did not generate any gross participation in 2016.

1.5. Professional relations / Result of the collective bargaining agreements / Accompanying seniors

Each French subsidiary has its own staff representation bodies (staff council, single delegation, staff representatives). Meetings are held regularly with them by the directors of the subsidiaries, or by the human resources managers in compliance with the provisions of law. The collective and/or branch bargaining agreements are followed up in the framework of these meetings.

1.6. Health & Safety conditions

Given the company's activities, which are carried out almost entirely in "office" areas, the health and safety conditions do not require any particular remarks. The working areas are subject to continual maintenance and upkeep.

1.7. Skills development / Training (French subsidiaries)

In 2016, a total of €335.2 k was devoted to training expenses, representing 1 % of payroll for the perimeter concerned. The training expenses, mainly technical, are intended to maintain a high technical level and multiple skills for all the staff.

1.8. Equal opportunities / People with disabilities

In the area of equal opportunities, the company takes care to ensure the legal provisions are applied and does not make any difference based on criteria other than skills and working conditions.

In particular, no distinction is made between men and women, and the company seeks to promote the employment and rehabilitation of disabled workers through internships and hiring or by calling on the services of specialist service providers (Sheltered Workshops, etc.). The company takes care to ensure a work/life balance for the men and women employees.

An agreement on equal opportunities for men and women was signed on 6 November 2014 for the French subsidiary SOGELAIR AEROSPACE SAS.

1.9. Report on the compared men/women professional situation

A compared situation report was drawn up in 2016 for the French subsidiary SOGELAIR Aerospace SAS.

This made it possible to appreciate, for each of the company's professional categories, the respective situation of women and men concerning hiring, training, professional promotion, qualification, classification, working conditions, effective remuneration and the balance between professional activity and exercising family responsibilities (article L. 2323-57 of Labour Law).

It also includes an action plan covering four areas: remuneration, recruitment, training and work/life balance.

This action plan sets the goals for progression, the actions making it possible to achieve them, the quantified indicators for following them up, along with the assessed costs and deadlines.

The members of the Staff Council came out in favour of this report.

1.10. Social works (French subsidiaries)

Social works come within the scope of the staff councils and concern the benefits granted to the staff: company restaurant, organisation of travel and sports outings, cut-rate plane/cinema/theatre tickets, holiday rentals.

In 2016, the social works budget for subsidiaries that have a Staff Council totalled about €366.7 k.

2. Environmental information

The environmental impact of the companies in the SOGECLAIR group concerns two levels:

- Impact of the products they have designed and/or manufactured when in operation or when withdrawn from service,
- Impact of the companies' operations themselves when accomplishing their activity.

The companies in the SOGECLAIR group have integrated an environmental policy and a management system based on ISO 14001 coupled with the quality system, making it possible to identify the necessary resources and actions.

Impact of products designed and/or manufactured

The products designed and/or manufactured satisfy the regulations in force. ISO 14062 and the REACH and ROHS directives are the main applicable requirements and are integrated in the products designed. The staff's awareness has been raised regarding the integration of the environmental requirements in the design and manufacture of their products. The suppliers are an integral part of this system.

Impact of operations / Utilisation of resources / Raising staff awareness

As the main intervention area is engineering, the companies in the SOGECLAIR group do not have many activities liable to have an impact on the environment.

Steps have been taken for all the companies to reduce power consumption, particularly the consumption of electricity and water, essentially sanitary. The introduction of "green IT" is now widespread. The staff's awareness has been raised regarding a responsible attitude concerning their consumption.

Remote means of communication are currently being deployed to reduce the number of trips and CO2 emissions. In France, with the exception of Top Management, the staff's new company cars must have CO2 emissions lower than 120 g/km.

The companies in the SOGECLAIR group responsible for manufacturing have the material and human resources required for

processing waste and discharges.

The energy assessment carried out in France indicates premises that are class E regarding energy (on a scale going from A to I) and class C regarding greenhouse gas emissions (on a scale going from A to I).

We owe this good environmental performance to the utilisation of electricity for heating and air conditioning the offices.

This year the carbon footprint assessment will be carried out again.

Measures taken to limit breaches against biological equilibrium, natural environments, protected animal and plant species

Non applicable

Company assessment or certification initiatives taken regarding the environment

For the moment, the company has not launched any such initiative, given its activity.

