

**SOGECCLAIR**  
**S.A. WITH CAPITAL OF €2,900,000**  
**HEADQUARTERS: 7 avenue Albert Durand - CS 20069 - 31703 BLAGNAC Cedex**  
**R.C.S.: 335 218 269**

Half-Yearly Financial Report  
for the half year ending 30 June 2018  
(L 451-1-2 III of Monetary and Financial Law  
Article 222-4 of Monetary and Financial Law)

Here we present the half-yearly financial report for the half year ending 30 June 2018 drawn up in accordance with the provisions of Articles L. 451-1-2 III of Monetary and Financial Law and 222-4 *et seq.* of the General Regulations of the AMF (Financial Markets Authority).

This report has been distributed in accordance with the provisions of Article 221-3 of the general regulations of the AMF. In particular, it is available on the company's website: [www.sogclair.com](http://www.sogclair.com).

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| I. Declaration of the person responsible                                     |
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## **I. Declaration of the person responsible**

"I certify that, to my knowledge, the accounts for the last half 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 for the half-year on page 3 presents a true and faithful picture of the important events of the first six months of the financial year, of their impact on the accounts, the main transactions between the related companies as well as a description of the main risks and uncertainties for the remaining six months of the financial year."

26/09/2018

Philippe ROBARDEY  
President & Chief Executive Officer

## II. Half-yearly management report

### 1. Key figures for the half year (in € million)

The SOGECLAIR Board of Directors met on 6 September 2018, and examined the accounts for the first half 2018. The limited examination procedures relative to the half-yearly accounts were carried out and the limited examination report was submitted on 6 September 2018.

The company issued a half-yearly financial report as soon as possible after the end of the first half on 12 September 2018 by means of a press release.

This report has been distributed in accordance with the provisions of Article 221-3 of the general regulations of the AMF. In particular, it is available on the company's website: [www.sogeclair.com](http://www.sogeclair.com).

#### 1.1. Consolidated turnover

	<i>(in € million)</i>	<b>H1 2018</b>	<b>H1 2017</b>	<b>Variation</b>
Group		<b>75.64</b>	74.34	+1.75%
Aerospace		<b>65.08</b>	64.53	+0.85%
Vehicle		<b>1.38</b>	1.55	-10.99%
Simulation		<b>9.18</b>	8.26	+11.20%
International		<b>41.11</b>	39.62	+3.78%

#### 1.2. Consolidated results

	<i>(in € million)</i>	<b>H1 2018</b>	<b>H1 2017</b>	<b>Variation</b>
EBITDA <sup>1</sup>		<b>4.54</b>	4.77	-4.80%
as % of turnover		<b>6.00%</b>	6.40%	
Operating result		<b>1.16</b>	2.64	-55.98%
Net result		<b>0.34</b>	1.22	-72.29%
including group share		<b>0.28</b>	1.02	

#### 1.3. Financial structure

	<i>(in € million)</i>	<b>H1 2018</b>	<b>H1 2017</b>	<b>2017</b>
Equity capital		<b>50.46</b>	44.04	55.83
Gearing <sup>2</sup>		<b>45%</b>	24%	8%
WCR		<b>37.05</b>	30.36	31.58

<sup>1</sup> Operating result - Other operating income and expenses + amortisation expenses and operating provisions

<sup>2</sup> Net debts excluding qualified pre-payments / equity capital

<sup>1</sup> and <sup>2</sup> after application of the IFRS 16 standard from 2018/01/01

## **2. General description of the financial situation and results of the issuing company and its subsidiaries during the first half**

For the first time SOGECLAIR is presenting its accounts applying the IFRS 16 standard (booking leasing contracts as assets), in advance with respect to its obligation which takes effect on 01/01/2019.

The half-year saw:

- Growth of 1.75% of turnover like for like and of 5.1% with a constant exchange rate,
- Growth in international turnover of 3.8% thanks to the strong dynamics in America with +31.1%,
- A fall in the operating result: EBITDA stood at €4.5 million (including €1 million owing to the effect of IFRS 16), and EBIT at €1.16 million (-55.98%),
- A net result of €0.34 million, down by 72.29% with respect to the same period in 2017.

The first half was marked by an acceleration in investments:

- a) A strong M&A activity with the buyout of minority interests in Canada, and then an acquisition in the Asia Pacific zone on 1st August 2018,
- b) The recruitment of three Top Managers and the strengthening of our teams (+122 people in one year, including 93 in 6 months),
- c) Strong growth in the business aviation activity making up for the fall in the new-developments activity for commercial aviation.

Equity capital stands at €50.46 million. Cash totals nearly €15.17 million with gearing (excluding qualified pre-payments) at 45 %.

## **3. Explanation of the important operations and events in the first half and of their impact on the situation of the issuing company and its subsidiaries**

### **Aerospace Division (turnover €65.1 million – EBITDA €2.0 million)**

The activity progressed (+0.85%), and was marked by:

- Buyout of minority interests in Canada,
- Business being won in support for aircraft fleets in service,
- Growth in embedded and simulated equipment,
- Strong growth in the business aviation activity compensating for the downturn in the new-developments activity for commercial aviation,
- Strengthening of Management for the thermoplastics activity.

EBITDA, representing 3.1% of the division's turnover, was down by 18.5%.

### **Simulation Division (turnover €9.2 million – EBITDA €1.2 million)**

The division's activity is up by 11.2%, supported by systems business being won and sales of software holding up well.

The A.V.Simulation subsidiary is ramping up with the recruitment of a CEO, a move into new premises and the strengthening of the structuring teams.

EBITDA is down by 13.4% with respect to the first half 2017.

### **Vehicle Division (turnover €1.4 million – EBITDA €0.3 million)**

The division's activity is down by 11%, owing in particular to the effect of a strong base (H1 2017 at +111.5%), it shows:

- The winning of a new customer for a light tactical vehicle in Q2 2018,
- Delays in projects,
- Intra-group cooperation on large-scale simulators,
- Hiring of a deputy CEO.

Its EBITDA stands at 23% of turnover, showing strong progression (up by 49%) with respect to 2017 for the same period.

#### **4. Description of the main risks**

The risks linked to SOGECLAIR's activity are detailed in the 2017 reference document, available on the SOGECLAIR website ([www.sogeclair.com](http://www.sogeclair.com)).

The customers invoiced during the first half cover all our sectors of activity, thus representing a sufficient degree of diversity both in terms of customer base and of the number of contracts.

Our cooperation programmes and partnerships are progressing satisfactorily and do not lead us to anticipate any risks for the group's business.

SOGECLAIR is engaged in "risk-sharing" contracts, in the framework of customer programmes:

- Airbus A380 since 2001,
- Airbus A350 since 2009,
- Bombardier CSeries since 2011, now the Airbus A220.

To date, the last two contracts (A350 and CSeries) are the only contracts involving SOGECLAIR in financing and commercial risks shared with its customers.

The main quantified data regarding these programmes are given in paragraph 1.3.3 of the attached appendix to the consolidated accounts.

#### **5. Perspectives**

SOGECLAIR is strengthening its presence in North America and its management, and has just recently completed its first operation in the Asia Pacific zone. Its well-balanced activity and its geographic coverage will increase the growth foreseen for 2018.