Measures taken to ensure compliance of the company's activity with the applicable legal and regulatory provisions in this area

Non applicable

Expenses incurred to avert the consequences of the company's activity on the environment

Not isolated

Existence within the company of in-house environment management services, employee training and information with respect to the environment, the means devoted to reducing risks for the environment as well as the organisation put in place to cope with pollution accidents that have consequences outside the company's sites

The Quality Department is also in charge of environmental issues, particularly in the area of raising employee awareness.

Amount of the provisions and guarantees for environmental-related risks

None

Amount of the indemnities paid out during the year in execution of a decision of the courts regarding the environment and the actions taken to repair damage caused to the environment

None

APPENDIX 2

Table summarising the currently valid delegations relative to capital increases

	Date of the E.G.M	Delegation expiry date	Authorised amount	Increase(s) made in the previous years	Increase(s) made during the financial years	Residual amount on the day this table was established
Authorisation to increase the capital by incorporating reserves, profits or premiums	20/05/2015	19/07/2017	1000 K€	-	-	1000 K €
Authorisation to increase the capital with upholding of PSR	20/05/2015	19/07/2017	1000 K€ ⁽¹⁾	-	-	1000 K€
Authorisation to increase the capital with cancellation of PSR by public offering	20/05/2015	19/07/2017	1000 K€ ⁽¹⁾	-	-	1000 K€
Authorisation to increase the capital with cancellation of PSR by offering covered by article L.411-2 (II) of Monetary and Financial Law	20/05/2015	19/07/2017	1000 K€ ^{(2) (1)}	-	-	1000 K€
Authorisation to increase the capital as remuneration for a contribution of shares or securities	20/05/2015	19/07/2017	10 % of capital ⁽¹⁾	-	-	10 % of capital
Authorisation to increase the amount of the issues in the case of excess demand	20/05/2015	19/07/2017	NA	-	-	NA
Authorisation to increase the capital with cancellation of PSR for the benefit of members of a Company Savings Scheme (PEE)	20/05/2015	19/07/2017	3 % of capital	-	-	3 % of capital

(1) The maximum nominal ceiling of the shares that may be issued is deducted from an overall ceiling of €1,000,000 (concerning the capital increases).

(2) The maximum nominal ceiling of the shares that may be issued is limited to 20% of the capital per year.

APPENDIX 3

Table summarising the share operations accomplished by the directors, top management and their next of kin during the PAST financial year

Surname and first name	
Capacity	
Operations performed by a person related to the above person	
Description of the financial instrument	
Total number of financial instruments transferred	
Weighted average price	
Total amount of the transfers	NONE
Total number of financial instruments purchased	
Weighted average price	
Total amount of the purchases	
Total number of the financial instruments subscribed to/ exchanged	
Weighted average price	
Total amount of the operation	

APPENDIX 4

TABLE SUMMARISING THE RESULTS OVER THE LAST FIVE FINANCIAL YEARS (in €)

NATURE OF THE INDICATIONS	2012 FINANCIAL YEAR	2013 FINANCIAL YEAR	2014 FINANCIAL YEAR	2015 FINANCIAL YEAR	2016 FINANCIAL YEAR
Capital at year-end					
Equity capital	2,900,000	2,900,000	2,900,000	2,900,000	2,900,000
Number of existing ordinary shares	725,000	2,900,000 ⁽¹⁾	2,900,000	2,900,000	2,900,000
Number of existing shares with priority dividend (without voting rights)					
Maximum number of future shares to be created . by conversion of obligations . by exercising subscription rights					
Operations and earnings for the financial year					
Sales ex VAT	4,625,164	5,078,400	5,009,570	5,263,037	5,238,427
Earnings before taxes, employee shareholding, amortisation and provisions	982,059	4,131,581	3,249,135	4,121,586	1,870,340
Income tax	245,682	406,650	300,521	(115,867)	(12,986)
Employee participation for the financial year	0	0	0	0	0
Earnings after taxes, employee shareholding, amortisation and provisions	567,274	3,571,451	2,814,704	4,073,996	1,752,225
Distributed earnings	1,160,000	1,450,000	1,450,000	1,160,000	1,798,000
Earnings per share					
Earnings after taxes, employee shareholding but before amortisation and provisions	1.02	1.28	1.02	1.46	0.65
Earnings after taxes, employee shareholding, amortisation and provisions	0.78	1.23	0.97	1.40	0.60
Dividend distributed per share	1.60	0.50	0.50	0.40	0.62 ⁽²⁾
Personnel					
Average headcount for the year	16	17	18	19	17
Payroll for the year	1,424,559	1,647,669	1,463,127	1,271,591	1,534,083
Sum paid in respect of social benefits for the year (social security, social works, etc.)	672,314	644,622	669,146	556,080	762,005

(1) division by 4 of the nominal value of the shares on 1st July

(2) project

DESCRIPTION OF THE SHARE BUY-BACK PROGRAMME

Pursuant to the provisions of article 241-2 of the AMF's general regulations, the goal of this description is to describe the end-purpose of the company's own-share buy-back programme and the procedures used. This programme will be subject to the authorisation of the AGM on 12 April 2017.

1) Distribution by objective of the shares held determined on 31 March 2017

Number of shares held directly and indirectly: 146,431 representing 5.05% of the company's capital.

Number of shares held, distributed by objective:

Market making by means of an AMAFI market-making contract:	2,091
Growth through acquisition operations:	144,340
Coverage of share purchase options or other employee shareholding schemes:	none
Coverage of securities giving the right to the allocation of shares:	none

2) New share buyback programme

Programme authorisation: AGM on 18 May 2017

Shares concerned: ordinary shares

Maximum proportion of the capital for which buyback is authorised: 10% of the capital (that is 290,000 shares at the present time), it being said that this limit is assessed on the day of the buybacks so as to take into account any capital increases or decreases that may have been made during the term of the programme. The number of shares taken into account for the calculation of this limit corresponds to the number of shares purchased, minus the number of shares resold during the term of the programme in the framework of the liquidity objective.

As the company may not hold more than 10% of its own capital, taking into account the number of shares already held, amounting to 146,431 (that is to say 5.05% of the capital), the maximum number of shares that may be purchased will be 143,569 shares (that is to say 4.95% of the capital) unless the shares already held are sold or cancelled.

Maximum purchase price: €60 per share

Maximum amount for the operation: €17,400,000

Buyback methods: These share purchases may be made by any means, including through the acquisition of blocks of shares, and at the moments that the Board of Directors may decide upon. The company reserves the right to use option-based or derivative mechanisms in the framework of the applicable regulations.

Goals:

- ensure market making or the liquidity of SOGECLAIR shares through the intermediary of an investment service provider via a liquidity contract in line with the AMAFI code of ethics accepted by the regulations, it being stated that in this framework, the number of shares taken into account to calculate the above-mentioned limit corresponds to the number of shares purchased, minus the number of shares sold,
- keep the purchased shares and put them up later for exchange or as payment in the framework of any possible growth through acquisition operations,
- ensure the coverage of share option purchase plans and/or free share allocation plans (or similar) for the benefit of the employees and/or the group's directors, as well as any allocation of shares in respect of a company or group savings scheme (or similar), in respect of company profit sharing and/or any other form of share allocation to employees and/or the group's directors,
- ensure the coverage of securities giving the right to the allocation of company shares in the framework of the applicable regulations,
- proceed with the possible cancellation of the shares purchased, in compliance with the authorisation given or to be given by the Extraordinary General Meeting.

Term of the programme: 18 months as from the AGM held on 18 May 2017, that is to say until 17 November 2018.

27.1. President's Report to the Annual General Meeting

Dear Shareholders,

Pursuant to the provisions of article L. 225-37 of Commercial Law, the President of the Board of Directors must indicate the following in a report attached to the Board's report: references made to a code of corporate governance, composition of the Board and application of the principle of balanced representation of women and men on said Board, conditions under which the Board prepares and organises its work, special conditions relative to the shareholders' participation in the General Meeting, any limitations imposed on the powers of the CEO, principles and rules put in place to determine the remuneration and non-cash benefits granted to the directors, elements likely to have an impact in the case of a public offering, internal control and risk management procedures put in place by the company.

This report was prepared by the President & CEO in cooperation with the company's specialist lawyers and the person in charge of the legal secretariat and establishing the annual reference document. It has been submitted to the approval of the Board of Directors on 17 March 2017 and transmitted to the auditors.

CORPORATE GOVERNANCE

Concerning the code of corporate governance, our company now refers to the Middlednext Code on corporate governance for medium and small listed companies dated December 2009, available on request from Middlednext (www.middlednext.com), hereinafter the Reference Code.

The Board declares it has familiarised itself with the data presented in the "points of vigilance" section of that Code.

However, the provisions of that Code concerning directors' fees are not applied.

Indeed, given the Board Members' good level of attendance, it was not deemed necessary to modify current practices, recalled below, when distributing the Directors' fees between the Board Members, to base that on attendance and the time devoted to the function.