### III. Accounts for the past half-year presented in consolidated form

#### 1. Consolidated accounts

##### 1. CONSOLIDATED FINANCIAL SITUATION

ASSETS (in €k)	NOTES	H1 2018	H1 2018 <sup>(1)</sup>	H1 2017	2017
Goodwill	1.3.2 & 4.1	14,346	14,346	12,200	14,559
Intangible assets	4.1	7,659	7,659	7,064	8,680
Property, plant and equipment	4.2	14,552	7,098	5,926	6,582
Equity method affiliates		80	80	68	77
Investments in associates	4.3	1,817	1,817	1,312	1,666
<b>Non-current assets</b>		<b>38,454</b>	<b>31,000</b>	<b>26,571</b>	<b>31,565</b>
Inventories	4.4	11,117	11,117	8,267	8,652
Trade and other receivables	4.5	52,303	52,303	48,378	50,515
Available-for-sale financial assets		16,964	16,964	15,020	16,942
Current tax asset	4.6	4,724	4,661	5,018	4,379
Cash and cash equivalents	4.7	15,167	15,167	13,851	24,216
<b>Current assets</b>		<b>100,274</b>	<b>100,211</b>	<b>90,534</b>	<b>104,704</b>
<b>TOTAL ASSETS</b>		<b>138,728</b>	<b>131,211</b>	<b>117,104</b>	<b>136,268</b>
<b>LIABILITIES</b> (in €k)	<b>NOTES</b>	<b>H1 2018</b>	<b>H1 2018<sup>(1)</sup></b>	<b>H1 2017</b>	<b>2017</b>
Capital	4.8	2,900	2,900	2,900	2,900
Share premium account		2,630	2,630	2,630	2,630
Own shares	4.8	-712	-712	-712	-712
Reserves and accrued profits		40,774	40,926	33,616	42,095
<b>Equity capital, group share</b>		<b>45,591</b>	<b>45,744</b>	<b>38,434</b>	<b>46,913</b>
Minority interest	4.9	4,873	4,867	5,605	8,919
<b>Equity capital, consolidated group</b>		<b>50,464</b>	<b>50,610</b>	<b>44,039</b>	<b>55,832</b>
Long-term provisions	4.10	4,268	4,268	3,826	3,673
Long-term qualified pre-payments	4.11	1,530	1,530	2,462	2,402
Borrowings	4.11	23,416	17,735	13,007	16,986
Other long-term liabilities		1	1	1	1
<b>Non-current liabilities</b>		<b>29,215</b>	<b>23,534</b>	<b>19,296</b>	<b>23,061</b>
Short-term qualified pre-payments	4.11	1,020	1,020	741	806
Current part of loans and long-term financial liabilities	4.11	6,306	4,324	4,238	4,386
Payables and other financial liabilities	4.11	8,211	8,211	7,241	7,461
Short-term borrowings	4.12	174	174	208	193
Trade and other payables		13,414	13,414	13,020	13,296
Tax and social liabilities		20,494	20,494	21,139	21,772
Deferred tax liabilities	4.13			35	5
Other liabilities		9,430	9,430	7,147	9,457
<b>Current liabilities</b>		<b>59,048</b>	<b>57,066</b>	<b>53,769</b>	<b>57,375</b>
<b>TOTAL LIABILITIES</b>		<b>138,728</b>	<b>131,211</b>	<b>117,104</b>	<b>136,268</b>

(1) Before restatement of the standards applied on 01/01/2018

## 2. CONSOLIDATED INCOME STATEMENT

INCOME STATEMENT (in €k)					2017
	NOTES	H1 2018	H1 2018 <sup>(1)</sup>	H1 2017	
Sales	4.14	75,641	75,641	74,340	147,322
Other income from the activity	4.15	1,343	1,343	655	4,203
Cost of goods sold		-29,154	-30,167	-30,090	-57,564
Personnel charges		-42,258	-42,258	-39,417	-77,837
Taxes and duties		-593	-593	-588	-1,229
Amortisation and provisions		-3,298	-2,364	-2,098	-3,710
Other charges		-440	-440	-131	-1,121
Current operating income		1,242	1,163	2,671	10,064
Income from sale of consolidated holdings	4.16				
Other operating income and charges	4.17	-85	-85	-36	-194
Operating profit before contribution of equity method affiliate income		1,158	1,078	2,635	9,870
Share of equity method affiliates in profit		3	3	2	11
Operating profit		1,161	1,081	2,637	9,881
Income from cash flow and cash flow equivalents		212	212	-622	-774
Gross finance costs		-380	-328	-291	-605
Net finance costs	4.18	-168	-117	-913	-1,379
Other financial income and charges	4.19	42	42	-18	-111
Income before taxes		1,034	1,007	1,706	8,391
Income tax expense	4.20	-696	-688	-487	-1,915
Net profit		338	319	1 220	6,477
Group share		280	266	1 020	5,510
Minority interest		58	53	200	966
(in euros)					2017
Profit per share		.12	.11	.42	2.23
Diluted profit per share		.12	.11	.42	2.23
NET INCOME STATEMENT AND GAINS AND LOSSES ENTERED DIRECTLY AS EQUITY CAPITAL (in €k)					2017
Net profit		338	319	1 220	6,477
Elements that will subsequently be reclassified as net result:		-417	-417	-485	-881
Conversion rate adjustment for foreign entities		-417	-417	-485	-850
Fair value restatement of assets and long-term debts					-31
Elements that will not subsequently be reclassified as net profit:		-231	-231	-335	-421
Actuarial gains and losses on defined benefit schemes		-312	-312	-511	-513
Related taxes		81	81	176	91
Total gains and losses entered directly as equity capital		-649	-648	-820	-1,302
Consolidated income		-311	-330	399	5,175
Parent company owners' share		-242	-261	359	4,436
Non-controlling interests		-68	-68	40	738
Consolidated income		-311	-330	399	5,175

(1) Before restatement of the standards applied on 01/01/2018

### 3. CASHFLOW

#### 3.1. CONSOLIDATED CASHFLOW STATEMENT

CONSOLIDATED CASHFLOW STATEMENT (in €k)	NOTES	H1 2018	H1 2018 <sup>(1)</sup>	H1 2017	2017
<b>Net result of integrated companies (including minority interests)</b>		338	319	1,220	6,477
+/- Net amortisation and provisions (excluding those relative to current assets)		3,220	2,286	2,126	3,784
-/+ Unrealised gains and losses linked to fair value variations		-13	-13	-8	-18
-/+ Transfer capital gains and losses		12	12	-69	-109
-/+ Dilution gains and losses		-40	-40		-168
+/- share in results of associates consolidated by the equity method		-3	-3	-2	-11
- Dividends (non-consolidated securities)					
<b>Cashflow after net finance costs and tax</b>		<b>3,514</b>	<b>2,562</b>	<b>3,266</b>	<b>9,955</b>
+ Net finance costs		315	263	184	460
+/- Tax charge (including deferred taxes)	4.20	696	688	487	1,915
<b>Cashflow before net finance costs and tax (A)</b>		<b>4,525</b>	<b>3,513</b>	<b>3,936</b>	<b>12,329</b>
- Taxes paid (B)		-149	-149	-789	-4,604
+/- Variation in WCR linked to the activity (including debt linked to staff benefits) (C)		-6,667	-6,667	-1,548	99
<b>= NET CASHFLOW GENERATED BY THE ACTIVITY (D) = (A + B + C)</b>		<b>-2,290</b>	<b>-3,303</b>	<b>1,599</b>	<b>7,824</b>
- Cash outflows linked to the acquisition of tangible and intangible assets		-1,310	-1,310	-2,225	-4,356
+ Cash inflows linked to the sale of tangible and intangible assets		45	45	46	485
- Cash outflows linked to the acquisition of financial assets (non-consolidated securities)	4.3	-33	-33	-1	-4
+ Cash inflows linked to the sale of financial assets (non-consolidated securities)					
+/- Impact of changes of scope		-2,874	-2,874	22	102
+ Dividends received (equity method affiliates, non-consolidated securities)* see alternative presentation 7.2					
+/- Variation in loans and advances granted	4.3	-105	-105	8	-361
<b>= NET CASHFLOW LINKED TO INVESTMENT OPERATIONS (E)</b>		<b>-4,277</b>	<b>-4,277</b>	<b>-2,149</b>	<b>-4,134</b>
+ Sums received from shareholders at time of capital increases					2,947
- Dividends payable during the period					
- paid by shareholders of the parent company	1.3.9	-1,707	-1,707	-1,708	-1,708
- paid by minority shareholders of consolidated companies		-275	-275	-217	-217
+ Receipts linked to new borrowings		3,344	3,344	2,528	8,516
- Reimbursement of borrowings (including leasing contracts)	4.11	-4,317	-3,356	-2,825	-5,636
- Net financing interest paid (including leasing contracts)		-329	-277	-117	-380
<b>= NET CASHFLOW LINKED TO FINANCING OPERATIONS (F)</b>		<b>-3,284</b>	<b>-2,271</b>	<b>-2,338</b>	<b>3,522</b>
+/- Impact of changes in currency change rates (G)		53	53	-55	-10
<b>= NET VARIATION OF CASHFLOW (D + E + F + G)</b>		<b>-9,798</b>	<b>-9,798</b>	<b>-2,943</b>	<b>7,202</b>