1. The Board of Directors and committees

1.1. Board of Directors

1.1.1. Composition of the Board

The board has seven members:

- Mr Gérard Blanc, whose mandate was renewed in 2013 for six years, that is to say until the end of the general meeting to be held in 2019 to approve the accounts of the previous financial year,
- Ms Chantal Boucher, appointed in 2015 for six years, that is to say until the end of the general meeting to be held in 2021 to approve the accounts of the previous financial year,
- Mr Henri-Paul Brochet, whose mandate was renewed in 2015 for six years, that is to say until the end of the general meeting to be held in 2021 to approve the accounts of the previous financial year.
- Mr Alberto Fernandez, whose mandate was renewed in 2012 for six years, that is to say until the end of the general meeting to be held in 2018 to approve the accounts of the previous financial year,
- Mr Alain Ribet, whose mandate was renewed in 2013 for six years, that is to say until the end of the general meeting to be held in 2019 to approve the accounts of the previous financial year,
- Ms Aurélie Picart, appointed in 2016 for six years, that is to say until the end of the general meeting to be held in 2022 to approve the accounts of the previous financial year.
- Mr Philippe Robardey, whose mandate was renewed in 2013 for six years, that is to say until the end of the general meeting to be held in 2019 to approve the accounts of the previous financial year,

The terms of the Directors' mandates are staggered over time in compliance with R9 of the Middlednext Code.

The directors' term of office is six years. The number of directors that have reached the age of seventy-two may not exceed one third of the members of the Board of Directors. When the age limit is reached, the eldest director is deemed to have resigned automatically from office.

The Board also includes two censors, Mr Jacques Riba, whose mandate as censor was renewed by the Board Meeting held on 17 March 2017 with effect as of the end of the 2017 AGM, for a period of six years that is to say until the end of the Ordinary General Meeting of the shareholders to be held in 2023 to approve the accounts of the previous financial year, and Mr Michel Grindes appointed in 2014, for a period of six years that is to say until the end of the Ordinary General Meeting of the shareholders to be held in 2020 to approve the accounts of the previous financial year.

It is declared that Mr Henri-Paul Brochet resigned from his functions as Director at the Board Meeting held on 17 March 2017, with effect as from the end of the AGM on 18 May 2017. He has been appointed to the position of censor by the Board of Directors taking effect as from the end of the AGM on 18 May 2017, for a period of six years that is to say until the end of the Ordinary General Meeting of the shareholders to be held in 2023 to approve the accounts of the previous financial year.

27 COMBINED GENERAL MEETING HELD ON 18 MAY 2017

Mr. Philippe ROBARDEY, President of the Board of Directors, serves as the company's Chief Executive Officer in his capacity as a director.

Ms Huguette Robardey, former Director, has been appointed Secretary of the Board.

The number and nature of the other mandates and functions exercised by the directors are given in the Board of Directors' annual report.

The table below shows the changes that were made to the composition of the Board in 2016:

Name of the Board member	Nature of the change	Effective date
Ms Martine Robardey	Deceased	04/04/2016
Ms Aurélie Picart	Appointment	19/05/2016

Four directors – Ms Chantal Boucher, Ms Aurélie Picart and Messrs Gérard Blanc and Henri-Paul Brochet – are considered to be independent in line with the definition given by the reference law whose criteria are indicated in the table below.

Independence criteria	Ms Boucher	Ms Picart	Mr Blanc	Mr Brochet
Not an employee or executive officer of the Company or of a company belonging to the same Group and not to have been during the past five years	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Not to have had significant business relations during the past two years with the company or its group (customer, supplier, competitor, service provider, creditor, banker, etc.)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Not be a reference shareholder in the Company or hold a significant percentage of the voting rights	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Not have any close family ties with a corporate officer or a reference shareholder	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Not to have been an auditor of the Company during the past six years	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Furthermore, generally speaking and to the knowledge of the company, on the date this report was established, there were no conflicts of interest between the duties of each of the Board Members with respect to the company and their private interests or other duties. The means for revealing any conflicts of interest are defined in the internal regulations (see paragraph 1.1.4 of this document).

At the end of the AGM held on 18 May 2017, given the resignation of Mr Henri-Paul Brochet, and pursuant to the provisions of the Law dated 27 January 2011 relative to a balanced representation of men and women on company boards and equal opportunities, the Board of Directors will have 2 women members out of the board's total of 6 members, giving a difference of two between the members of each sex.

1.1.2. Conditions under which the Board prepares its work

To allow the members of the board to prepare the meetings effectively, the President makes every effort to provide them with all the necessary information or documents beforehand. Whenever a member of the Board so requests, the President provides him, insofar as possible, with the additional information and documents that he/she wishes to receive.

1.1.3. Holding of Board Meetings

The convocations to the meetings of the Board of Directors are issued by the President of the Board in writing. The meetings in 2016 were held at headquarters except the meeting in September 2016 which was held on the site of one of the Group's subsidiaries.

Furthermore, the directors receive the documents exchanged at the time of meetings of the Board of Directors (four held in 2016).

Before any communication of financial information, the data and documents are sent in advance to all the directors. At the time of each meeting of the Board of Directors, the President presents the key points and various issues examined in the form of documents issued to the directors. Twice yearly, for the half-yearly and annual accounts,

the President presents the draft documents to the board for the results presentation meetings.

The Board of Directors examines and/or orients and then authorises negotiations in the area of changes of scope and of growth through acquisitions.

In the framework of the strengthening of the role of the Board of Directors, since the end of 2004 it comments on the budgets and plans of each subsidiary prior to approval by the President and Chief Executive Officer.

Lastly, the Board of Directors examines and authorises the company's commitments to projects requiring significant financing or guarantees, securities or sureties that could be associated with them.

Besides the regular meetings held between general management and the directors, the Board of Directors met seven times during the year 2016. The members' attendance rate was very good. The average rate of the directors' and censors' presence was 85%. No meetings were held in the absence of the President and Chief Executive Officer. No meetings of the Board were called on the initiative of the directors.

The Auditors were invited to the meetings of the Board of Directors that voted on the annual accounts, the half-yearly accounts and the provisional management documents. They effectively took part.

1.1.4. Board of Directors' internal regulations

Internal regulations have been drawn up for the Board as of 16 March 2007 the purpose of which is to remind the members of the Board of Directors of their various duties and to complete the legal, regulatory and statutory rules in order to detail the Board of Directors' operating conditions. The internal regulations define the role and composition of the Board of Directors and of the committees. They stipulate the duties of the directors in a general way and also their obligations relative to having privileged information in their possession.

The internal regulations stipulate the frequency of the meetings and the means to be implemented to take part in them. Regarding the prevention of conflicts of interest, the Board's internal regulations stipulate that: *"In order to prevent any risks of conflicts of interest and to allow the Board of Directors to provide the shareholders and the markets with high-quality information, each director is obliged to declare to the Board of Directors, as soon as he/she becomes aware of it, any situation where there is or could be a conflict of interest between the corporate interest and his/her own direct or indirect personal interest or the interest of the shareholder or group of shareholders that he/she represents."*

The internal regulations also stipulate that:

"In any situation where a conflict of interests appears or could appear between the corporate interest and his/her direct or indirect personal interests or the interests of the shareholder or group of shareholders that he/she represents, the director concerned must:

- *inform the Board of this as soon as he/she is aware of this situation,*
- *draw the conclusions regarding the exercising of his/her mandate.*

So, as the case may be, he/she must:

- *abstain from voting on the corresponding deliberations,*
- *not take part in the Board meetings during the period during which he/she is in a conflict-of-interest situation,*
- *resign from his/her functions as a Board member.*

Failing compliance with these rules on abstention or withdrawal, the liability of the person concerned may be engaged.

Furthermore, the President of the Board is not obliged to transmit any information or documents relative to a conflictual subject to any members who he/she has serious reasons for believing are in a conflict-of-interest situation in the sense of this paragraph. He/she must inform the Supervisory Board of this absence of transmission.

The Board of Directors carries out a review of the known conflicts of interest every year."

The internal regulations were updated on 17 March 2017 regarding, in particular, the changes made further to the reform on market abuse and the reform on audits. It is available in the "investors" section of the company's website (www.sogclair.com).

1.1.5. Subjects debated at the time of the Board meetings and activity report

During the year 2016, the Board of Directors deliberated on the following topics in particular: establishing the annual and half-yearly accounts, examining the budgets for the financial year 2017 and the trends for 2018; the company's strategic challenges discussed and debated at each meeting; examining expansion by acquisition projects and other changes of scope; securities and guarantees; Board of Director's composition and remuneration; following up reference listings and progress made with the contracts of major importance; innovative projects developed or currently being developed; relations with third parties; the situation regarding the directors' terms of office.

1.1.6. Assessment of the Board's work

In accordance with the Middlednext reference code and the recommendations of the AMF, the Board has been informed that it would be appropriate to put in place a Board assessment procedure, in a regular way, with a view in particular to (i) reviewing its operating procedures, (ii) verifying that the important questions are suitably prepared and debated and (iii) measuring the effective contribution of each Director to its work by way of his/her competence and involvement in its discussions.