(1) Before restatement of the standards applied on 01/01/2018



### 3.2. NET FINANCIAL DEBT VARIATION STATEMENT

NET FINANCIAL DEBT (in €k)		OPENING	VARIATION	CHANGE OF METHOD	FAIR VALUE VARIATIONS	EXCHANGE DIFFERENCES	RECLASS- IFICATION	CLOSING
Gross cashflow	(a)	24,216	-9,043			-6		15,167
Debit balances and bank loans and overdrafts	(b)	7,461	809			-59		8,211
<b>Net cashflow</b>	<b>(c) = (a) - (b)</b>	<b>16,754</b>	<b>-9,851</b>			<b>53</b>		<b>6,956</b>
Gross financial debt	(d)	24,579	35		1	-1	-4	24,609
<b>Net financial debt</b>	<b>(e)</b>		<b>2,029</b>	<b>5,627</b>		<b>7</b>		<b>7,663</b>
Gross cashflow	<b>(d)+(e) - ©</b>	<b>7,824</b>	<b>11,914</b>	<b>5,627</b>	<b>1</b>	<b>-47</b>	<b>-4</b>	<b>25,316</b>

The financing sources for investments are detailed in chapters 8 and 10 of the 2017 reference document.

Application of the IFRS 16 standard on 01/01/2018 resulted in an increase of the group's net debt of €7,663 k.

SOGECLAIR resorted to the mobilisation of trade and tax receivables within a subsidiary for a balance of €68 k on 30 June 2018.

SOGECLAIR also has an own share-holding with an off-balance sheet stock market value (excluding liquidity contract), based on the stock market value on 30 June 2018, amounting to €6.35 million, not posted in the cashflow.

### 4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in €k)	CAPITAL	Reserves linked to the capital	Own shares	Group share Consolidated reserves and profit	Gains and losses entered directly in capital	Equity capital, group share	Equity capital, minority interests	Total equity capital
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Equity capital, year-end N (31 December 2016)</b>	2,900	2,630	-712	35,279	-311	39,785	5,761	45,546
Operations on capital								
Share-based payments								
Operations on own shares								
Dividends				-1,708		-1,708	-217	-1,925
Result for the period				5,510		5,510	966	6,477
Gains and losses entered directly as equity capital					-1,074	-1,074	-228	-1,302
<b>Net gains and losses entered directly as equity capital</b>				<b>5,510</b>	<b>-1,074</b>	<b>4,436</b>	<b>738</b>	<b>5,175</b>
Variation of scope								
Other movements				4,411	-10	4,401	2,637	7,037
<b>Equity capital, year-end N (31 December 2017)</b>	<b>2 900</b>	<b>2 630</b>	<b>-712</b>	<b>43,492</b>	<b>-1,395</b>	<b>46,914</b>	<b>8,919</b>	<b>55,833</b>
Operations on capital								
Share-based payments								
Operations on own shares								
Dividends				-1,707		-1,707	-275	-1,982
Result for the period				280		280	58	338
Gains and losses entered directly as equity capital					-523	-523	-126	-649
<b>Net gains and losses entered directly as equity capital</b>				<b>280</b>	<b>-523</b>	<b>-242</b>	<b>-68</b>	<b>-311</b>
Variation of scope								
Other movements				669	-41	628	-3,703	-3,075
<b>Equity capital, year-end N (30 June 2018)</b>	<b>2 900</b>	<b>2 630</b>	<b>-712</b>	<b>42,734</b>	<b>-1,958</b>	<b>45,592</b>	<b>4,873</b>	<b>50,465</b>

\*Including buyout of minority interests in the MSB group

### 1.1.1. Appendixes to the consolidated accounts

The half-yearly accounts have been drawn up in accordance with IAS 34, with the exception of the equity changes table for which the reference period adopted ends on 31 December 2017 instead of 30 June 2017. This option has been taken to make it easier to read the statements.

## 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 annual accounts of the SOGECLAIR group have been established in accordance with the IFRS baseline such as adopted in the European Union.

#### **Standards, amendments and interpretations of the IFRS standards applicable as from 1<sup>st</sup> January 2018**

New standards applicable as of 1<sup>st</sup> January 2018:

#### **- IFRS 15 standard “Income from ordinary activities stemming from contracts concluded with customers”**

The impact of application of the IFRS 15 standard is limited, particularly concerning the method of sales recognition on contracts.

Indeed, the analysis carried out reveals that a major part of the contracts are generally short-duration fixed-price contracts. For the long-term contracts, it can usually be demonstrated that a third party taking on execution of the “obligation to achieve a result” will not have to redo the work already done by the Group and /or that the Group has an irrevocable right to payment, including a coherent margin, in respect of the works completed to date in case of termination at the customer's convenience.

Furthermore, the turnover is recognised on the basis of the costs incurred to date in relation to all of the costs expected on completion.

Concerning the other subjects identified in respect of this standard, we have not identified any significant impact, particularly concerning the recognition of the costs of putting significant contracts in place, the funding component, the distinction between agent and principal ...

#### **- The IFRS 9 standard “Financial instruments”,**

No significant impact has been identified for the group whether at the level of the classification and evaluation of the financial assets and liabilities, or of hedge accounting or of the depreciation methods for trade debts on the basis of the expected losses.

#### **Standards, amendments and interpretations of the IFRS standards, already published by IASB and adopted by the European Union, but whose application is not yet obligatory on 1<sup>st</sup> January 2018**

The SOGECLAIR group has opted for the early application of the IFRS 16 standard- leasing contracts, whose application becomes obligatory on 1<sup>st</sup> January 2019.

This standard obliges the lessees to post all of the outstanding lease payments for the eligible contracts in the form of a:

- 1) Right of utilisation, as a fixed asset;
- 2) Leasing liability, as a financial debt.

The group has restated all of the eligible contracts, evaluated in a dedicated software, and has adopted the simplified retroactive method posting the accumulated effect of IFRS 16 in the equity capital at the date of first application.

The impact of application on 1<sup>st</sup> January 2018 of this standard results in a €7.7 million increase in the group's debt and in an increase by the same amount in the tangible assets.

#### **Standards not applied by SOGECLAIR**

- The new standards, revisions of the IFRS standards and interpretations published by the IASB not yet adopted by the European Commission 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.

The subsidiaries are companies controlled by the group. Control supposes the exercising of a power over relevant activities, the exposure to variable returns as well as the capacity to use its power to have an influence over those returns.

The applicable consolidation methods are covered by the IFRS 11 standard as far as the partnerships are concerned.

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 (35% subsidiary of SOGECLAIR AEROSPACE SAS).