This assessment was implemented for the first time in 2011. In December 2016, at the time of its annual assessment, the Board of Directors considered that the functioning of the Board was satisfactory.

1.2. Organisation and operation of the specialist committees

1.2.1. The Board in the form of an audit committee

Further to the discussions held on 14 December 2010, the Board of Directors decided, in accordance with the provisions of articles L. 823-20 and 823-19 of Commercial Law, to ensure itself the missions assigned to the audit committee.

The Board also decided to follow the recommendations of the Poupart Lafarge working group made on 14 June 2010 that had been presented to it concerning the missions assigned to the audit committee as well as the recommendations specific to medium and small listed companies whose board meets in the form of an audit committee. However, it was decided that the President & CEO would take part in the Board meetings held taking the form of an audit committee.

1.2.2. Remunerations Committee

At its session held on 17 December 2014, the Board decided that the remunerations committee would now consist of three directors: Messrs Gérard Blanc (President) independent member, Henri-Paul Brochet independent member and Alberto Fernandez; and one censor: Mr Jacques Riba.

This committee's missions consist in particular of making proposals concerning the remuneration of the President & CEO and the orientation of the group's salary policy. The committee submits its proposals to the Board which alone decides. Once a year, the Committee analyses the remunerations of the Board of Directors. This committee had a 100% attendance level in 2016.

Further to adhering to the Middlednext code of governance at the time of the Board Meeting on 10 March 2010, the mission of the Remunerations Committee remains unchanged. The Board decided, at its meeting on 12 March 2009, to extend the Remuneration Committee's mission to the examination of the appointment of directors and board members.

2. Limit on the powers of the CEO

No specific limitations have been imposed on the powers of the CEO by the Board of Directors.

However, in compliance with article 2 of the Board's internal regulations, all significant operations situated outside of the strategy announced must be authorised beforehand by the Board of Directors.

3. 3. Principles and rules for determining the remuneration of the directors

3.1. 3.1. Remuneration of the Board Members – Rule for the distribution of Directors' fees

The calculation and distribution method for the directors' fees were set for SOGECLAIR SA by the Board of Directors on 5 March 1999 as follows:

"The directors' fees allocated in respect of a financial year to the members of the board of directors are set in application of the rules concerning tax deductibility and each year represent in all 5% of the average remuneration assigned to the 5 highest paid employees in the company multiplied by the number of members on the board of directors rounded off to the nearest hundred euros. For the forthcoming financial years, the allocation of directors' fees within the board of directors will be determined as follows: equality for all the directors."

At the General Meeting held on 18 May 2017 it will be proposed to set the overall amount of the directors' fees to be allocated to the Board of Directors to the total gross amount of €135,000 for the year. This decision, which applies to the previous year, will be maintained until notice to the contrary is given.

3.2. Remuneration of the Directors – Calculation criteria or circumstances for establishing the elements making up the remunerations and non-cash benefits

Concerning the remuneration of the Directors, the Board refers to the Middlednext code of corporate governance, dated September 2016. The variable part of the remuneration paid to Mr Philippe ROBARDEY in 2016 corresponds to the 2015 financial year.

At its meeting held on 17 March 2014, the SOGECLAIR board of directors adopted new terms for the variable remuneration paid to Mr Philippe ROBARDEY, with qualitative and quantitative targets. Given the strategic and therefore confidential nature of these points, SOGECLAIR has decided not to make the qualitative targets known. The quantitative targets have been defined according to the following three criteria: operating cash, operating income and orders won. The expected level of accomplishment regarding these quantitative targets is not being made public for reasons of confidentiality.

You are reminded that the company has undertaken to pay Mr Philippe Robardey, in case of termination of his mandate as the company's Chief Executive Officer, except in the case of failure or voluntary departure, an indemnity according to his fixed and proportional remuneration calculated on the basis of the last annual period preceding the termination of his mandate, subject to the performance of the company's operating result.

Mr Philippe Robardey has not benefited from any stock purchase of subscription options, shares granted free or from any fixed-benefits pension scheme.

4. Shareholders' participation at the General Meeting

The conditions relative to the shareholders' participation at the General Meetings are given in article 15 of the company's articles of association.

5. Elements likely to have an impact in the case of a public offering

These elements are detailed in the Board's Report.

INTERNAL CONTROL PROCEDURES AND RISK MANAGEMENT PROCEDURES

Allocation of responsibilities

General management defines the objectives relative to internal control and distributes the responsibilities for ensuring the regular evaluation of the activities of all the companies in the group.

In the framework of internal control, the following responsibilities have been assigned to the various management bodies:

■ Group General Management

General Management is responsible for putting in place accounting and operational reporting systems, their structures, the choice of consistent indicators and setting reasonable deadlines for information reporting.

It sets the goals of the Finance Department and facilitates the auditors' mission.

It is also responsible for providing feedback to the subsidiaries on the consolidated level at the time of the quarterly meetings.

■ Financial department

The financial department is in charge of the following areas:

- Consolidation, accounts, cashflow, management control and tax,
- Mergers & acquisitions, financial communication and publications, legal and insurance.

This department is responsible for collecting the accounting and operational data from the subsidiaries, for their consolidation as group data, interfacing with the subsidiaries' and group's auditors, internal auditing and compliance with the group's procedures, and the internal reporting system and its updating.

It detects and analyses any drift, informs Group General Management and validates the corrective and/or preventive action plans with the subsidiaries.

It has the authority, competence and tools required to accomplish these control missions. This department is responsible for group financial publications and ensures coordination for the legal and insurance aspects.

■ The subsidiaries' General Management bodies

These are responsible for collecting information from the operational units, and for providing the Financial and Planning Directorate with their reporting indicators.

They establish the action plans in the event of a confirmed or probable risk of drift, inform their Board of Directors and Group General Management and implement the validated measures.

Lastly, they regularly inform their operational units of any changes in the group's control procedures, of any drift detected and of the measures taken.

■ The subsidiaries' Operational Directorates

They are responsible for the reliability of the accounting and operational data relative to their activity and for the lowest level application of the group's control procedures.

In this respect, they are responsible for selecting and implementing the most appropriate rules for preventing errors and/or misconduct, detecting deviations at the earliest possible time, limiting their effect and reporting without delay to General Management.

Objectives pursued

The objectives of internal control are to put in place tools and organisations making it possible to guarantee the reliability of the financial information provided, identify the risks and prevent their occurrence, detect any malfunctioning and secure the value of the company's assets.

The main risks identified are financial and commercial risks linked to problems of:

- initial estimation and execution of contracts,
- project financing,
- commercial or technical dependence,
- sensitivity to economic factors: interest and exchange rates, market growth.

In the face of these risks, the accent has been placed in particular on the following instruments applied to all of the subsidiaries.

■ Accounting statements

The quarterly accounting statements are established under the responsibility of each subsidiary and are recorded according to procedures and a harmonised plan with the group in order to conform to the national legal obligations and facilitate their presentation in IFRS format.

These data are, for the joint stock companies in the group, subject to examination by the auditors (limited for the half-year, complete for the year), and for all the companies subject to a likelihood verification by the group Finance Department (on reception of the statements, and an on-site examination of the subsidiaries in turn).

■ Operational Reporting dashboard

There is an operational and financial reporting system aiming to provide a frequent and prospective vision of the performance of the group's various operational units and subsidiaries in France and abroad, and satisfy a process of continuous improvement.

This system is based on a monthly Reporting Dashboard, deployed in a unified format providing the following information:

- winning of orders and order book,
- invoicing and level of work in process,
- headcount, payroll and subcontracting,
- average salary,
- productivity indicators,
- cashflow and investments.

The goal of the continuous improvement actions is to:

- increase the group's visibility of the data from the subsidiaries and procure multi-dimensional analysis capacities (subsidiaries, products, markets),
- offer top management indicators suited to their management needs,
- business control.

The main projects are followed up while being executed:

- during execution, all the expenses and invoicing relative to each project are recorded immediately in an IT tool that has been tried and tested for several years and offering real-time visibility of production, the costs engaged, the remaining work and any drift with respect to the initial budget,
- the data provided by this tool are used directly to establish the monthly follow-up of the critical projects included in the Reporting Dashboard.

Monthly meetings have been put in place with each Director in order to analyse each entity's indicators, economic performance and commercial activity.

Current limits

Internal control does all it can to prevent, detect and correct all errors, problems, and even fraud, particularly those resulting from any collusion or malfunctioning that would escape the normal and continuous vigilance of the personnel and the company's management at all levels. However, like any system of internal control, the system put in place cannot provide an absolute guarantee that the risks have been eliminated.

Internal control also relies on the reliability and pertinence of the indicators chosen, on the performance of the tools and methods used to draw up and consolidate the data and on the organisational rules put in place at every level to guarantee its independence.

It has not yet been formalised by means of a procedures manual, no more than the control instruments described above are the subject of a systematic internal audit, prior to the intervention of our auditors.