### **1.3. EVALUATION METHODS AND RULES**

#### **1.3.1. Conversion of the foreign companies' accounts**

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

The accounts of the group's foreign companies are posted in their operating currency, and their accounts are then converted into the group's presentation currency as follows:

- The balance sheet items, with the exception of the equity capital which is maintained at its historical cost, are converted using the closing date exchange rate.
- The income statement items are converted using the average rate for the period.

The income statement exchange differential is included in the other consolidated income items and therefore does not have any impact on the net result (it will be recycled as income when control is lost over the subsidiary).

The goodwill posted at the time of grouping with foreign companies is booked in the acquired company's assets and liabilities: it is therefore included in their operating currency and converted into euros at the closing exchange rate. There are therefore variations in the value of the assets which are explained in the consolidated income statement.

#### **1.3.2. Goodwill and assimilated**

In compliance with the IFRS standards, goodwill was frozen in 2004 and is no longer amortised, but depreciation tests are performed annually (and/or half-yearly should indications 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 United Kingdom, SA in Spain, SARL in Tunisia and Morocco, 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. Likewise for the Canadian and American entities MSB Ressources Globales Inc, MSB Design Inc, MSB Globales Ressources Corp and MSB Aerospace Llc which have been grouped together in a single CGU.

The Oktal SAS, A.V.Simulation and Oktal Synthetique 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 7.54%, at the end of 2017, on the basis of:
  - of the 10-year risk-free 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 Sogclair is assigned, confirmed by other sources (Bloomberg, Thomson, Infiniti), of 1.06.

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 at year-end with the net book values of the goodwill for determining any depreciation.

There were no indications on 30 June 2018 putting into question the impairment tests.

### 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 currently seven main programmes that have led to the assetisation of development expenses and the related financial expenses:

(in €k)	Assetisation period	Amortisation period	Gross amount	Amount still to be amortised
Aerospace Division				
Thermo-compression aeronautical subassemblies	Since 2009	10 years starting from series deliveries	7,599	4,050
Modular aeronautical training platform	Since 2014	4 years starting from commercialisation of the modules	58	38
Aircraft interior monuments	Since 2009	7 years starting from series deliveries	941	401
Aircraft modification authority label	Since 2014	3 years starting from assetisation	75	0
Vehicle Division				
Multi-mission terrestrial drone	Since 2013	5 years starting from assetisation	173	26
Simulation Division				
Terrain modellers (Agetim, Ray and Fast products) for simulators	Since 2003	3 years starting from assetisation	2,190	337
Simulation engines for the following sectors: - automobile (ScanNer product), - rail (OkSimRail product) -air traffic (ScanAds product)	Since 2005	3 years starting from assetisation	2,735	439

### 1.3.4. Financial instruments

In respect of IFRS 7 it is stated that loans contracted by the group are fixed-rate loans or are covered by a rate swap, 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, SOGECLAIR has been covering some of its contracts in US and Canadian dollars since the beginning of 2012. These are guaranteed-rate instruments and do not involve any adjustment in respect of hedge accounting. Any coverage losses or profits are entered as a result when accomplishing the exchange operation and at their fair value at each half-year/year-end closing date.

On 30 June 2018 the coverage taken out by SOGECLAIR amounted to USD 8.7 million falling due in November 2019.

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,
- advances and down payments,
- trade and other receivables,
- deferred tax assets,
- cash and cash equivalents,
- prepaid expenses,
- other receivables.

### 1.3.6. Utilisation of estimates

Establishing the financial statements in line with the IFRS baseline requires the use of estimates and hypotheses that may have an impact on the book value of certain elements of the balance sheet and of the income statement.

These estimates and appreciations are updated by Management on the basis of operating continuity according to the information available on the date the accounts are closed. They may change according to events and information that could put into question the circumstances under which they were made.

These estimates essentially concern:

- Sales recognition (Note 1.3.8)
- Deferred tax assets (Note 4.6)
- End-of-career indemnities and provisions (Note 4.10)
- Evaluation 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. Dividends paid

The distribution of dividends paid out to the parent company's shareholders during the half ending 30 June 2018, in respect of the year ending 31 December 2017, is as follows:

- Single voting right €497 k
- Double voting right €1,210 k

### 1.3.9. Events after balance sheet date

SOGELAIR proceeded with the acquisition of SYDAC from Groupe Knorr-Bremse (Munich - Germany). SYDAC is based in Adelaide (Australia – headquarters), Pune (India) and Derby (Great Britain), and is specialised in railway and road transport (buses and trucks) simulation. Its customers are rolling stock manufacturers and rail and road transport operators. It employs around one hundred people and generated sales of A\$5.4 million (€3.4 million) for the first six months of 2018.

### 1.3.10. Other information

SOGECLAIR has posted the fair value of the exchange rate coverage instruments as permitted by the IAS39 standard.

It should be noted that, in an economic logic, only non-interest-bearing financial commitments made or received are covered by IAS 39.

For the period, SOGECLAIR has posted accrued income, minus the personnel expenses, in respect of the CICE (Enterprise Competitiveness Tax Credit) for an overall amount of €624 k.

## 2 - SCOPE

### 1. List of consolidated companies

NAME	COUNTRY	ACTIVITY	% OF HOLDING IN 2018	% OF HOLDING IN 2017
<b>Companies consolidated by full consolidation *</b>				
Aviacomp SAS	France	Aeronautical and defence structural subassemblies	100.00%	100.00%
A.V.Simulation SAS	France	Simulators	63.70%	63.70%
Checkaero SARL	Luxembourg	Expertise in the area of stress	75.00%	75.00%
MSB Aerospace LLC**	USA	Aircraft interior subassemblies	86.00%	80.00%
MSB Aerospace CORP**	USA	Sub-holding	86.00%	80.00%
MSB Design INC**	Canada	Aircraft interior subassemblies	86.00%	80.00%
MSB Global Ressources CORP**	USA	Aerostructure, Systems installation, Configuration management, Equipment	100.00%	80.00%
Oktal SAS	France	Simulators	98.00%	98.00%
Oktal Synthetic Environment SAS	France	Virtual environments	54.95%	54.95%
Ressources Globales Aéro INC**	Canada	Aerostructure, Systems installation, Configuration management, Equipment	100.00%	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	Aerostructure, Systems installation, Configuration management, Equipment	87.95%	87.95%
Sogclair Aerospace SARL	Tunisia	Aerostructure, Systems installation, Configuration management, Equipment	100.00%	100.00%
Sogclair Aerospace Maroc SARL	Morocco	Aerostructure, Systems installation, Configuration management, Equipment	100.00%	100.00%
Sogclair Aerospace SAS	France	Aerostructure, Systems installation, Configuration management, Equipment	100.00%	100.00%
<b>Equity method affiliates</b>				
S2E Consulting SAS	France	Systems engineering and electricity	46.98%	46.98%

\* excluding 2 holding companies in Canada without any operational activities

\*\* Buyout of the minority holdings in the MSB group in 2014

On 30 June 2018, SOGECLAIR partially exercised its buyout option with respect to the minority shareholders in the MSB group acquired in 2014. This transaction concerned:

- Buyout of 20% of the minority holdings in Ressources Globales Aéro Inc and Gestion Mario Sévigny Inc, now owning these companies 100%, also leading to a 100% holding in MSB Global Ressources CORP.
- Buyout of 6% of the minority holdings in MSB Design, now 86 % owned by the group leading us to an 86% holding in MSB Aerospace CORP and MSB Aerospace LLC.

The acquisition of the remaining 14% minority holding in MSB Design has been postponed, and will be the subject of further discussions between the parties.

## 3 - INFORMATION MAKING IT POSSIBLE TO COMPARE THE ACCOUNTS

### Method

SOGECLAIR has opted for the early application of the IFRS 16 standard- leasing contracts on 1<sup>st</sup> January 2018. This new method of booking leasing contracts has an impact on the comparability of accounts. It leads to a €7.7 million increase in the group's debt and an increase of €7.5 million in its tangible assets on 30 June 2018.