The internal control process did not, during the year 2016, detect any major failures or shortcomings.

The President of the Board of Directors

REPORT OF THE AUDITORS, ESTABLISHED IN APPLICATION OF ARTICLE L. 225-235 OF COMMERCIAL LAW, ON THE REPORT OF THE PRESIDENT OF SOGECLAIR SA'S BOARD OF DIRECTORS

MOREREAU AUDIT SAS
10, rue Reyer
31200 TOULOUSE

EXCO FIDUCIAIRE DU SUD-OUEST
2, rue des Feuillants
31076 TOULOUSE CEDEX

Auditors

Members of the «Compagnie Régionale de Toulouse»
S.A. SOGECLAIR
7, avenue Albert Durand
31700 - BLAGNAC

FINANCIAL YEAR ENDING 31 DECEMBER 2016

REPORT OF THE AUDITORS, ESTABLISHED IN APPLICATION OF ARTICLE L. 225-235 OF COMMERCIAL LAW, ON THE REPORT OF THE PRESIDENT OF SOGECLAIR SA'S BOARD OF DIRECTORS

To the shareholders,

In our capacity as the Auditors of SOGECLAIR SA and in application of the provisions of article L. 225-235 of Commercial Law, we are presenting our report on the report established by the President of your company pursuant to the provisions of article L. 225-37 of Commercial Law with respect to the year ending 31 December 2016.

It is the responsibility of the President to draw up and submit to the board for approval a report on the internal control and risk management procedures put in place within the company that provides the other information stipulated by articles L.225-37 of Commercial Law relative in particular to corporate governance.

It is our task to:

- *notify to you any remarks we may have concerning the information and declarations given in the President's report concerning the internal control procedures relative to the drawing up and processing of the accounting and financial information, and*
- *certify that the report includes all the other information required by articles L. 225-37 of Commercial Law, it being stated that it is not our mission to verify the sincerity of this other information.*

We have carried out our work according to the professional standards that apply in France.

Information concerning the internal control procedures relative to the elaboration and processing of accounting and financial information

The professional standards require the implementation of due diligence for assessing the sincerity of the information given and the declarations made in the President's report concerning the internal control procedures relative to the drawing up and processing of the accounting and financial information. This due diligence concerns the following in particular:

- taking cognizance of the internal control procedures relative to the drawing up and processing of the accounting and financial information underlying the information presented in the President's report and the existing documentation;
- taking cognizance of the work that made it possible to elaborate this information and the existing documentation;
- determining whether any major internal control deficiencies relative to the elaboration and processing of the accounting and financial information that we may have observed in the framework of our mission have been the subject of appropriate information in the President's report.

On the basis of this work we do not have any remarks to make on the information concerning the company's internal control procedures relative to the drawing up and processing of the accounting and financial information, contained in the President of the Board's report, established in application of the provisions of article L. 225-37 of Commercial Law.

Other information

We certify that the President of the Board's report includes the other information required in article L. 225-37 of Commercial Law.

Toulouse, 14 April 2017

The Auditors,

MOREREAU AUDIT SAS EXCO FIDUCIAIRE DU SUD-OUEST
Robert MOREREAU Jean-Marie FERRANDO

OTHER DOCUMENTS

The following documents are included in the reference document so that they can benefit from the separate publication exemptions provided for by the general regulations of the AMF.

27.2. Annual financial report

27.2.1. Annual accounts

The annual accounts for the year ending 31 December 2016 are given in chapter 20.3.3, page 40 of this reference document.

27.2.2. Consolidated accounts

The consolidated accounts for the year ending 31 December 2016 are given in chapter 20.3.1, page 23 of this reference document.

27.2.3. 27.2.3. Management report relative to article 222-3-3° of the general regulations of the AMF

- Objective and exhaustive analysis of the business trends, result and financial situation of the company and those of the group that it consolidates, as well as a description of the main risks and uncertainties
 - This information is given in Chapter 26, page 55 of this reference document.
- Information likely to have an impact in the event of a public offering
 - This information is given in Chapter 26, page 73 of this reference document.
- Information relative to the accomplishment of the share buy-back programme during the financial year
 - This information is given in Chapter 26, page 66 of this reference document.
- Declaration of the physical persons who assume responsibility for the annual financial report
 - This information is given in Chapter 1, page 4 of this reference document.

27.2.4. Reports of the auditors on the consolidated and annual accounts

This information is given in Chapter 20.4, pages 46 to 48 of this reference document.

27.3. Description of the own-share buyback programme

This information is given in Chapter 26 of this reference document.