## 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 IN-HOUSE	WITH- DRAWALS	EXCHANGE RATE DIFFERENCES	REAS- SIGNMENT	AT YEAR- END
Goodwill	15,644				-214		15,430
Development expenses	25,919			-34	-28		25,857
Software and brands	9,583	352		-266	-22	1	9,649
Current assets	216	105		-10		-1	309
<b>Total</b>	<b>51,362</b>	<b>457</b>		<b>-310</b>	<b>-263</b>		<b>51,246</b>

AMORTISATION & PROVISIONS (in thousands of Euros)	AT BEGINNING OF YEAR	AMORTISATION AND LOSSES OF VALUE		WITH- DRAWALS	EXCHANGE RATE DIFFERENCES	REAS- SIGNMENT	AT YEAR- END
Goodwill	-1,085						-1,085
Research and development expenses	-19,961	-617			12		-20,566
Software and brands	-7,077	-440		266	13	-352	-7,591
<b>Total</b>	<b>-28,123</b>	<b>-1,057</b>		<b>266</b>	<b>25</b>	<b>-352</b>	<b>-29,242</b>

<b>Net value</b>	<b>23,239</b>						<b>22,004</b>
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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	CHANGE OF METHOD	WITHDRAWALS	EXCHANGE RATE DIFFERENCES	REAS- SIGNMENT	AT YEAR- END
Technical installations, plant & equipment	5,706	71			-20	1	5,758
Installations & fittings	3,294	363			-14		3,642
Utilisation rights for tangible assets		2,990	12,917		10		15,916
IT & office hardware	8,892	545		-347	-23	1	9,069
Current assets	2	161				-2	161
Other	1,817	59		-63	-2	-5	1,807
<b>Total</b>	<b>19,711</b>	<b>4,189</b>	<b>12,917</b>	<b>-410</b>	<b>-50</b>	<b>-5</b>	<b>36,352</b>

AMORTISATION & PROVISIONS (in thousands of Euros)	AT BEGINNING OF YEAR	AMORTISATION AND LOSSES OF VALUE	CHANGE OF METHOD	WITHDRAWALS	EXCHANGE RATE DIFFERENCES	REAS- SIGNMENT	AT YEAR- END
Technical installations, plant & equipment	-2 245	-334			15		-2 564
Installations & fittings	-1 860	-169			7		-2 022
Utilisation rights for tangible assets		-934	-7 526		-3		-8 462
IT & office hardware	-7 615	-333		348	16		-7 584
Other	-1 410	-126		15	1	352	-1 168
<b>Total</b>	<b>-13 130</b>	<b>-1 895</b>	<b>-7 526</b>	<b>363</b>	<b>36</b>	<b>352</b>	<b>-21 800</b>
<b>Net value</b>	<b>6,582</b>						<b>14,552</b>

Application of the IFRS 16 standard on 01/01/2018 resulted in an increase in the group's net tangible assets of €7,454 k on 30 June 2018.

The exchange rate differences concern the British, Tunisian and Moroccan subsidiaries: Sogclair Aerospace Ltd, Sogclair Aerospace Sarl and Sogclair Aerospace Sarl Maroc; the Canadian subsidiaries: Sogclair Aerospace Inc, MSB Design Inc and Ressources Globales Aero Inc; the American subsidiaries: MSB Global Ressources Corp et MSB Aerospace Llc.

#### 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	-1,889	5
Tangible assets	6,868	-5,283	1,585
<b>Total</b>	<b>8,763</b>	<b>-7,173</b>	<b>1,590</b>

Term for outstanding leasing contracts:

in thousands of Euros	< 1 YEAR	1 TO 2 YEARS	3 TO 5 YEARS
<b>Total</b>	<b>550</b>	<b>419</b>	<b>621</b>

#### 4.3. Investments in associates

GROSS VALUES (in thousands of Euros)	AT BEGINNING OF YEAR	INCREASES	WITHDRAWALS	VARIATION IN FAIR VALUE	EXCHANGE RATE DIFFERENCES	REASSIGN- MENT	AT YEAR END
Shareholdings	125	33		3			161
Fixed investments							
Loans, guarantees and other receivables	1,649	147	-42	14	-1		1,767
<b>Total</b>	<b>1,774</b>	<b>181</b>	<b>-42</b>	<b>17</b>	<b>-1</b>		<b>1,928</b>

AMORTISATION & PROVISIONS (in thousands of Euros)	AT BEGINNING OF YEAR	AMORTISATION	WITHDRAWALS	VARIATION IN FAIR VALUE	EXCHANGE RATE DIFFERENCES	REASSIGN- MENT	AT YEAR END
Shareholdings	-30						-30
Fixed investments							
Loans							
<b>Total</b>	<b>-30</b>						<b>-30</b>
<b>Net value</b>	<b>1,743</b>						<b>1 898</b>

#### 4.4. Inventory

GROSS VALUES (in thousands of Euros)	AT BEGINNING OF YEAR	VARIATIONS	WITHDRAWALS	EXCHANGE RATE DIFFERENCES	REASSIGN-MENT	AT YEAR END
Stock of raw materials, supplies and other procurements	3,808	24		-32		3,799
Stock of work in process	3,969	1,236		-12		5,194
Stock of finished and intermediate products	1,381	1,421		-7		2,795
<b>Total</b>	<b>9,159</b>	<b>2,681</b>		<b>-52</b>		<b>11,788</b>



PROVISIONS AND DEPRECIATION (in thousands of Euros)	AT BEGINNING OF YEAR	PROVISIONS FOR DEPRECIATIONS AND LOSSES OF VALUE	WRITE-BACKS OF DEPRECIATIONS AND LOSSES OF VALUE	EXCHANGE RATE DIFFERENCES	REASSIGN-MENT	AT YEAR END
Depreciation of raw materials, supplies and other procurements						
Depreciation of work in process	-301	-416	301			-416
Depreciation of finished and intermediate products	-205	-214	164			-255
<b>Total</b>	<b>-506</b>	<b>-630</b>	<b>465</b>			<b>-671</b>
<b>Net value of stock</b>	<b>8,652</b>					<b>11,117</b>

The gross value of the goods and procurements is evaluated at the purchase price (including the associated costs minus deductions, discounts, and reductions).

The products manufactured are valued at the standard cost of production including:

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

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

#### 4.5. Trade and other receivables

The customers' terms of payment have lengthened slightly over the half-year and are monitored closely.

#### 4.6. Deferred tax asset

DEFERRED TAX ASSET (in thousands of Euros)	H1 2018	H1 2017	2017
Temporary differences	1,150	1,392	1,171
Tax deficits	3,584	3,515	3,323
Restatements	-10	111	-115
<b>Total</b>	<b>4,724</b>	<b>5,018</b>	<b>4,379</b>

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

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

The amount of the accumulated non-assetised deficits on 30 June 2018 totalled €1.5 million, representing a non-posted deferred tax of €0.4 million.

#### 4.7. Cash and cash equivalents

(in thousands of Euros)	H1 2018	H1 2017	2017
Cash	8,987	6,868	18,075
Cash equivalents	6,180	6,983	6,141
<b>Total</b>	<b>15,167</b>	<b>13,851</b>	<b>24,216</b>

On 30 June 2018, the cash equivalents concerned liquid investments in:

- renewable one-month fixed-term account
- interest-bearing account,
- European capital fund with minimum guaranteed interest and the possibility of immediate, penalty-free sale of a significant proportion.

#### 4.8. Equity capital, group share

The 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 SOGECLAIR held on 23 December 2002, the self-owned shares are deducted from the consolidated shareholders' equity.

On 30 June 2018, the balance of these shares on the company's books amounted to 144,340 shares (4.98% of the capital), unchanged since 31 December 2017. This restatement leads to an accumulated reduction of the consolidated equity capital of €712 k.

#### 4.9. Minority interests

(in thousands of Euros)	H1 2018	H1 2017	2017
<b>At beginning of year</b>	<b>8,919</b>	<b>5,761</b>	<b>5,761</b>
Variation of reserves	-4,104 <sup>(1)</sup>	-356	2,192 <sup>(2)</sup>
Total income and expenditure entered during the period	58	200	966
<b>At end of period</b>	<b>4,873</b>	<b>5,605</b>	<b>8,919</b>

(1) Including buyout of minority interest in MSB group

(2) Mainly including minority interest in AVS

#### 4.10. Long-term provisions

LONG-TERM PROVISIONS (in thousands of Euros)	AT BEGINNING OF YEAR	CONTRIBUT- IONS	WRITE- BACKS	ACTUARIAL GAINS AND LOSSES	EXCHANGE RATE DIFFERENCES	REAS- SIGNMENT	AT YEAR END
Provisions for retirement benefit obligations	2,664	84	-10	312			3,051
Provisions for restructurings	71	192	-2		-1		260
Other provisions for charges	84	204	-84				204
Provisions for losses on contracts	854		-101				753
<b>Total</b>	<b>3,673</b>	<b>481</b>	<b>-197</b>	<b>312</b>	<b>-1</b>		<b>4,268</b>

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

There is no event later than 30 June 2018 liable to put into question the notion of going concern, nor any non-measurable risk and loss.

The impact of the reclassification of the actuarial gains (IAS19R) to the reserves amounts to €312 k.

The discount rate used corresponds to TEC 10 which stood at 0.65% on 30 June 2018.

#### 4.11. Current and non-current financial debts

NON-CURRENT FINANCIAL DEBTS (in thousands of Euros)	AT BEGINNING OF YEAR	INCREASE	CHANGE OF METHOD	REDUCTION	VARIATION IN FAIR VALUE	EXCHANGE RATE DIFFERENCES	REAS-SIGNMENT	AT YEAR END
Qualified prepayments (+ 1 year)	2,402				1		-873	1,530
Borrowings and debts with credit institutions (+ 1 year)	15,157	3,447		-5			-2,081	16,518
Debt owing in respect of leasing contracts (+ 1 year)		2,990	4,090			5	-1,404	5,681
Sundry non-current loans and financial liabilities	1,828			-611				1,217
<b>Total</b>	<b>19,387</b>	<b>6,437</b>	<b>4,090</b>	<b>-617</b>	<b>1</b>	<b>5</b>	<b>-4,358</b>	<b>24,946</b>

CURRENT FINANCIAL DEBTS (in thousands of Euros)	AT BEGINNING OF YEAR	INCREASE	CHANGE OF METHOD	REDUCTION	VARIATION IN FAIR VALUE	EXCHANGE RATE DIFFERENCES	REASSIGN- MENT	AT YEAR END
Current qualified prepayments (-1 year)	806			-658			873	1,020
Current borrowings and debts with credit institutions (-1 year)	4,308	5		-2,197		-1	2,081	4,196
Debt owing in respect of leasing contracts (-1 year)			1 537	-961		2	1,404	1,982
Bank loans and overdrafts	7,461	809				-59		8,211
Sundry current loans and financial liabilities	77			55			-4	128
<b>Total</b>	<b>12,653</b>	<b>814</b>	<b>1 537</b>	<b>-3,762</b>		<b>-59</b>	<b>4,354</b>	<b>15,537</b>

Application of the IFRS 16 standard on 01/01/2018 resulted in an increase in the group's net debt of €7,663 k on 30 June 2018.

The medium/long-term bank loan trends, excluding leases, are detailed below:

MEDIUM/LONG TERM BANK LOANS (excluding leases and rental debt) (in thousands of Euros)	2018
Taken out during the half-year	3,395
Reimbursed during the half-year	1,864

The gross financial debts schedule is given below:

GROSS LONG-TERM 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)	1,530		1,419	80	31	
Borrowings and debts with credit institutions (+ 1 year)	16,518		4,101	2,941	2,696	6,780
Debt owing in respect of leasing contracts (+1 year)	5,681		2,066	1,773	1,447	395
Sundry non-current loans and financial liabilities	1,217		990	227		
<b>Non-current financial liabilities</b>	<b>24,946</b>		<b>8,577</b>	<b>5,021</b>	<b>4,173</b>	<b>7,174</b>
Current qualified prepayments	1,020	1,020				
Current borrowings and debts with credit institutions	4,196	4,196				
Current debt owing in respect of leasing contracts	1,982	1,982				
Bank loans and overdrafts	8,211	8,211				
Sundry current loans and financial liabilities	128	128				
<b>Current financial liabilities</b>	<b>15,537</b>	<b>15,537</b>				

Characteristics of the loans taken out	Fixed-date financial debts <sup>(1)</sup>	Terms	Due dates	Coverage	Financial covenants
Fixed-rate amortisable	19,093	0 to 2.1%	2012-2025	N/A	None

(1) Total amount to be reimbursed on 30 June 2018

#### 4.12. Short-term provisions

LONG-TERM PROVISIONS (in thousands of Euros)	AT BEGINNING OF YEAR	CONTRI- BUTIONS	WRITE- BACKS	EXCHANGE RATE DIFFERENCES	REASSIGN-MENT	AT YEAR END
Other provisions for charges	37		-18	-1		18
Other provisions for risks	156					156
<b>Total</b>	<b>193</b>		<b>-18</b>	<b>-1</b>		<b>174</b>

#### 4.13. Deferred tax liabilities

DEFERRED TAX LIABILITIES (in thousands of Euros)	H1 2018	H1 2017	2017
Temporary differences			
Restatement		35	5
<b>Total</b>	<b>0</b>	<b>35</b>	<b>5</b>

#### 4.14. Turnover

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

#### 4.15. Other income from the activity

OTHER INCOME FROM THE ACTIVITY (in thousands of Euros)	H1 2018	H1 2017	2017
Operating subsidies	696	560	889
Other income	647	95	3 315
<b>Total</b>	<b>1,343</b>	<b>655</b>	<b>4,203</b>

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

#### 4.16. Results of disposal of consolidated holdings

No disposals of consolidated holdings have been made during the last three financial 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 period.

OTHER OPERATING INCOME AND CHARGES (in thousands of Euros)	H1 2018	H1 2017	2017
Social risks (provisions, write-backs, charges and income for the period)	-112	-2	-27
Gains or losses on sale of property, plant and equipment	1	38	97
Other income and charges	26	-72	-264
<b>Total</b>	<b>-85</b>	<b>-36</b>	<b>-194</b>

#### 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 to exchange rate variations.

The net exchange rate losses amounted to -€146 k on 30 June 2018.

#### 4.19. Other financial charges and income

The other financial income and charges amount to €42 k for the half-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 exchange rate adjustments.

#### 4.20. Income tax

The SOGECLAIR SA company has opted for the integrated tax system for the following companies: SOGECLAIR SA, SOGECLAIR AEROSPACE SAS, OKTAL SAS and AVIACOMP on 30 June 2018.

<b>TAX CHARGE</b> (in thousands of Euros)	<b>H1 2018</b>	<b>H1 2017</b>	<b>2017</b>
Deferred tax	3	435	-45
Tax payable (1)	-877	-1,126	-2,368
Income or charge linked to tax integration	178	332	260
Contributions on dividend distributions		-128	238 <sup>(2)</sup>
<b>Total</b>	<b>-696</b>	<b>-487</b>	<b>-1,915</b>

(1) including CVAE (Corporate Value Added Contribution)

(2) Reimbursement of contributions paid in 2015 and 2016 further to the decision du Constitutional Council

On 30 June 2018, the deferred taxes on the French companies are assessed on the basis of a rate of 28.92% in line with the lowering of the normal tax rate on businesses for financial years beginning on 1<sup>st</sup> January 2018.

Tax proof is presented below:

<b>TAX PROOF</b> (in thousands of Euros)	<b>H1 2018</b>	<b>H1 2017</b>	<b>2017</b>
Pre-tax profit (loss)	1,034	1,706	8,391
Parent company's tax rate	28.92%	34.43%	34.43%
<b>Theoretical income (charge) tax on profits</b>	<b>-299</b>	<b>-587</b>	<b>-2,889</b>
Permanent differences and others	-50	-111	-121
Tax-exempted revenue and non-fiscally deductible charges	-311	477	531
Impact of foreign tax rate differences and variations	77	13	107
Income taxed at reduced rates (1)	-306	-287	-350
Impact of deferred tax deficits and amortisations	12	-268	-864
Tax credits	180	277	1 673
<b>Income tax benefit (charge) posted</b>	<b>-696</b>	<b>-487</b>	<b>-1,915</b>

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

#### 4.21. Average workforce

<b>WORKFORCE</b> (full-time equivalence)	<b>H1 2018</b>	<b>H1 2017</b>	<b>2017</b>
Engineers, managers and senior technicians	1,027	1,034	1,046
Technicians and other non-managerial	472	322	389
<b>Total</b>	<b>1,499</b>	<b>1,356</b>	<b>1,435</b>

## 4.22. Financial commitments

OFF-BALANCE SHEET COMMITMENTS (in thousands of Euros)	H1 2018	H1 2017	2017
<b>Commitments made:</b>			
<b>Relative to company financing operations</b>			
Pledge of equity interests			
Securitised receivables			
Counter-guarantee on overdraft facility			
<b>Relative to the issuer's operating activities</b>			
Acquisitions of tangible assets			
Counter-guarantee on securities			
Counter-guarantee securities on markets	210	15	15
Counter-guarantee securities on tenders			
<b>Sub-total</b>	<b>210</b>	<b>15</b>	<b>15</b>
<b>Commitments received:</b>			
<b>Relative to the issuer's operating activities</b>			
Acquisitions of tangible assets			
Counter-guarantee securities on markets	5	3	5
From customers on long-term programmes (1)	120,000	114,000	108,000
<b>Relative to company financing operations</b>			
Payment guarantees received from customers			
<b>Sub-total</b>	<b>120,005</b>	<b>114,003</b>	<b>108,005</b>

(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. On the basis of firm orders received by those customers totalling €120,000k, the value of this future income, according to the TEC 20 of 1.23% on 30 June 2018, is €108,000 k.

Additional information on the programmes subject to risk-sharing is provided in paragraph 1.6 of chapter 26 of the 2017 reference document.

## 5 - SECTOR-BASED INFORMATION

In accordance with IFRS 8, the issuer has chosen to present the group's activity in three operational sectors corresponding to the sectors reviewed by the main operational decision-maker. It should be noted that no grouping of sectors has been made.

NAME	COUNTRY	ACTIVITY
<b>Aerospace Division *</b>		
Aviacomp SAS	France	Aeronautical and defence structural subassemblies
Checkaero SARL	Luxembourg	Expertise in the area of stress
MSB Aerospace LLC	USA	Aircraft interior subassemblies
MSB Design Inc	Canada	Aircraft interior subassemblies
MSB Global Resources CORP	USA	Aerostructure, Systems installation, Configuration management, Equipment
Ressources Globales Aéro INC	Canada	Aerostructure, Systems installation, Configuration management, Equipment
Sogclair Aerospace GMBH	Germany	Aerostructure, Systems installation, Configuration management, Equipment
Sogclair Aerospace LTD	United Kingdom	Aerostructure, Systems installation, Configuration management, Equipment
Sogclair Aerospace SA	Spain	Aerostructure, Systems installation, Configuration management, Equipment
Sogclair Aerospace SARL	Tunisia	Aerostructure, Systems installation, Configuration management, Equipment
Sogclair Aerospace Maroc SARL	Morocco	Aerostructure, Systems installation, Configuration management, Equipment

Sogclair Aerospace SAS	France	Aerostructure, Systems installation, Configuration management, Equipment
S2E Consulting SAS	France	Systems engineering and electricity

#### **Simulation Division**

Oktal SAS	France	Simulators
A.V.Simulation SAS	France	Simulators
Oktal Synthetic Environment SAS	France	Virtual environments

#### **Vehicle Division**

Séra Ingénierie SAS	France	Vehicles
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#### **Holding**

Sogclair SA	France	Holding
Rain Luxembourg (Holding Am Du Nord)	Luxembourg	Sub-holding
Sogclair Aerospace INC	Canada	Sub-holding
MSB Aerospace CORP	USA	Sub-holding

\* excluding 2 holding companies in Canada without any operational activities

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

SOGECLAIR has facilities in France, Germany, Spain, Canada, Luxembourg, Morocco, the Netherlands, the UK, Tunisia and the USA. Besides the countries where it has facilities, the countries addressed by SOGECLAIR on 30 June 2018 are: Australia, Austria, Belgium, Brazil, China, Colombia, Cyprus, Czech Republic, Denmark, Finland, Ireland, Israel, Italy, Japan, Malaysia, the Netherlands, Portugal, Qatar, Rumania, Singapore, Slovenia, South Africa, South Korea, Sweden, Switzerland and Turkey.

## 5.1 Consolidated financial situation per division

	AEROSPACE			VEHICLE			SIMULATION			HOLDING		
ASSETS (in thousands of Euros)	H1 2018	H1 2018 <sup>(1)</sup>	2017	H1 2018	H1 2018 <sup>(1)</sup>	2017	H1 2018	H1 2018 <sup>(1)</sup>	2017	H1 2018	H1 2018 <sup>(1)</sup>	2017
Goodwill	10,194	10,194	10,408				4,149	4,149	4,149	3	3	3
Intangible assets	5,303	5,303	6,108	26	26	43	2,099	2,099	2,321	231	231	209
Property, plant and equipment	8,637	5,751	5,686	572	572	455	3,266	661	265	2,024	112	175
Equity method affiliates	80	80	77									
Other long-term assets	980	980	982	17	17	17	397	397	245	423	423	423
Share eliminations	-27,796	-27,796	-21,520	-200	-200	-200	-2,823	-2,823	-2,823	30,819	30,819	24,544
Non-current assets	-2,601	-5,486	1,740	415	415	315	7,087	4,482	4,156	33,500	31,589	25,354
Inventory and work in-process	10,980	10,980	8,560				138	138	93			
Trade and other receivables	43,875	43,875	39,436	1,702	1,702	2,928	6,725	6,725	8,148			4
Other circulating assets	3,650	3,650	3,789	343	343	375	1,732	1,732	1,628	11,238	11,238	11,150
Deferred income tax	3,977	3,925	3,796	6	5	6	270	276	275	471	455	302
Cash and cash equivalents	2,029	2,029	2,446	4	4	393	5,005	5,005	7,020	8,128	8,128	14,357
Current assets	64,511	64,459	58,026	2,056	2,055	3,702	13,870	13,876	17,163	19,837	19,821	25,813
<b>TOTAL ASSETS</b>	<b>61,910</b>	<b>58,973</b>	<b>59,766</b>	<b>2,471</b>	<b>2,470</b>	<b>4,016</b>	<b>20,957</b>	<b>18,358</b>	<b>21,319</b>	<b>53,337</b>	<b>51,410</b>	<b>51,167</b>
	AEROSPACE			VEHICLE			SIMULATION			HOLDING		
LIABILITIES (in thousands of Euros)	H1 2018	H1 2018 <sup>(1)</sup>	2017	H1 2018	H1 2018 <sup>(1)</sup>	2017	H1 2018	H1 2018 <sup>(1)</sup>	2017	H1 2018	H1 2018 <sup>(1)</sup>	2017
Capital										2,900	2,900	2,900
Capital contribution										2,630	2,630	2,630
Own shares										-712	-712	-712
Reserves and accumulated results	12,406	12,525	15,067	1,921	1,922	1,917	10,978	10,970	11,718	15,469	15,508	13,394
Equity capital, group share	12,406	12,525	15,067	1,921	1,922	1,917	10,978	10,970	11,718	20,287	20,326	18,212
Minority interests	66	66	3,955	530	531	529	4,277	4,270	4,435			
Consolidated equity capital	12,472	12,591	19,023	2,451	2,453	2,446	15,255	15,240	16,152	20,287	20,326	18,212
Long-term provisions	2,377	2,377	2,095	27	27	25	1,250	1,250	1,133	614	614	419
Long-term qualified pre-payments	1,515	1,515	2,387				15	15	15			
Long-term borrowings and financial debts	6,617	4,288	4,822	23	2	3	2,061	27	37	14,714	13,417	12,124
Other long-term liabilities	1	1	1									
Non current liabilities	10,511	8,182	9,305	50	29	29	3,326	1,293	1,184	15,328	14,031	12,543
Short-term qualified pre-payments	1,035	1,035	821				-15	-15	-15			
Current part of provisions for other liabilities and charges	2,018	1,290	1,387	110	77	99	610	60	54	3,568	2,898	2,847
Short-term borrowings and financial debts	8,207	8,207	7,459				2	2	1	1	1	
Short-term provisions	174	174	193									
Trade and other payables	10,840	10,840	9,813	886	886	659	1,016	1,016	2,316	672	672	508
Tax and social liabilities	16,253	16,253	16,395	495	495	883	2,936	2,936	3,085	810	810	1,410
Deferred tax liabilities									5			
Other current liabilities	2,783	2,783	2,395	316	316	459	6,331	6,331	6,603			
Intra-group eliminations	-2,383	-2,383	-7,024	-1,785	-1,785	-557	-8,505	-8,505	-8,066	12,673	12,673	15,647
Current liabilities	38,928	38,200	31,439	22	-11	1,542	2,375	1,825	3,983	17,723	17,053	20,412
<b>TOTAL LIABILITIES</b>	<b>61,910</b>	<b>58,973</b>	<b>59,766</b>	<b>2,523</b>	<b>2,470</b>	<b>4,016</b>	<b>20,957</b>	<b>18,358</b>	<b>21,319</b>	<b>53,337</b>	<b>51,410</b>	<b>51,167</b>

(1) Before restatement of standards applied on 01/01/2018



## 5.2 Consolidated income statement per division

INCOME STATEMENT (in thousands of Euros)	AEROSPACE			VEHICLES			SIMULATION			HOLDING		
	H1 2018	H1 2018 <sup>(1)</sup>	H1 2017	H1 2018	H1 2018 <sup>(1)</sup>	H1 2017	H1 2018	H1 2018 <sup>(1)</sup>	H1 2017	H1 2018	H1 2018 <sup>(1)</sup>	H1 2017
Sales	65,080	65,080	64,534	1,376	1,376	1,546	9,184	9,184	8,260			
Other income from the activity	1,026	1,026	328	1	1	1	313	313	320	3	3	6
Cost of goods sold	-24,056	-24,428	-24,962	-522	-549	-738	-4,006	-4,262	-3,113	-570	-927	-1,276
Personnel charges	-37,095	-37,095	-34,493	-484	-484	-568	-3,735	-3,735	-3,512	-943	-943	-843
Taxes and duties	-360	-360	-395	-38	-38	-32	-83	-83	-77	-112	-112	-84
Amortisation and provisions	-2,133	-1,792	-1,397	-117	-91	-150	-629	-396	-377	-419	-86	-173
Other charges	-360	-360	-38	-14	-14		-15	-15	-37	-50	-50	-56
Intra-Group operations	-2,190	-2,190	-2,464	-3	-3	4	-435	-435	-428	2,628	2,628	2,888
Current operating income	-88	-119	1,112	199	198	62	594	570	1,034	538	514	462
Result of sale of consolidated holdings												
Other operating income and charges	13	13	18			-2			-32	-98	-98	-20
Operating profit before contribution of equity method affiliate income	-74	-106	1,130	199	198	60	594	570	1,002	440	416	443
Share of equity method affiliates in profit	3	3	2									
Operating profit	-71	-103	1,132	199	198	60	594	570	1,002	440	416	443

(1) Before restatement of standards applied on 01/01/2018

## 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 2017 reference document).

The contractual terms and conditions were drawn up according to market rules.

To 30 June 2018, the contractual relations with SCI SOLAIR have been exercised correctly and do not lead us to anticipate any risk for SOGECLAIR.

There are no debts with respect to SCI SOLAIR on 30 June 2018.

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 Middenext Code.

The remuneration paid to the members of the Board of Directors is shown in paragraph 3 of the report on Corporate Governance present in chapter 27 of the 2017 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 2017 reference document).

### 6.3 Directors

No changes have been made during the period to the main directors' short- and long-term benefits.

# **S.A. SOGECLAIR**

**7, avenue Albert Durand  
31700 - BLAGNAC**

## **AUDITORS' REPORT ON THE HALF YEARLY FINANCIAL INFORMATION**

*Period of 1<sup>st</sup> January 2018 to 30<sup>th</sup> June 2018*

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To the shareholders,

In performing the duty entrusted to us by your General Meeting and in application of article L.451-1-2 III of Monetary and Financial Law, we have proceeded with:

- a limited examination of the half-yearly consolidated accounts of the company SOGECLAIR SA, relative to the period from 1<sup>st</sup> January to 30<sup>th</sup> June 2018, such as appended to this report;
- a verification of the information provided in the half-yearly management report.

These half-yearly consolidated financial statements were drawn up under the responsibility of your Board of Directors. It is our duty to express an opinion on these financial statements based on our limited examination.

## **I – OPINION ON THE ACCOUNTS**

We conducted our limited examination in accordance with the professional auditing standards in France. A limited examination essentially consists of interviewing the board members in charge of the accounting and financial aspects and of implementing analytical procedures. These tasks are less extensive than those required for an audit performed according to the professional auditing standards that apply in France. Consequently, the assurance – obtained in the framework of a limited examination – that the accounts taken as a whole do not include any significant anomalies is moderate, and is lower than that obtained in the framework of an audit.

On the basis of our limited examination, we have not noted any significant anomalies that could put into question, with respect to the IFRS baseline such as adopted in the European Union, the regularity and sincerity of the consolidated half-yearly accounts and the true and faithful picture they give of the asset base, financial situation at the end of the half-year, and of the result for the past half-year of the group made up of the people and entities comprised in the consolidation.

Without putting into question the opinion expressed above, we draw your attention to note 1.1 “Standards applied” in the appendix to the half yearly consolidated accounts explaining the impact of the new standards applied on 1<sup>st</sup> January 2018.



FIDUCIAIRE DU SUD-OUEST



## II – SPECIFIC VERIFICATION

We have also verified the information provided in the half-yearly management report relative to the half-yearly consolidated accounts on which we performed our limited examination. We have no special comment to make regarding their fairness and conformity with the half-yearly consolidated accounts.

**Drawn up in Toulouse, on 6 September 2018**

### **The Auditors**

**EXCO FIDUCIAIRE DU SUD  
OUEST**

**MOREREAU AUDIT**

**CHRISTIAN DUBOSC**

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**ROBERT MOREREAU**

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 **Exco**  
FIDUCIAIRE DU SUD-OUEST

